DEPT. COMM. NO. 481

PHONE (808) 594-1888

FAX (808) 594-1938

STATE OF HAWAIʻI
OFFICE OF HAWAIIAN AFFAIRS
560 N. NIMITZ HWY., SUITE 200
HONOLULU, HAWAIʻI 96817

July 1, 2021

The Hawaiʻi State Legislature
Hawaiʻi State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Via the Hawaiʻi State Legislature Submission Portal

RE: TRANSMITTAL OF OF CLA — OHA & LLCS CONTRACT AND DISBURSEMENT REVIEW — REPORT DATED DECEMBER 4, 2019 – PURSUANT TO ACT 29 (REG. SESSION 2021)

Dear Senate President Kouchi, House of Representatives Speaker Saiki, and Honorable Members of the Hawaiʻi State Legislature

The Office of Hawaiian Affairs (OHA), pursuant to Act 29 (Reg. Sess. 2021) and the provisions of Act 37 (Reg. Sess. 2019), as amended, hereby transmits to you the attached CLA REPORT – OHA & LLCS CONTRACT AND DISBURSEMENT REVIEW — REPORT DATED DECEMBER 4, 2019. Pursuant to the provisions of Act 29, receipt of this report by the Legislature will enable OHA to receive the general funds appropriated to it in Act 37 for fiscal year 2020 -2021.

Our office appreciates the recognition of our budgetary needs and the concomitant legislation which addressed this outstanding matter, which was held over from the 2019 legislative session. OHA did not receive our fiscal year 2020-2021 funding and is very thankful for this opportunity to access these much-needed funds.

Accordingly, please find attached a copy of the CLA Report dated December 4, 2019.

If you have any questions or comments, please do not hesitate to reach out to myself at (808) 594-1973 or via e-mail at sylviah@oha.org or Sterling Wong, OHA's Chief Advocate at sterlingw@oha.org for any questions or concerns regarding this matter. OHA looks forward to hearing back from you at your earliest convenience. Mahalo.

‘O wau iho nō me ka ‘oia‘i‘o,



Sylvia M. Hussey, Ed.D.
Ka Pouhana, Chief Executive Officer

cc: Ke Kauhuhu Carmen Hulu Lindsey, Ke Kua Leina‘ala Ahu Isa, Ke Kua Dan Ahuna. Ke Kua Kaleihikina Akaka, Ke Kua Keli‘i Akina, Ke Kua Luana Alapa, Ke Kua Brendon Kalei`āina Lee, Ke Kua Keola Lindsey, Ke Kua John Waihe‘e IV (all without attachments)

CliftonLarsonAllen

CLAconnect.com



December 4, 2019

Report

CLA – OHA & LLCs Contract and Disbursement Review – Report

Prepared by:

Ernie Cooper, CPA, CFF, CFE, JD
Ernie.Cooper@CLAconnect.com
Phone (626) 857-7300

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December 4, 2019

Dan Ahuna, Trustee and Chair of the Resource Management Committee
Robert K. Lindsey, Jr., Trustee and Vice-Chair of the Resource Management Committee
Office of Hawaiian Affairs
560 N. Nimitz Hwy, Suite 200
Honolulu, HI 96817

Re: CLA – OHA & LLCs Contract and Disbursement Review – Report

Dear Trustees,

We have enclosed our final OHA & LLCs Contract and Disbursement Review Report dated December 4, 2019, which has been completed as per our agreement. Our work was performed in accordance with contract number 3284 executed between OHA and CliftonLarsonAllen.

We appreciate the opportunity to provide you with this service.

Respectfully,



Ernie Cooper CPA, CFF, CFE, JD
Principal
CliftonLarsonAllen LLP

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I. Executive Summary

CliftonLarsonAllen (CLA) is pleased to deliver this Report to the Resource Management Committee (RMC) of the Office of Hawaiian Affairs (OHA). This Report is prepared pursuant to the contract between OHA and CLA executed on September 4, 2018, OHA contract number 3284.

The overall scope of work and approach was conducted utilizing standards in accordance with the Statement on Standards for Consulting Services*, Consulting Services: Definitions and Standards* (codified as CS Section 100 in *AICPA Professional Standards*) of the American Institute of Certified Public Accountants ("AICPA"). In consulting engagements, the nature and scope of work is determined solely by the agreement between the practitioner (CLA) and the client (OHA).

This report does not constitute an audit, compilation, or review, in accordance with standards of the AICPA, the objective of which would be the expression of an opinion on any specified elements, accounts, or items. Accordingly, CLA does not express such an opinion.

Because of the unique nature of fraud, and because our engagement was limited to the matters described in the contract, fraud and/or financial irregularities may exist within the organization that we may not have identified during the performance of our procedures. However, if during the performance of our services other matters had come to our attention suggesting possible financial improprieties and/or irregularities, we would have communicated such matters to the Resource Management Committee of the Office of Hawaiian Affairs.

The professional standards promulgated by the AICPA prohibit CLA from rendering an opinion as to whether there has been any fraud or other criminal activity by anyone associated with this engagement. Therefore, CLA does not render such opinions.

Scope of Work

The scope of work approved by OHA identified the period of review to be for five (5) fiscal years, specifically state Fiscal Year (FY) 2012, FY 2013, FY 2014, FY 2015, FY 2016 and to include both OHA and the LLCs. For OHA, the scope of work called for CLA to select eighty (80) contracts and fifty (50) other financial disbursements of funds for testing and review. For the LLCs, the scope of work called for CLA to select thirty (30) contracts and twenty-five (25) other financial disbursements of funds for testing and review. The scope of services specified all contracts and financial disbursements tested would be selected by CLA based on CLA's understanding of the OHA's and LLC's policies and procedures and data analytics performed on the financial activity of the organizations.

Office of Hawaiian Affairs

- For the OHA 80 Contracts, the scope of work specified that CLA will test for the following areas:[1]

[1] OHA and LLC contracts included vendor contracts, other contracts for professional services or goods, and grant agreements awarded by the OHA.

  - Approval and execution in accordance with HRS Chapter 103D Hawai'i Procurement Code, and HRS Chapter 84 Standards of Conduct, and the OHA's applicable internal policies and procedures;
  - Sufficiency of contract oversight provided appropriately by the assigned contract manager/monitor;
  - Deliverables were met by the contractor; and
  - No fraudulent or wasteful disbursements were made.

- For the OHA 50 other financial disbursements of funds, the scope of work specified that CLA will test for the following areas:[2]
  - Compliance with HRS Chapter 103D Procurement Code and HRS Chapter 84 Standards of Conduct and the OHA's applicable internal policies and procedures;
  - Compliance with budget restrictions; and
  - No fraudulent or wasteful disbursements were made.

- CLA will review the OHA annual reports to the Board of Trustees (BOT) and assess whether sufficient internal controls are in place to ensure the integrity of the performance indicators as reported in the annual report to the BOT.

LLCs

- For the LLC's 30 Contracts, the scope of work specified that CLA will test for the following areas:[3]

- Contracts reviewed did not include payroll related contracts, including employment contracts and contracts related to employee benefits.
- Contracts reviewed did not include revenue-generating contracts of the OHA and the related LLCs.
- A contract and its related amendments were counted as one contract to the extent that the contract and its amendments were identified by OHA as one contract number. Separate contracts with the same vendor will be counted as unique contracts if they are identified with a new contract number and not an amendment number.

[2] OHA and LLC other financial disbursements of funds, financial transactions is defined as disbursements (e.g., checks, wire transfers, electronic fund transfers, etc.).

- Financial transactions excluded revenue/income related transactions of the OHA and the related LLCs.
- And the selection of disbursements that were tested excluded disbursements already tested as part of the contract testing.

[3] Refer to footnote 1.

  - Sufficiency of contract/grant oversight provided appropriately by the assigned contract manager/monitor;
  - Deliverables were met by the contractor/grant recipient;
  - Conflict of interest with LLC managers and directors; and
  - No fraudulent or wasteful disbursements were made.

- For the LLC's 25 other financial disbursements of funds, the scope of work specified that CLA will test for the following areas:[4]
  - Conflict of interest with LLC managers and directors;
  - Compliance with internal policies and procedures; and
  - No fraudulent or wasteful disbursements were made.
- CLA will review the LLC's quarterly reports to the BOT and assess whether sufficient internal controls are in place to ensure the integrity of the performance indicators as reported in the quarterly reports to the BOT.

The scope of service is not an investigation. CLA's procedures were designed to detect and identify possible fraud, waste, or abuse; however, CLA has not made a conclusion as to whether fraud, waste, or abuse actually exists. Based on the totality of information gathered through the testing procedures performed, CLA has identified whether there are red flags or indicators of possible fraud, waste, or abuse.

In addition to documenting the results of testing, CLA has provided recommendations on organizational, structural and procedural improvement to strengthen the BOT's fiduciary oversight of the OHA and its LLCs.

Summary of Work Performed

The OHA point of contact established by OHA was the leadership team of the RMC. In addition to the extensive review, analysis, documentation of work performed, and draft of this report, highlights of work performed by CLA include:

1) **Preliminary information gathering and document review**

   In June 2018, while in negotiations with OHA regarding this contract, CLA visited OHA's offices in Honolulu, Oahu and the office of the LLCs' legal counsel, ES&A, Inc. These visits occurred from June 6, 2018 through June 8, 2018 with the purpose of gaining a better understanding of OHA and its LLCs, their operations, and financial activity. CLA used the information obtained through this process to determine the volume of transactions

[4] Refer to footnote 2.

(contracts and disbursements) that could be tested within the budget established by OHA. CLA incurred all cost for this work.

2) Process interviews of OHA and LLCs staff

During the weeks of October 8, 2018 and November 12, 2018, CLA was in Honolulu and conducted interviews of OHA staff. The purpose of these interviews was to gain a more in depth understanding of the processes and procedures pertaining to contracting and disbursements (including grants and sponsorships).

On October 11, 2018, CLA met with Richard Pezzulo, Hi'ipaka LLC's Executive Director, and Donna Mathes, Hi'ipaka LLC's Controller/Accountant. On November 13, 2018, CLA met with Mona Bernardino, Hi'ilei Aloha LLC's COO. The purpose of the interviews was to gain a more comprehensive understanding of the LLCs' functions and the policies and procedures used by the LLCs pertaining to contracting and disbursements for the period under review.

3) Document request

On September 14, 2018, CLA submitted to OHA and the LLCs an initial document request list to obtain additional financial data and documents needed to perform data analytics and ultimately select a sample of contracts and disbursements for testing. The document request lists were updated throughout the term of the engagement and OHA and the LLCs provided the requested documents and information to CLA on an ongoing basis.

4) Data collection and analysis

Throughout the term of this engagement, CLA continuously worked with OHA and LLC staff to obtain the requested documents and records which CLA requested in order to identify and select those OHA and LLC contracts and financial disbursements to be tested.

5) Selection of sample contracts and disbursements

On May 10, 2019, CLA sent to OHA its sample selection for 75 contracts and 45 disbursements. CLA reserved five contracts and five disbursements to select after the visit to OHA in June 2019 for the initial round of testing. On August 2, 2019, CLA sent to OHA the remaining sample of five contracts and five disbursements.

On May 10, 2019, CLA sent to ES&A the sample selection for contracts and disbursements for the LLCs. The sample selection sent to the LLCs consisted of 23 contracts and 21 disbursements. CLA reserved seven contracts and four disbursements to select after the trustee interviews that occurred the week of July 22, 2019. On August 2, 2019, CLA selected the remaining sample of seven contracts and four disbursements for the LLCs and emailed this list to ES&A, Inc.

6) Interviews of OHA trustees

During the week of July 22, 2019, CLA was in Honolulu and conducted in-person interviews of all nine current OHA trustees. The purpose of the interviews was to allow the trustees the opportunity to meet with CLA and share with CLA any thoughts or concerns they had regarding OHA or the LLCs relative to the scope of work of this engagement.

7) Document production to CLA

OHA provided the supporting documentation to CLA in scanned PDF files. The initial production of supporting documents was provided by OHA beginning on June 3, 2019 and was completed on August 23, 2019. During the review of these documents, CLA identified various documents that appeared to be missing from the production and requested additional and/or missing documents be provided to CLA. OHA continued to provide available documents to CLA through October 17, 2019. In total, OHA provided to CLA approximately 870 scanned PDF files containing supporting documentation related to the sample of contracts and disbursements. As of the date of this report, OHA has communicated that it has provided to CLA all documents that it could locate related to CLA's requests.

For the LLCs, on July 3, 2019, CLA was informed that the LLCs had gathered the supporting documents for the contract and disbursement sample selection, and that the documents would be available in hardcopy at the respective LLC offices. The hard-copy documents identified were provided to CLA during its visit to Hi'ipaka the week of August 12, 2019, and during its visit to Hi'ilei Aloha the week of August 19, 2019. While on site, CLA identified additional documents needed and communicated the subsequent request to the respective LLC contact. All documents available were provided to CLA by October 15, 2019. In total, the LLCs provided to CLA approximately 122 supporting documents related to the sample of contracts and disbursements.

8) Inquiries with OHA and LLCs' staff

As part of the request to OHA for the sample contracts and disbursements, CLA requested that OHA provide the name of the contract manager for each contract selected. This would allow CLA to identify the OHA staff member to inquire concerning questions on a particular contract. CLA inquired with OHA contract manager/staff as appropriate if currently employed by OHA.

<u>Hi'ilei Aloha LLC</u>

Inquiries were made with the COO for Hi'ilei Aloha LLC who has been with the entity since its inception and was familiar with most of the contracts and disbursement transactions selected for Hi'ilei Aloha, Hi'ipoi, and Ho'okīpaipai.[5]

[5] Hi'ikualono LLC, although established in 2010, according to the COO, has never had any activity.

Hi'ipaka LLC

Inquiries were made with the Executive Director for Hi'ipaka who has been with the organization for the entire period under review and was familiar with all of the contracts and disbursements for the entity.

9) Assessment of Board of Trustees Oversight of OHA

In order to assess the Board of Trustees oversight of OHA and the LLCs, CLA conducted interviews of the current trustees, reviewed the State Audit reports issued in September 2013 and June 2018, reviewed board minutes to identify and understand current actions taken by the trustees pertaining to the Permitted Interaction Group on the Board Governance Framework, and researched general guidance and best practices pertaining to governance. Additionally, CLA considered the totality of the results from the testing of contracts and disbursements. The observations and recommendations pertaining to the trustee's oversight is included in Section VIII. Board of Trustees Oversight of OHA and the LLCs beginning on page 294.

10) Status updates and communications with the Resource Management Committee

Throughout this engagement, CLA maintained regular communication with the Chair and Vice Chair of the Resource Management Committee. As part of the communication protocol, CLA issued written status reports on the following dates:

- October 25, 2018
- November 27, 2018
- June 4, 2019
- August 6, 2019
- September 12, 2019

In addition, on March 12, 2019, shortly after Trustee Dan Ahuna was elected Chair of the Resource Management Committee, CLA met at OHA offices with the Resource Management Committee leadership to provide an update on the status of this engagement, the procedures performed to date, and the steps needed to complete the engagement. Additionally, CLA presented an updated timetable for completion of the project due to delays in receiving documents requested from OHA and the LLCs.

Finally, on October 24, 2019 a video conference was held with CLA and RCM Leadership where CLA provide a verbal briefing of the results of work performed. Recommendations included in this report were not discussed at that time.

Results of Work Performed

The following Chart reflects the summary of the type of items tested by CLA. The body of this report provides detailed information concerning each specific item tested by CLA.

OHA

Category	Number Tested
Contracts	80
Disbursements	50
Total Tested	130

Contract Type	Contracts Tested
Grants	39
Competitive Sealed Proposals	9
Professional Services	14
Small Purchase	1
Exempt	17
Total Tested	80

Disbursement Type	Disbursements Tested
Grant	10
Disbursements	34
pCard	5
Lease	1
Total Tested	50

LLCs

Category	Number Tested
Contracts	30
Disbursements	25
Total Tested	55

LLC	Contracts Tested
Hi'ilei Aloha	9
Hi'ipaka	18
Ho'okīpaipai	3
Total	30

LLC	Disbursements Tested
Hi'ilei Aloha	7
Hi'ipaka	9
Hi'ipoi	3
Ho'okīpaipai	6
Total	25

CLA made various observations based on the testing performed. An observation for the purpose of this report is defined as the instances in which the results of testing revealed occurrences of non-compliance with statutory requirements and/or internal policies as well as the instances that revealed indicators or red flags of waste, fraud, or abuse.

OHA

OHA: Highlights of Observations

We noted some common themes concerning accounting and financial processes and procedures within all items tested. These include:

- Numerous examples where contracts had an effective date that predated the execution date of the contracts.
- The only approved Fiscal Procedures Manual (revised March 2, 2009) was outdated:

- The Accounting Checklist is no longer being used
- Titles referenced are outdated
- Certain steps/processes are no longer performed or are outdated

- The standard contract was not always used or was missing certain required sections.
- Required signatures were not always present on Procurement documents.
- It was not always clear from the Delegation of Authority who was supposed to approve/sign a purchase request, contract, or payment request (Program level, LOB level contracts – documentation didn't specify type of contract).
- OHA was unable to produce some or all of the deliverables required by the contracts; therefore, CLA was unable to determine whether fraudulent/wasteful disbursements were made for many items selected for testing and whether the deliverables were ever completed by the contractor or the evidence of deliverables were not kept by OHA.

We also noted the following observations specific to each area tested as follows.

a. <u>OHA Contracts</u>

Grants

Contract Type	With Observations	Without Observations	Total	Report Page Reference
Grants	39	0	39	50

Conflicts of interest – CLA observed several potential financial conflicts of interest:

- Contract #2695 was a grant executed in September 2011 for $150,000 to Young of Heart Workshop, whose Executive Director was Maile Meyer. Undisclosed in the grant file is the fact that OHA had an existing relationship with Maile Meyer by guarantying $150,000 for her lease of retail space in Waikiki, which was signed in 2009. There does not appear to be a violation of HRS §10 or §84; however, there may be a violation of OHA's policies. (D-04)
- Contract #2726 and #2887 were two Community grants to I Ola Lāhui, Inc. for $500,000 each for 12/1/2011 to 11/30/2013 and 7/1/2013 to 6/30/2015, respectively (Richard Pezzulo, Corporate Counsel, and Dr. Austin executed Contract #2726; Dr. Crabbe, Corporate Counsel, and Dr. Austin executed Contracted #2887). Both contracts were ultimately approved by the Board of Trustees (BOT). The Executive Director for I Ola Lāhui, Inc. was A. Aukahi Austin. Dr. Austin may have had an undisclosed professional relationship with Dr. Crabbe.
- Contract #2953 was a grant to Native Hawaiian Education Association (NHEA) for the World Indigenous People's Conference on Education (WiPC:E) for $150,000.

The CEO of the Office of Hawaiian Affairs, Dr. Crabbe, was a keynote speaker at the WIPC:E event that OHA sponsored. CLA could not further determine if the grant award was a violation of HRS §84-14(2)(d).

- Contract #3026 was a grant in 2015 to Akamai Foundation on behalf of Na'i Aupuni for $2,598,000 to facilitate an election of delegates and 'Aha process. One of the Na'i Aupuni board members is Pauline Namu'o, who is the wife of the former OHA CEO, Clyde Namu'o. Clyde Namu'o was the Executive Director of the Native Hawaiian Roll Commission during 2015. CLA could not further determine if the grant award was a violation of HRS §84-14(2)(d).

- Contract #2785 was a grant to 'Aha Kāne - Foundation for the Advancement of Native Hawaiian Males in 2012 for $200,000 to convene a gathering June 15-17, 2012 for Native Hawaiian male leadership. The grant file does not disclose that Dr. Crabbe established 'Aha Kāne and was the Advisory Chair at the time of the convention. Dr. Crabbe filed a Short Form Disclosure with the Hawai'i State Ethics Commission in 2016 explaining that he was no longer the President of 'Aha Kāne and was the Advisory Chair. If Dr. Crabbe had filed a Short Form Disclosure before the grant award, then the grant would be in compliance with HRS §84-14(e) and §84-17. This would be an investigative step.

Other Observations:

- Several grantees did not have a complete grant application or letter requesting funding. Grant applications are a specific requirement of HRS §10-17(a).

- Several grant files did not contain sufficient evidence that OHA monitored or evaluated the grant activities, which is a specific requirement of HRS §10-17(d).

- Several grant files did not contain the BOT or ARM/BAE Action Item attachments that indicated that the BOT or ARM/BAE was specifically approving the application and the award amount.

- Several grant files did not contain evidence that OHA's procurement process was followed, including missing Purchase Requisitions, Procurement Document Checklists, and/or Proofs of Award.

Competitive Sealed Proposals

Contract Type	With Observations	Without Observations	Total	Report Page Reference
Competitive Sealed Proposals	9	0	9	76

Adherence to Public Procurement Code: All contracts had at least one Public Procurement Code criteria for competitive sealed proposals that was either not met or for which documentation was not located and provided that would enable CLA to make a

determination of adherence to the Public Procurement Code for competitive sealed proposals.

Professional Services

Contract Type	With Observations	Without Observations	Total	Report Page Reference
Professional Services	14	0	14	96

Conflicts of interest – No known financial conflicts of interest were identified. However, a former employee, within 12 months after termination of employment, may have represented a business for a fee or other consideration which may not be consistent with HRS §84-18(c). Sample Contract K-56: OHA Contract #3025 with Reed Smith LLP on May 2015, for $200,000.

Other Observations – CLA's testing of professional services contracts include the following observations:

- Several contracts had an effective date that predated the execution date of the contracts by three days to 120 days (average of 44 days).
- CLA did not receive evidence that Professional Services were solicited no later than May of each year, that the procurement notice was issued requesting proposals from the appropriate service providers, and that Notices were posted on the PINS (Procurement Notices System) and in major newspapers as requires by HRS §103D-304.
- CLA did not receive evidence that the solicitation was published.
- CLA did not receive evidence that steps were taken to ensure and document that review committee members would be impartial and independent in their review of professional services.
- CLA did not receive evidence that contracts of over $5,000 or more awarded under HRS §103D-304 were posted electronically within seven days of the contract award and that they remained posted for one year.
- For several of the contracts, CLA did not receive evidence of a deliverable.

Small Purchases

Contract Type	With Observations	Without Observations	Total	Report Page Reference
Small Purchase	1	0	1	127

No significant observations identified.

Exempt

Contract Type	With Observations	Without Observations	Total	Report Page Reference
Exempt	17	0	17	133

- Qualification as exempt contract – Several contracts were for services that appear questionable as to whether they qualify as an exempt contract. HRS §103D-102 provides a specific list of contracts/services that are exempted from the requirements of HRS §103D. CLA also considered additional exemptions allowed under HAR 3-120-4 – Exhibit A.

- Missing deliverable(s) – For several contracts, OHA was unable to produce some or all of the deliverables required by the contracts. CLA was not able to determine whether the contractor completed the deliverable(s) required.

b. <u>OHA Disbursements</u>

CEO Sponsorships

Disbursement Type	With Observations	Without Observations	Total	Report Page Reference
CEO Sponsorships	10	0	10	161

Conflicts of interest – CLA observed the following potential financial conflicts of interest as follows:

- Check number 27638 was a CEO Sponsorship for $25,000 to Supporting the Language of Kaui (SLK) for operational startup costs. The CEO Sponsorship was approved by the CEO, Dr. Crabbe, on December 31, 2012. Part of the documentation indicated that there was a “confidential” business plan that CLA requested but was not provided. There is no evidence of review or approval of this sponsorship. CLA was informed that Dr. Crabbe and a director of SLK were associated through an association of Native Hawaiian men called 'Aha Kāne.

Other Observations – The following observations were identified from CLA’s testing of grant disbursements:

- Grant Award Splitting: A CEO Sponsorship to the University of Hawai'i for the GEAR-UP Hawai'i program was paid on a single check in the amount of $30,000. The Purchase Requisition splits the amount into two parts: $24,950 is categorized as “Grants in Aid – Sponsorships”; and, $5,050 is categorized as “Services on a Fee Basis.”

- Grant Intent: A CEO Sponsorship for $24,999 to The Nature Conservancy for the Marine Fellowship Program was made. The intent of the grant was for

programmatic services occurring over a fiscal year, not an event, which is inconsistent with the purpose of CEO Sponsorships.

- Missing Documents: All ten of the CEO Sponsorships did not contain sufficient evidence that OHA monitored or evaluated the grant activities, which is a specific requirement of HRS §10-17(d). In addition, most of the grant files did not contain sufficient documentation to show that OHA verified the organization was eligible under HRS §10-17(c).

Other Disbursement Types

Disbursement Type	With Observations	Without Observations*	Total	Report Page Reference
Exempt Non Grant Small Purchases	22	12	34	177
Procurement Card	5	0	5	199
Lease Disbursements	1	0	1	207

*Out of the 12 without observations, six had documents missing.

Potential waste of funds – One of the disbursements appears to be a potential waste of public funds. $600,000 was paid to Hu'ena Power, Inc. for an investment purchase of 500 limited partnership units (5%) in Hu'ena Power, LLP, a consortium that submitted a proposal to Hawaiian Electric Light Company (HELCO) to develop two 25MW geothermal power stations on the island of Hawai'i. Hu'ena Power did not win the contract with HELCO; therefore, OHA lost its $600,000 investment.

Other Observations:

- Former OHA CEO approved payments while no longer an employee of OHA – Two disbursements were approved by the former OHA CEO, Clyde W. Namu'o, after he was no longer an employee of OHA.

- Qualification as Exempt Procurement – Certain disbursements were for services that appear questionable as to whether they qualify as an exempt procurement.

- Disbursements potentially Grants – Certain disbursements were cited as exempt purchases but appear to align with the purposes of grants and possibly should have gone through the grant approval process.

- Several of the disbursement files did not contain evidence that OHA's procurement process was followed, including missing Purchase Requisitions, Procurement Document Checklists, and/or Requests for Check Issuance.

- Several of the disbursement files for pCard purchases did not contain evidence that OHA's pCard process was followed, including missing receipts, documents justifying travel expenses, or a Statement of Completed Travel.

LLCs

a. LLC Contracts

Hi'ilei Aloha LLC

LLC	With Observations	Without Observations	Total	Report Page Reference
Hi'ilei Aloha	9	0	9	239

Lack of Grant oversight – CLA observed lack of grant oversight in the following areas:

- For all contracts CLA observed that purchase requests are not completed, because the Fiscal Policies and Procedures manual is ambiguous and only appears to require them for purchase of supplies.

- For all contracts, the process of ensuring that all purchases comply with the budget is not documented (LLC COO communicated that this review is done but not documented).

- For all contracts, the Fiscal Policies and Procedures manual requires completed Request for Check Issuance forms to include a cost or price analysis. None of the contracts tested had this analysis attached (LLC COO communicated that price analysis is always done, but it was not documented).

Potentially wasteful disbursements – CLA identified the following potential wasteful disbursements:

- Contract Sample LK-26: The February 2016 contract for $1,960 covered transportation and hotel costs for a vendor to provide training services (only transportation and hotel expenses were included as part of the contract). The payments to the vendor exceeded the contract amount by $600.68. Payment of $500 was issued to the vendor as a stipend that was not included in the contract, and travel costs exceeded the contract amount by $100.68.

- Contract Sample LK-28: The March 2013 contract for $10,000 was for capacity building services. The payments to the vendor exceeded the contract amount by $406 for out-of-pocket expenses that were invoiced to Hi'ilei Aloha but for which no receipt was provided.

Hi'ipaka LLC

LLC	With Observations	Without Observations	Total	Report Page Reference
Hi'ipaka	18	0	18	246

Conflict of Interest – CLA observed a potential financial conflicts of interest as follows:

- Contract with OHA: A service agreement was executed with OHA for sublease of Waialua Courthouse property May of 2015, and one $11,490 check issued in payment for this contract was not signed but was deposited by OHA and accepted by the bank. This contract has an inherent conflict of interest because the LLC managers for Hi'ipaka are also the executives for OHA so the LLC managers cannot act in an impartial way with this agreement.

Other Observations – The following observations were identified from CLA's testing of Hi'ipaka contracts:

- Contract approval process not updated: The SOP Admin Acct -004 first implemented May 7, 2009 stated that the LLC managers were responsible for signing contracts; however, per discussion with the Executive Director, it was understood that the process changed and the Executive Director was responsible for signing the contracts for Hi'ipaka. Only one contract, which was executed in early 2012, was signed by one of the LLC managers, the rest of the contracts tested were signed by the Executive Director.

- Missing Documents: Some of the contract files did not contain evidence that the Hi'ipaka procurement processes were followed, including missing Certificate of Goods Standing with the DCCA, vendor FEIN, vendor GET license, Certificate of Insurance, and/or Contractor's License.

Ho'okīpaipai LLC

LLC	With Observations	Without Observations	Total	Report Page Reference
Ho'okīpaipai	1	2	3	255

No significant observations were identified for Ho'okīpaipai, although some documents were missing.

b. LLC Disbursements

LLC	With Observations	Without Observations	Total	Report Page Reference
Hi'ilei Aloha The 2 disbursements without observations had documents missing.	5	2	7	263
Hi'ipaka Of the 4 disbursements without observations, 1 had documents missing.	5	4	9	272
Hi'ipoi The 1 disbursement without observations had documents missing.	2	1	3	276

LLC	With Observations	Without Observations	Total	Report Page Reference
Ho'okīpaipai Of the 6 disbursements without observations, 5 had documents missing.	0	6	6	282

Potentially wasteful disbursements – CLA observed three potentially wasteful disbursements concerning payments to Supporting the Language of Kauai/Lehua Poi Mill as follows:

- A $10,000 grant paid from Hi'ipoi to Supporting the Language of Kauai on March 14, 2013. It appears that Hi'ipoi was still funding the operation of the mill even though it no longer held the asset.

- $20,000 paid from Hi'ilei Aloha to Lehua Poi Mill on June 24, 2013 for an emergency loan to improve cash flow during the start-up months of business. Hi'ilei Aloha did not have established policies or business practices for issuing loans.

- A $60,000 grant paid from Hi'ilei Aloha to Supporting the Language of Kauai on September 3, 2015 to offset financial losses of Lehua Poi Co. (owner Naukulu Arquette), operator of former Makaweli Poi Mill, through September 15, 2015. Hi'ilei Aloha did not have established policies or business practices for issuing grants.

Other Observations – Missing Documents:

- Several of the disbursement files did not contain evidence that the LLC procurement processes were followed, including missing invoices from vendors, purchase agreements or Purchase Orders, and/or Requests for Check Issuance forms.

- Four of the disbursements did not contain an invoice that had been stamped “Received By”, which would indicate that a staff member had determined the good or service was received and the purchase order was completely fulfilled.

- Five of the disbursements did not contain documentation that a price or cost analysis was conducted, which is required for Hi'ilei Aloha and Ho'okīpaipai disbursements. Based on our discussion with Mona Bernardino, the program managers were responsible for conducting the price or cost analysis (usually by email or computer); however, the program managers did not keep documentation of the price or cost analysis in the disbursement package.

OHA – Annual Reports to the Board of trustees

CLA reviewed the OHA annual reports to the Board of Trustees (BOT) and assessed whether sufficient internal controls are in place to ensure the integrity of the performance indicators as

reported in the annual report to the BOT. Based on our observations, recommendations have been made to strengthen internal controls in this area.

We observed that reports and other information provided by the various departments is not kept by Community Engagement department for future reference. Additionally, the Director of Community Engagement could not indicate if the grants information reported was based on awards made or dollars disbursed. The plan for this coming year is to clarify this with the grants department for the upcoming report.

On a sample basis, CLA compared the specific grants and sponsorships listed in the June 30, 2016 annual report to the general ledger detail, grants tracking schedule, and audited financial statements provided to CLA. The purpose was to assess whether the financial information presented in the annual report to the BOT appeared accurate. The comparison of the grants listed in the annual report to the grants tracking schedule provided the following observations:

- Not all grants listed in the annual report were shown in the grants tracking schedule provided.

- When comparing the grant amounts in the annual report to the amounts disbursed as shown in the general ledger, it is evident that the amounts disbursed in the respective fiscal year are less than the amounts awarded. This seems appropriate and logical as the grant funds should not be disbursed until the activities have been performed and the grantee has submitted all required documentation

LLCs - Quarterly Reports to the Board of Trustees

CLA reviewed the LLC's quarterly reports to the BOT and assessed whether sufficient internal controls are in place to ensure the integrity of the performance indicators as reported in the quarterly reports to the BOT. Based on our observations, recommendations have been made to strengthen internal controls in this area.

We observed the finalized report for Hi'ipaka that was included in the Hi'ilei Aloha quarterly report was not reviewed by the Hi'ipaka's Executive Director prior to the report being finalized and sent to OHA.

Other observations include: neither the Budget Comparison Reports nor the Balance Sheets included in the quarterly reports disclose the fact that these reports are unaudited; the quarterly reports do not have a mechanism to communicate changes that may have taken place for a quarter that has already been previously reported; there were differences in the amounts communicated within the Hi'ipaka report between the Summary Financial Performance revenue and expense figures and the Budget Comparison Report revenue and expense figures; and mathematical errors were identified in the quarterly reports for Hi'ipaka due to the fact that these reports although downloaded directly form the financial system are finalized through a manual process using Microsoft Excel to calculate totals.

Recommendations

CLA has made the following recommendations for OHA to consider implementing:

- Seventy-three (73) recommendations based on the results of contracts and financial disbursements testing as well as measures concerning the internal controls in place to ensure the integrity of the performance indicators in the OHA annual report to the BOT.

- Six (6) recommendations pertaining to the BOTs general oversight and governance of OHA and the LLCs

CLA has made the following recommendations for the LLCs to consider implementing:

- Thirty (30) recommendations based on the results of contracts and financial disbursements testing as well measures concerning the internal controls in place to ensure the integrity of the performance indicators in the LLC's Quarterly reports to the BOT.

These recommendations serve many purposes including tending to: improve the overall financial internal control efficiencies and effectiveness of the financial processes of OHA; minimize the risk of fraud, waste, and abuse; and overall strengthen the BOT's fiduciary, general oversight and governance of OHA. The recommendations for both OHA and the LLCs comprise a few central themes, including, updating its written policies to align with current procedures and ensure best practices are followed; increasing documentation of the decision-making process, authorizations, and monitoring and oversight of contracts and grants; employee training and development; increasing transparency; and oversight and governance of the organizations.

CLA understands that the task at hand for the BOT, RMC, OHA, and LLC staff in addressing, assessing, and considering implementing these recommendations can be daunting. Therefore CLA strongly encourages the Trustees to delegate to OHA's Administration the development of a "Recommendations Implementation Plan" that includes the following activities and considerations: comparison of recommendations to the current processes for contracts and disbursements (e.g., policies, procedures, practices, training, documentation, etc.) and implementation actions, including accountability measures, timetables, monitoring, and reporting to the RMC and BOT.

Closing Statement

CLA is very proud and honored to have been selected and provide our services to OHA and the LLCs. CLA is extremely appreciative of the outstanding efforts by the OHA and LLC staff throughout the course of this engagement. The staff of OHA and the LLCs were cooperative throughout this engagement, responsive to CLA's requests, and provided documents and information within the updated timetable requested by CLA in order to complete this engagement. CLA recognizes the increased demand and pressure this engagement has put on the staff in addition to their day-to-day duties and responsibilities.

CliftonLarsonAllen

CLAconnect.com



December 4, 2019

Report

CLA – OHA & LLCs Contract and Disbursement Review – Report

Prepared by:

Ernie Cooper, CPA, CFF, CFE, JD
Ernie.Cooper@CLAconnect.com
Phone (626) 857-7300

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December 4, 2019

Dan Ahuna, Trustee and Chair of the Resource Management Committee
Robert K. Lindsey, Jr., Trustee and Vice-Chair of the Resource Management Committee
Office of Hawaiian Affairs
560 N. Nimitz Hwy, Suite 200
Honolulu, HI 96817

Re: CLA – OHA & LLCs Contract and Disbursement Review – Report

Dear Trustees,

We have enclosed our final OHA & LLCs Contract and Disbursement Review Report dated December 4, 2019, which has been completed as per our agreement. Our work was performed in accordance with contract number 3284 executed between OHA and CliftonLarsonAllen.

We appreciate the opportunity to provide you with this service.

Respectfully,



Ernie Cooper CPA, CFF, CFE, JD
Principal
CliftonLarsonAllen LLP

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I. Executive Summary

CliftonLarsonAllen (CLA) is pleased to deliver this Report to the Resource Management Committee (RMC) of the Office of Hawaiian Affairs (OHA). This Report is prepared pursuant to the contract between OHA and CLA executed on September 4, 2018, OHA contract number 3284.

The overall scope of work and approach was conducted utilizing standards in accordance with the Statement on Standards for Consulting Services*, Consulting Services: Definitions and Standards* (codified as CS Section 100 in *AICPA Professional Standards*) of the American Institute of Certified Public Accountants ("AICPA"). In consulting engagements, the nature and scope of work is determined solely by the agreement between the practitioner (CLA) and the client (OHA).

This report does not constitute an audit, compilation, or review, in accordance with standards of the AICPA, the objective of which would be the expression of an opinion on any specified elements, accounts, or items. Accordingly, CLA does not express such an opinion.

Because of the unique nature of fraud, and because our engagement was limited to the matters described in the contract, fraud and/or financial irregularities may exist within the organization that we may not have identified during the performance of our procedures. However, if during the performance of our services other matters had come to our attention suggesting possible financial improprieties and/or irregularities, we would have communicated such matters to the Resource Management Committee of the Office of Hawaiian Affairs.

The professional standards promulgated by the AICPA prohibit CLA from rendering an opinion as to whether there has been any fraud or other criminal activity by anyone associated with this engagement. Therefore, CLA does not render such opinions.

Scope of Work

The scope of work approved by OHA identified the period of review to be for five (5) fiscal years, specifically state Fiscal Year (FY) 2012, FY 2013, FY 2014, FY 2015, FY 2016 and to include both OHA and the LLCs. For OHA, the scope of work called for CLA to select eighty (80) contracts and fifty (50) other financial disbursements of funds for testing and review. For the LLCs, the scope of work called for CLA to select thirty (30) contracts and twenty-five (25) other financial disbursements of funds for testing and review. The scope of services specified all contracts and financial disbursements tested would be selected by CLA based on CLA's understanding of the OHA's and LLC's policies and procedures and data analytics performed on the financial activity of the organizations.

Office of Hawaiian Affairs

- For the OHA 80 Contracts, the scope of work specified that CLA will test for the following areas:[1]

[1] OHA and LLC contracts included vendor contracts, other contracts for professional services or goods, and grant agreements awarded by the OHA.

  - Approval and execution in accordance with HRS Chapter 103D Hawai'i Procurement Code, and HRS Chapter 84 Standards of Conduct, and the OHA's applicable internal policies and procedures;
  - Sufficiency of contract oversight provided appropriately by the assigned contract manager/monitor;
  - Deliverables were met by the contractor; and
  - No fraudulent or wasteful disbursements were made.

- For the OHA 50 other financial disbursements of funds, the scope of work specified that CLA will test for the following areas:[2]
  - Compliance with HRS Chapter 103D Procurement Code and HRS Chapter 84 Standards of Conduct and the OHA's applicable internal policies and procedures;
  - Compliance with budget restrictions; and
  - No fraudulent or wasteful disbursements were made.

- CLA will review the OHA annual reports to the Board of Trustees (BOT) and assess whether sufficient internal controls are in place to ensure the integrity of the performance indicators as reported in the annual report to the BOT.

LLCs

- For the LLC's 30 Contracts, the scope of work specified that CLA will test for the following areas:[3]

- Contracts reviewed did not include payroll related contracts, including employment contracts and contracts related to employee benefits.
- Contracts reviewed did not include revenue-generating contracts of the OHA and the related LLCs.
- A contract and its related amendments were counted as one contract to the extent that the contract and its amendments were identified by OHA as one contract number. Separate contracts with the same vendor will be counted as unique contracts if they are identified with a new contract number and not an amendment number.

[2] OHA and LLC other financial disbursements of funds, financial transactions is defined as disbursements (e.g., checks, wire transfers, electronic fund transfers, etc.).

- Financial transactions excluded revenue/income related transactions of the OHA and the related LLCs.
- And the selection of disbursements that were tested excluded disbursements already tested as part of the contract testing.

[3] Refer to footnote 1.

  - Sufficiency of contract/grant oversight provided appropriately by the assigned contract manager/monitor;
  - Deliverables were met by the contractor/grant recipient;
  - Conflict of interest with LLC managers and directors; and
  - No fraudulent or wasteful disbursements were made.

- For the LLC's 25 other financial disbursements of funds, the scope of work specified that CLA will test for the following areas:[4]
  - Conflict of interest with LLC managers and directors;
  - Compliance with internal policies and procedures; and
  - No fraudulent or wasteful disbursements were made.
- CLA will review the LLC's quarterly reports to the BOT and assess whether sufficient internal controls are in place to ensure the integrity of the performance indicators as reported in the quarterly reports to the BOT.

The scope of service is not an investigation. CLA's procedures were designed to detect and identify possible fraud, waste, or abuse; however, CLA has not made a conclusion as to whether fraud, waste, or abuse actually exists. Based on the totality of information gathered through the testing procedures performed, CLA has identified whether there are red flags or indicators of possible fraud, waste, or abuse.

In addition to documenting the results of testing, CLA has provided recommendations on organizational, structural and procedural improvement to strengthen the BOT's fiduciary oversight of the OHA and its LLCs.

Summary of Work Performed

The OHA point of contact established by OHA was the leadership team of the RMC. In addition to the extensive review, analysis, documentation of work performed, and draft of this report, highlights of work performed by CLA include:

1) **Preliminary information gathering and document review**

   In June 2018, while in negotiations with OHA regarding this contract, CLA visited OHA's offices in Honolulu, Oahu and the office of the LLCs' legal counsel, ES&A, Inc. These visits occurred from June 6, 2018 through June 8, 2018 with the purpose of gaining a better understanding of OHA and its LLCs, their operations, and financial activity. CLA used the information obtained through this process to determine the volume of transactions

[4] Refer to footnote 2.

(contracts and disbursements) that could be tested within the budget established by OHA. CLA incurred all cost for this work.

2) Process interviews of OHA and LLCs staff

During the weeks of October 8, 2018 and November 12, 2018, CLA was in Honolulu and conducted interviews of OHA staff. The purpose of these interviews was to gain a more in depth understanding of the processes and procedures pertaining to contracting and disbursements (including grants and sponsorships).

On October 11, 2018, CLA met with Richard Pezzulo, Hi'ipaka LLC's Executive Director, and Donna Mathes, Hi'ipaka LLC's Controller/Accountant. On November 13, 2018, CLA met with Mona Bernardino, Hi'ilei Aloha LLC's COO. The purpose of the interviews was to gain a more comprehensive understanding of the LLCs' functions and the policies and procedures used by the LLCs pertaining to contracting and disbursements for the period under review.

3) Document request

On September 14, 2018, CLA submitted to OHA and the LLCs an initial document request list to obtain additional financial data and documents needed to perform data analytics and ultimately select a sample of contracts and disbursements for testing. The document request lists were updated throughout the term of the engagement and OHA and the LLCs provided the requested documents and information to CLA on an ongoing basis.

4) Data collection and analysis

Throughout the term of this engagement, CLA continuously worked with OHA and LLC staff to obtain the requested documents and records which CLA requested in order to identify and select those OHA and LLC contracts and financial disbursements to be tested.

5) Selection of sample contracts and disbursements

On May 10, 2019, CLA sent to OHA its sample selection for 75 contracts and 45 disbursements. CLA reserved five contracts and five disbursements to select after the visit to OHA in June 2019 for the initial round of testing. On August 2, 2019, CLA sent to OHA the remaining sample of five contracts and five disbursements.

On May 10, 2019, CLA sent to ES&A the sample selection for contracts and disbursements for the LLCs. The sample selection sent to the LLCs consisted of 23 contracts and 21 disbursements. CLA reserved seven contracts and four disbursements to select after the trustee interviews that occurred the week of July 22, 2019. On August 2, 2019, CLA selected the remaining sample of seven contracts and four disbursements for the LLCs and emailed this list to ES&A, Inc.

6) Interviews of OHA trustees

During the week of July 22, 2019, CLA was in Honolulu and conducted in-person interviews of all nine current OHA trustees. The purpose of the interviews was to allow the trustees the opportunity to meet with CLA and share with CLA any thoughts or concerns they had regarding OHA or the LLCs relative to the scope of work of this engagement.

7) Document production to CLA

OHA provided the supporting documentation to CLA in scanned PDF files. The initial production of supporting documents was provided by OHA beginning on June 3, 2019 and was completed on August 23, 2019. During the review of these documents, CLA identified various documents that appeared to be missing from the production and requested additional and/or missing documents be provided to CLA. OHA continued to provide available documents to CLA through October 17, 2019. In total, OHA provided to CLA approximately 870 scanned PDF files containing supporting documentation related to the sample of contracts and disbursements. As of the date of this report, OHA has communicated that it has provided to CLA all documents that it could locate related to CLA's requests.

For the LLCs, on July 3, 2019, CLA was informed that the LLCs had gathered the supporting documents for the contract and disbursement sample selection, and that the documents would be available in hardcopy at the respective LLC offices. The hard-copy documents identified were provided to CLA during its visit to Hi'ipaka the week of August 12, 2019, and during its visit to Hi'ilei Aloha the week of August 19, 2019. While on site, CLA identified additional documents needed and communicated the subsequent request to the respective LLC contact. All documents available were provided to CLA by October 15, 2019. In total, the LLCs provided to CLA approximately 122 supporting documents related to the sample of contracts and disbursements.

8) Inquiries with OHA and LLCs' staff

As part of the request to OHA for the sample contracts and disbursements, CLA requested that OHA provide the name of the contract manager for each contract selected. This would allow CLA to identify the OHA staff member to inquire concerning questions on a particular contract. CLA inquired with OHA contract manager/staff as appropriate if currently employed by OHA.

<u>Hi'ilei Aloha LLC</u>

Inquiries were made with the COO for Hi'ilei Aloha LLC who has been with the entity since its inception and was familiar with most of the contracts and disbursement transactions selected for Hi'ilei Aloha, Hi'ipoi, and Ho'okīpaipai.[5]

[5] Hi'ikualono LLC, although established in 2010, according to the COO, has never had any activity.

Hi'ipaka LLC

Inquiries were made with the Executive Director for Hi'ipaka who has been with the organization for the entire period under review and was familiar with all of the contracts and disbursements for the entity.

9) Assessment of Board of Trustees Oversight of OHA

In order to assess the Board of Trustees oversight of OHA and the LLCs, CLA conducted interviews of the current trustees, reviewed the State Audit reports issued in September 2013 and June 2018, reviewed board minutes to identify and understand current actions taken by the trustees pertaining to the Permitted Interaction Group on the Board Governance Framework, and researched general guidance and best practices pertaining to governance. Additionally, CLA considered the totality of the results from the testing of contracts and disbursements. The observations and recommendations pertaining to the trustee's oversight is included in Section VIII. Board of Trustees Oversight of OHA and the LLCs beginning on page 294.

10) Status updates and communications with the Resource Management Committee

Throughout this engagement, CLA maintained regular communication with the Chair and Vice Chair of the Resource Management Committee. As part of the communication protocol, CLA issued written status reports on the following dates:

- October 25, 2018
- November 27, 2018
- June 4, 2019
- August 6, 2019
- September 12, 2019

In addition, on March 12, 2019, shortly after Trustee Dan Ahuna was elected Chair of the Resource Management Committee, CLA met at OHA offices with the Resource Management Committee leadership to provide an update on the status of this engagement, the procedures performed to date, and the steps needed to complete the engagement. Additionally, CLA presented an updated timetable for completion of the project due to delays in receiving documents requested from OHA and the LLCs.

Finally, on October 24, 2019 a video conference was held with CLA and RCM Leadership where CLA provide a verbal briefing of the results of work performed. Recommendations included in this report were not discussed at that time.

Results of Work Performed

The following Chart reflects the summary of the type of items tested by CLA. The body of this report provides detailed information concerning each specific item tested by CLA.

OHA

Category	Number Tested
Contracts	80
Disbursements	50
Total Tested	130

Contract Type	Contracts Tested
Grants	39
Competitive Sealed Proposals	9
Professional Services	14
Small Purchase	1
Exempt	17
Total Tested	80

Disbursement Type	Disbursements Tested
Grant	10
Disbursements	34
pCard	5
Lease	1
Total Tested	50

LLCs

Category	Number Tested
Contracts	30
Disbursements	25
Total Tested	55

LLC	Contracts Tested
Hi'ilei Aloha	9
Hi'ipaka	18
Ho'okīpaipai	3
Total	30

LLC	Disbursements Tested
Hi'ilei Aloha	7
Hi'ipaka	9
Hi'ipoi	3
Ho'okīpaipai	6
Total	25

CLA made various observations based on the testing performed. An observation for the purpose of this report is defined as the instances in which the results of testing revealed occurrences of non-compliance with statutory requirements and/or internal policies as well as the instances that revealed indicators or red flags of waste, fraud, or abuse.

OHA

OHA: Highlights of Observations

We noted some common themes concerning accounting and financial processes and procedures within all items tested. These include:

- Numerous examples where contracts had an effective date that predated the execution date of the contracts.
- The only approved Fiscal Procedures Manual (revised March 2, 2009) was outdated:

- The Accounting Checklist is no longer being used
- Titles referenced are outdated
- Certain steps/processes are no longer performed or are outdated

- The standard contract was not always used or was missing certain required sections.
- Required signatures were not always present on Procurement documents.
- It was not always clear from the Delegation of Authority who was supposed to approve/sign a purchase request, contract, or payment request (Program level, LOB level contracts – documentation didn't specify type of contract).
- OHA was unable to produce some or all of the deliverables required by the contracts; therefore, CLA was unable to determine whether fraudulent/wasteful disbursements were made for many items selected for testing and whether the deliverables were ever completed by the contractor or the evidence of deliverables were not kept by OHA.

We also noted the following observations specific to each area tested as follows.

a. <u>OHA Contracts</u>

Grants

Contract Type	With Observations	Without Observations	Total	Report Page Reference
Grants	39	0	39	50

Conflicts of interest – CLA observed several potential financial conflicts of interest:

- Contract #2695 was a grant executed in September 2011 for $150,000 to Young of Heart Workshop, whose Executive Director was Maile Meyer. Undisclosed in the grant file is the fact that OHA had an existing relationship with Maile Meyer by guarantying $150,000 for her lease of retail space in Waikiki, which was signed in 2009. There does not appear to be a violation of HRS §10 or §84; however, there may be a violation of OHA's policies. (D-04)
- Contract #2726 and #2887 were two Community grants to I Ola Lāhui, Inc. for $500,000 each for 12/1/2011 to 11/30/2013 and 7/1/2013 to 6/30/2015, respectively (Richard Pezzulo, Corporate Counsel, and Dr. Austin executed Contract #2726; Dr. Crabbe, Corporate Counsel, and Dr. Austin executed Contracted #2887). Both contracts were ultimately approved by the Board of Trustees (BOT). The Executive Director for I Ola Lāhui, Inc. was A. Aukahi Austin. Dr. Austin may have had an undisclosed professional relationship with Dr. Crabbe.
- Contract #2953 was a grant to Native Hawaiian Education Association (NHEA) for the World Indigenous People's Conference on Education (WiPC:E) for $150,000.

The CEO of the Office of Hawaiian Affairs, Dr. Crabbe, was a keynote speaker at the WIPC:E event that OHA sponsored. CLA could not further determine if the grant award was a violation of HRS §84-14(2)(d).

- Contract #3026 was a grant in 2015 to Akamai Foundation on behalf of Na'i Aupuni for $2,598,000 to facilitate an election of delegates and 'Aha process. One of the Na'i Aupuni board members is Pauline Namu'o, who is the wife of the former OHA CEO, Clyde Namu'o. Clyde Namu'o was the Executive Director of the Native Hawaiian Roll Commission during 2015. CLA could not further determine if the grant award was a violation of HRS §84-14(2)(d).

- Contract #2785 was a grant to 'Aha Kāne - Foundation for the Advancement of Native Hawaiian Males in 2012 for $200,000 to convene a gathering June 15-17, 2012 for Native Hawaiian male leadership. The grant file does not disclose that Dr. Crabbe established 'Aha Kāne and was the Advisory Chair at the time of the convention. Dr. Crabbe filed a Short Form Disclosure with the Hawai'i State Ethics Commission in 2016 explaining that he was no longer the President of 'Aha Kāne and was the Advisory Chair. If Dr. Crabbe had filed a Short Form Disclosure before the grant award, then the grant would be in compliance with HRS §84-14(e) and §84-17. This would be an investigative step.

Other Observations:

- Several grantees did not have a complete grant application or letter requesting funding. Grant applications are a specific requirement of HRS §10-17(a).

- Several grant files did not contain sufficient evidence that OHA monitored or evaluated the grant activities, which is a specific requirement of HRS §10-17(d).

- Several grant files did not contain the BOT or ARM/BAE Action Item attachments that indicated that the BOT or ARM/BAE was specifically approving the application and the award amount.

- Several grant files did not contain evidence that OHA's procurement process was followed, including missing Purchase Requisitions, Procurement Document Checklists, and/or Proofs of Award.

Competitive Sealed Proposals

Contract Type	With Observations	Without Observations	Total	Report Page Reference
Competitive Sealed Proposals	9	0	9	76

Adherence to Public Procurement Code: All contracts had at least one Public Procurement Code criteria for competitive sealed proposals that was either not met or for which documentation was not located and provided that would enable CLA to make a

determination of adherence to the Public Procurement Code for competitive sealed proposals.

Professional Services

Contract Type	With Observations	Without Observations	Total	Report Page Reference
Professional Services	14	0	14	96

Conflicts of interest – No known financial conflicts of interest were identified. However, a former employee, within 12 months after termination of employment, may have represented a business for a fee or other consideration which may not be consistent with HRS §84-18(c). Sample Contract K-56: OHA Contract #3025 with Reed Smith LLP on May 2015, for $200,000.

Other Observations – CLA's testing of professional services contracts include the following observations:

- Several contracts had an effective date that predated the execution date of the contracts by three days to 120 days (average of 44 days).
- CLA did not receive evidence that Professional Services were solicited no later than May of each year, that the procurement notice was issued requesting proposals from the appropriate service providers, and that Notices were posted on the PINS (Procurement Notices System) and in major newspapers as requires by HRS §103D-304.
- CLA did not receive evidence that the solicitation was published.
- CLA did not receive evidence that steps were taken to ensure and document that review committee members would be impartial and independent in their review of professional services.
- CLA did not receive evidence that contracts of over $5,000 or more awarded under HRS §103D-304 were posted electronically within seven days of the contract award and that they remained posted for one year.
- For several of the contracts, CLA did not receive evidence of a deliverable.

Small Purchases

Contract Type	With Observations	Without Observations	Total	Report Page Reference
Small Purchase	1	0	1	127

No significant observations identified.

Exempt

Contract Type	With Observations	Without Observations	Total	Report Page Reference
Exempt	17	0	17	133

- Qualification as exempt contract – Several contracts were for services that appear questionable as to whether they qualify as an exempt contract. HRS §103D-102 provides a specific list of contracts/services that are exempted from the requirements of HRS §103D. CLA also considered additional exemptions allowed under HAR 3-120-4 – Exhibit A.

- Missing deliverable(s) – For several contracts, OHA was unable to produce some or all of the deliverables required by the contracts. CLA was not able to determine whether the contractor completed the deliverable(s) required.

b. <u>OHA Disbursements</u>

CEO Sponsorships

Disbursement Type	With Observations	Without Observations	Total	Report Page Reference
CEO Sponsorships	10	0	10	161

Conflicts of interest – CLA observed the following potential financial conflicts of interest as follows:

- Check number 27638 was a CEO Sponsorship for $25,000 to Supporting the Language of Kaui (SLK) for operational startup costs. The CEO Sponsorship was approved by the CEO, Dr. Crabbe, on December 31, 2012. Part of the documentation indicated that there was a “confidential” business plan that CLA requested but was not provided. There is no evidence of review or approval of this sponsorship. CLA was informed that Dr. Crabbe and a director of SLK were associated through an association of Native Hawaiian men called 'Aha Kāne.

Other Observations – The following observations were identified from CLA’s testing of grant disbursements:

- Grant Award Splitting: A CEO Sponsorship to the University of Hawai'i for the GEAR-UP Hawai'i program was paid on a single check in the amount of $30,000. The Purchase Requisition splits the amount into two parts: $24,950 is categorized as “Grants in Aid – Sponsorships”; and, $5,050 is categorized as “Services on a Fee Basis.”

- Grant Intent: A CEO Sponsorship for $24,999 to The Nature Conservancy for the Marine Fellowship Program was made. The intent of the grant was for

programmatic services occurring over a fiscal year, not an event, which is inconsistent with the purpose of CEO Sponsorships.

- Missing Documents: All ten of the CEO Sponsorships did not contain sufficient evidence that OHA monitored or evaluated the grant activities, which is a specific requirement of HRS §10-17(d). In addition, most of the grant files did not contain sufficient documentation to show that OHA verified the organization was eligible under HRS §10-17(c).

Other Disbursement Types

Disbursement Type	With Observations	Without Observations*	Total	Report Page Reference
Exempt Non Grant Small Purchases	22	12	34	177
Procurement Card	5	0	5	199
Lease Disbursements	1	0	1	207

*Out of the 12 without observations, six had documents missing.

Potential waste of funds – One of the disbursements appears to be a potential waste of public funds. $600,000 was paid to Hu'ena Power, Inc. for an investment purchase of 500 limited partnership units (5%) in Hu'ena Power, LLP, a consortium that submitted a proposal to Hawaiian Electric Light Company (HELCO) to develop two 25MW geothermal power stations on the island of Hawai'i. Hu'ena Power did not win the contract with HELCO; therefore, OHA lost its $600,000 investment.

Other Observations:

- Former OHA CEO approved payments while no longer an employee of OHA – Two disbursements were approved by the former OHA CEO, Clyde W. Namu'o, after he was no longer an employee of OHA.

- Qualification as Exempt Procurement – Certain disbursements were for services that appear questionable as to whether they qualify as an exempt procurement.

- Disbursements potentially Grants – Certain disbursements were cited as exempt purchases but appear to align with the purposes of grants and possibly should have gone through the grant approval process.

- Several of the disbursement files did not contain evidence that OHA's procurement process was followed, including missing Purchase Requisitions, Procurement Document Checklists, and/or Requests for Check Issuance.

- Several of the disbursement files for pCard purchases did not contain evidence that OHA's pCard process was followed, including missing receipts, documents justifying travel expenses, or a Statement of Completed Travel.

LLCs

a. LLC Contracts

Hi'ilei Aloha LLC

LLC	With Observations	Without Observations	Total	Report Page Reference
Hi'ilei Aloha	9	0	9	239

Lack of Grant oversight – CLA observed lack of grant oversight in the following areas:

- For all contracts CLA observed that purchase requests are not completed, because the Fiscal Policies and Procedures manual is ambiguous and only appears to require them for purchase of supplies.

- For all contracts, the process of ensuring that all purchases comply with the budget is not documented (LLC COO communicated that this review is done but not documented).

- For all contracts, the Fiscal Policies and Procedures manual requires completed Request for Check Issuance forms to include a cost or price analysis. None of the contracts tested had this analysis attached (LLC COO communicated that price analysis is always done, but it was not documented).

Potentially wasteful disbursements – CLA identified the following potential wasteful disbursements:

- Contract Sample LK-26: The February 2016 contract for $1,960 covered transportation and hotel costs for a vendor to provide training services (only transportation and hotel expenses were included as part of the contract). The payments to the vendor exceeded the contract amount by $600.68. Payment of $500 was issued to the vendor as a stipend that was not included in the contract, and travel costs exceeded the contract amount by $100.68.

- Contract Sample LK-28: The March 2013 contract for $10,000 was for capacity building services. The payments to the vendor exceeded the contract amount by $406 for out-of-pocket expenses that were invoiced to Hi'ilei Aloha but for which no receipt was provided.

Hi'ipaka LLC

LLC	With Observations	Without Observations	Total	Report Page Reference
Hi'ipaka	18	0	18	246

Conflict of Interest – CLA observed a potential financial conflicts of interest as follows:

- Contract with OHA: A service agreement was executed with OHA for sublease of Waialua Courthouse property May of 2015, and one $11,490 check issued in payment for this contract was not signed but was deposited by OHA and accepted by the bank. This contract has an inherent conflict of interest because the LLC managers for Hi'ipaka are also the executives for OHA so the LLC managers cannot act in an impartial way with this agreement.

Other Observations – The following observations were identified from CLA's testing of Hi'ipaka contracts:

- Contract approval process not updated: The SOP Admin Acct -004 first implemented May 7, 2009 stated that the LLC managers were responsible for signing contracts; however, per discussion with the Executive Director, it was understood that the process changed and the Executive Director was responsible for signing the contracts for Hi'ipaka. Only one contract, which was executed in early 2012, was signed by one of the LLC managers, the rest of the contracts tested were signed by the Executive Director.

- Missing Documents: Some of the contract files did not contain evidence that the Hi'ipaka procurement processes were followed, including missing Certificate of Goods Standing with the DCCA, vendor FEIN, vendor GET license, Certificate of Insurance, and/or Contractor's License.

Ho'okīpaipai LLC

LLC	With Observations	Without Observations	Total	Report Page Reference
Ho'okīpaipai	1	2	3	255

No significant observations were identified for Ho'okīpaipai, although some documents were missing.

b. LLC Disbursements

LLC	With Observations	Without Observations	Total	Report Page Reference
Hi'ilei Aloha The 2 disbursements without observations had documents missing.	5	2	7	263
Hi'ipaka Of the 4 disbursements without observations, 1 had documents missing.	5	4	9	272
Hi'ipoi The 1 disbursement without observations had documents missing.	2	1	3	276

LLC	With Observations	Without Observations	Total	Report Page Reference
Ho'okīpaipai Of the 6 disbursements without observations, 5 had documents missing.	0	6	6	282

Potentially wasteful disbursements – CLA observed three potentially wasteful disbursements concerning payments to Supporting the Language of Kauai/Lehua Poi Mill as follows:

- A $10,000 grant paid from Hi'ipoi to Supporting the Language of Kauai on March 14, 2013. It appears that Hi'ipoi was still funding the operation of the mill even though it no longer held the asset.

- $20,000 paid from Hi'ilei Aloha to Lehua Poi Mill on June 24, 2013 for an emergency loan to improve cash flow during the start-up months of business. Hi'ilei Aloha did not have established policies or business practices for issuing loans.

- A $60,000 grant paid from Hi'ilei Aloha to Supporting the Language of Kauai on September 3, 2015 to offset financial losses of Lehua Poi Co. (owner Naukulu Arquette), operator of former Makaweli Poi Mill, through September 15, 2015. Hi'ilei Aloha did not have established policies or business practices for issuing grants.

Other Observations – Missing Documents:

- Several of the disbursement files did not contain evidence that the LLC procurement processes were followed, including missing invoices from vendors, purchase agreements or Purchase Orders, and/or Requests for Check Issuance forms.

- Four of the disbursements did not contain an invoice that had been stamped “Received By”, which would indicate that a staff member had determined the good or service was received and the purchase order was completely fulfilled.

- Five of the disbursements did not contain documentation that a price or cost analysis was conducted, which is required for Hi'ilei Aloha and Ho'okīpaipai disbursements. Based on our discussion with Mona Bernardino, the program managers were responsible for conducting the price or cost analysis (usually by email or computer); however, the program managers did not keep documentation of the price or cost analysis in the disbursement package.

OHA – Annual Reports to the Board of trustees

CLA reviewed the OHA annual reports to the Board of Trustees (BOT) and assessed whether sufficient internal controls are in place to ensure the integrity of the performance indicators as

reported in the annual report to the BOT. Based on our observations, recommendations have been made to strengthen internal controls in this area.

We observed that reports and other information provided by the various departments is not kept by Community Engagement department for future reference. Additionally, the Director of Community Engagement could not indicate if the grants information reported was based on awards made or dollars disbursed. The plan for this coming year is to clarify this with the grants department for the upcoming report.

On a sample basis, CLA compared the specific grants and sponsorships listed in the June 30, 2016 annual report to the general ledger detail, grants tracking schedule, and audited financial statements provided to CLA. The purpose was to assess whether the financial information presented in the annual report to the BOT appeared accurate. The comparison of the grants listed in the annual report to the grants tracking schedule provided the following observations:

- Not all grants listed in the annual report were shown in the grants tracking schedule provided.

- When comparing the grant amounts in the annual report to the amounts disbursed as shown in the general ledger, it is evident that the amounts disbursed in the respective fiscal year are less than the amounts awarded. This seems appropriate and logical as the grant funds should not be disbursed until the activities have been performed and the grantee has submitted all required documentation

LLCs - Quarterly Reports to the Board of Trustees

CLA reviewed the LLC's quarterly reports to the BOT and assessed whether sufficient internal controls are in place to ensure the integrity of the performance indicators as reported in the quarterly reports to the BOT. Based on our observations, recommendations have been made to strengthen internal controls in this area.

We observed the finalized report for Hi'ipaka that was included in the Hi'ilei Aloha quarterly report was not reviewed by the Hi'ipaka's Executive Director prior to the report being finalized and sent to OHA.

Other observations include: neither the Budget Comparison Reports nor the Balance Sheets included in the quarterly reports disclose the fact that these reports are unaudited; the quarterly reports do not have a mechanism to communicate changes that may have taken place for a quarter that has already been previously reported; there were differences in the amounts communicated within the Hi'ipaka report between the Summary Financial Performance revenue and expense figures and the Budget Comparison Report revenue and expense figures; and mathematical errors were identified in the quarterly reports for Hi'ipaka due to the fact that these reports although downloaded directly form the financial system are finalized through a manual process using Microsoft Excel to calculate totals.

Recommendations

CLA has made the following recommendations for OHA to consider implementing:

- Seventy-three (73) recommendations based on the results of contracts and financial disbursements testing as well as measures concerning the internal controls in place to ensure the integrity of the performance indicators in the OHA annual report to the BOT.

- Six (6) recommendations pertaining to the BOTs general oversight and governance of OHA and the LLCs

CLA has made the following recommendations for the LLCs to consider implementing:

- Thirty (30) recommendations based on the results of contracts and financial disbursements testing as well measures concerning the internal controls in place to ensure the integrity of the performance indicators in the LLC's Quarterly reports to the BOT.

These recommendations serve many purposes including tending to: improve the overall financial internal control efficiencies and effectiveness of the financial processes of OHA; minimize the risk of fraud, waste, and abuse; and overall strengthen the BOT's fiduciary, general oversight and governance of OHA. The recommendations for both OHA and the LLCs comprise a few central themes, including, updating its written policies to align with current procedures and ensure best practices are followed; increasing documentation of the decision-making process, authorizations, and monitoring and oversight of contracts and grants; employee training and development; increasing transparency; and oversight and governance of the organizations.

CLA understands that the task at hand for the BOT, RMC, OHA, and LLC staff in addressing, assessing, and considering implementing these recommendations can be daunting. Therefore CLA strongly encourages the Trustees to delegate to OHA's Administration the development of a "Recommendations Implementation Plan" that includes the following activities and considerations: comparison of recommendations to the current processes for contracts and disbursements (e.g., policies, procedures, practices, training, documentation, etc.) and implementation actions, including accountability measures, timetables, monitoring, and reporting to the RMC and BOT.

Closing Statement

CLA is very proud and honored to have been selected and provide our services to OHA and the LLCs. CLA is extremely appreciative of the outstanding efforts by the OHA and LLC staff throughout the course of this engagement. The staff of OHA and the LLCs were cooperative throughout this engagement, responsive to CLA's requests, and provided documents and information within the updated timetable requested by CLA in order to complete this engagement. CLA recognizes the increased demand and pressure this engagement has put on the staff in addition to their day-to-day duties and responsibilities.

II. Background

On Tuesday, September 4, 2018, the Office of Hawaiian Affairs (OHA), a body corporate under the Constitution of the State of Hawai'i, engaged the services of CliftonLarsonAllen (CLA) to conduct a contract and disbursement review as described in OHA's contract number 3284 (**Exhibit 01**). The purpose of this review is to identify and quantify potential areas of waste, abuse, and fraud in the procurement of professional services as well as other disbursements of funds for fiscal years (FY) FY 2012, FY 2013, FY 2014, FY 2015, and FY 2016 for OHA and its LLCs.

Information about OHA

Upon statehood in 1959, the federal government returned to the State of Hawai'i all ceded lands not set aside for its own use. 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 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." [6] State law requires that OHA expend 20% of all funds derived from the trust. Most recently in 2006, OHA and the state agreed on Act 178 as an interim resolution and established OHA's temporary annual share at $15.1 million "until the further action is taken by the legislature."[7]

OHA is a public agency with a high degree of autonomy governed by a Board of Trustees made up of nine members who are elected statewide to serve four-year terms setting policy for the agency. OHA is administered by a Chief Executive Officer (Ka Pouhana) who is appointed by the Board of Trustees to oversee a staff of about 170 people. Dr. Sylvia Hussey who was originally hired as the chief operating officer (COO) in November 2018 has been functioning as the interim CEO since July 1, 2019 following the departure of Ka Pouhana, Dr. Crabbe.[6]

[6] https://www.oha.org/about/abouthistory/

[7] https://www.oha.org/2016OHAleg

Information about OHA's LLCs

The Office of Hawaiian affairs Board of Trustees created nonprofit Limited Liability Companies (LLCs) to protect the OHA trust fund while taking advantage of opportunities that support OHA's strategic priorities. During the time period covered by this engagement (July 1, 2011 to June 30, 2016), there were five LLCs, each created with its own mission and purpose to support OHA's overall goal of improving the well-being of Native Hawaiians.

Based on operating agreements and statutes, the OHA Board of Trustees does not have control over the operations of the LLC organizations. Operational decision making is the responsibility of the LLC Managers. Operating agreements specify that each LLC should have three Managers which are required to be current employees of the Member organization, OHA. Typically, the three Managers have been OHA's current CEO, CFO, and COO. The OHA Board of Trustees is also limited in the information they receive from the LLCs. Such information is limited to corporate documents, financial reporting documents, list of members, and additional information, as deemed necessary, for OHA to perform its duties and exercise their rights.

Hi'ilei Aloha LLC

Hi'ilei Aloha LLC was formed September 26th 2007 initially to serve as an umbrella organization for the management of Waimea Valley and Makaweli Poi Mill. Its mission is to identify, promote, develop, and support culturally-appropriate, sustainable opportunities that benefit Native Hawaiians. Hi'ilei Aloha exists for the following purposes:

- To study the history and culture of the Hawaiian people
- To educate on the history and culture of the Hawaiian people
- To scientifically investigate, study, and preserve land and water resources, and their role in Hawaiian history
- To preserve, protect, enhance, develop and promote Hawaiian historical, archaeological, environmental, cultural, spiritual and religious values, customs, practices, resources, and sites
- To educate, train, assist, and prepare Hawaiians for leadership in government, business, and community affairs

Hi'ipaka LLC

Hi'ipaka LLC was created as a subsidiary of Hi'ilei Aloha in December of 2007 as a 501(c)(3) non-profit organization created to nurture and care for Waimea Valley and holds the title to the land. The Valley was purchased by a partnership between the Office of Hawaiian Affairs, the City and County of Honolulu, the Hawai'i State Department of Land and Natural Resources, Trust for Public Land, and the United States Army.[8] Hi'ipaka's mission is to preserve and perpetuate the human, cultural, and natural resources of Waimea Valley for generations through education and stewardship.

[8] https://www.waimeavalley.net/about/view/hiipaka-llc

Hi'ipoi LLC

Hi'ipoi LLC was created as a subsidiary of Hi'ilei Aloha to hold and manage Makaweli Poi Mill. Makaweli Poi Mill was originally acquired by OHA and transferred to Hi'ipoi in 2008 with the intention to preserve, protect, enhance, develop and promote Hawaiian culture, customs and practices through the production of poi and/or other taro- and poi-related products and by supporting and encouraging the farming of taro in Makaweli Valley and surrounding communities on Kaua'i. The poi mill posed significant challenges and was eventually divested in 2012.

Ho'okele Pono LLC

Ho'okele Pono LLC was formed as a non-profit organization in January of 2010 with the purpose to engage in community economic development activity in the State of Hawai'i, including, without limitation, through education, training, counseling and other assistance to small businesses in the obtaining and implementation of government contracts and subcontracts by the operation of, or assisting the Member with operation of, a Hawai'i Procurement Technical Assistance Center (PTAC).

Ho'okīpaipai LLC

Ho'okīpaipai LLC was organized in May of 2010 as a subsidiary of Ho'okele Pono to provide economic development assistance. Ho'okīpaipai is the Procurement Technical Assistance Center (PTAC) whose operations are intended to support the purpose of its Member, Ho'okele Pono.

III. Professional Standards Followed by CliftonLarsonAllen LLP

The overall scope of work and approach was conducted utilizing standards in accordance with the Statement on Standards for Consulting Services*, Consulting Services: Definitions and Standards* (codified as CS Section 100 in *AICPA Professional Standards*) of the American Institute of Certified Public Accountants ("AICPA"). In consulting engagements, the nature and scope of work is determined solely by the agreement between the practitioner (CLA) and the client (Office of Hawaiian Affairs). This report does not constitute an audit, compilation, or review, in accordance with standards of the AICPA, the objective of which would be the expression of an opinion on any specified elements, accounts, or items. Accordingly, CLA does not express such an opinion.

Because of the unique nature of fraud, and because our engagement was limited to the matters described in the engagement letter, fraud and/or financial irregularities may exist within the organization that we may not have identified during the performance of our procedures. However, if during the performance of our services other matters had come to our attention suggesting possible financial improprieties and/or irregularities, we would have communicated such matters to the Resource Management Committee of the Office of Hawaiian Affairs.

The professional standards promulgated by the AICPA prohibit CLA from rendering an opinion as to whether there has been any fraud or other criminal activity by anyone associated with this engagement. Therefore, CLA does not render such opinions.

IV. Information about CliftonLarsonAllen LLP

Established on January 2, 2012, as the nation's newest top ten accounting firm, CLA is well positioned with knowledge, insight, and industry-specific accounting, tax, and consulting services. CLA has a national forensic and governmental practice and is the result of a union between Clifton Gunderson and LarsonAllen, both established more than 60 years ago.

According to Accounting Today, CLA is the 8th largest accounting firm by revenue. With a nationwide network of experienced professionals, primary industries served include agribusiness, construction and real estate, cooperatives, dealerships, employee benefit plans, federal, state, and local governments, financial institutions, health care, education, manufacturing and distribution, nonprofit, and professional services and technology. The CLA Forensic Services team is a highly respected and sought-out authority in fraud prevention, detection and investigation. Our multi-disciplined team is comprised of Certified Public Accountants, Certified Fraud Examiners, professionals Certified in Financial Forensics, Certified Internal Auditors, and a Certified Information Technology Professional.

Ernie Cooper, CPA/CFF, CFE, JD, and former FBI Special Agent, is the lead principal overseeing this engagement and is a principal for the Forensic Services division of CLA. His practice at CLA involves expert witness consultation, forensic accounting, fraud investigations and examinations, training, and litigation support—serving law firms, commercial businesses, governmental agencies and law enforcement entities. His experience includes eight years with "Big 4" and small CPA firms as a professional accountant and auditor, over 20 years at the Federal Bureau of Investigations as a special agent, and nine years as a forensic accountant and financial crimes investigator in the private sector.

Linda Saddlemire, Ed.D. CPA/CFF, CFE, is a principal in the Forensic Services practice of CLA and assisted in this engagement. Dr. Saddlemire has over 37 years of professional experience encompassing numerous matters involving governmental agencies. Her experience includes managing hundreds of financial and compliance audits and overseeing investigations of government fraud, public corruption, and other white-collar crimes in governmental organizations, nonprofit entities, and commercial businesses.

Jenny Dominguez, CPA/CFF, CFE, is a signing director in the Forensic Services practice of CLA and was responsible for the oversight of this engagement. Her practice areas include accounting and auditing, fraud investigations and examinations, forensic accounting, internal control review and analysis, and litigation support. Her experience includes seven years with Ernst & Young as a fraud investigator and forensic accountant, three years with Kroll as a financial fraud investigator, and two years as an independent consultant in the field of forensic accounting and litigation support before joining CLA at a management position over nine years ago.

Ana Rodriguez, CPA, CFE, is a manager in the Forensic Services practice of CLA and conducted and supervised field work and helped manage the team throughout this engagement. Her practice areas include accounting and auditing, fraud investigations and examinations, forensic accounting, internal control review and analysis, and litigation support. Ms.

Rodriguez has over six years of experience in the forensic accounting and fraud investigation fields.

Kyle Shafer, CPA, CFE is a senior in the Forensic Services practice of CLA and conducted field work and analysis throughout this engagement. He has five years of experience in planning and supervising financial and compliance audits as well as conducting fraud investigations and providing litigation support. He specializes in community college districts, K-12 districts, nonprofit entities, and manufacturing and retail corporations.

Jennifer Stamm, MSA, is a second year staff associate in the Forensic Services practice of CLA and assisted the team in this engagement. She has experience in auditing community colleges and related foundations, special districts, and nonprofit entities.

V. Scope of Work

Through negotiations between OHA and CLA from June 2018 through August 2018, the following detailed scope of work was approved by OHA's Board of Trustees.

A. Detailed Scope of Work[9]

1) CLA shall develop and apply such audit procedures as necessary to identify and quantify potential areas of waste, abuse, and fraud in the procurement of professional as well as other disbursements of funds. Any applicable audit materiality limits will be determined in conjunction with CLA and specified within the contract.

2) The audit period of review shall be for five (5) fiscal years, specifically state Fiscal Year (hereinafter "FY") 2012, FY 2013, FY 2014, FY 2015 and FY 2016. CLA shall conduct an audit for the OHA and its LLCs in accordance with the standards established by the American Institute of Certified Public Accountants (AICPA) and Government Auditing Standards (GAS). The audit shall include procedures for the following:

    a) Identifying potential areas of fraud, waste, and abuse, which are defined as such:[10]

        i) Fraud –a type of illegal act involving the obtaining of something of value through willful misrepresentation. Whether an act is, in fact, fraud is a determination to be made through the judicial or other adjudicative system and is beyond the auditor's professional responsibility.

        ii) Waste –involves not receiving reasonable value for money in connection with any government funded activities due to an inappropriate act or omission by actors with control over or access to government resources (e.g. executive, judicial, or legislative branch employees, grantees, or other recipients). Importantly, waste goes beyond fraud and abuse and most waste does not involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight.

        iii) Abuse–involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate. Abuse does not necessarily involve fraud, violation of laws, regulations, or provisions of a contract or grant agreement.

[9] As detailed in Attachment – S1 to the contract between OHA and CLA.

[10] The definitions of fraud, waste, and abuse were defined by OHA in the original Request for Qualifications and ultimately included in the contract between OHA and CLA.

b) Inspecting financial transactions for compliance with all applicable statutory requirements and internal policies, and confirm that such transactions are free from fraud, misstatements, and misrepresentations; and

c) Providing recommendations on organizational, structural and procedural improvement to strengthen the BOT's fiduciary oversight of the OHA and its LLCs.

3) For the OHA, CLA shall develop and apply specific audit procedures to inspect transactions for the following areas:

a) Contracts:[11]

i) Approval and execution in accordance with HRS Chapter 103D Hawai'i Procurement Code, and HRS Chapter 84 Standards of Conduct, and the OHA's applicable internal policies and procedures;

ii) Sufficiency of contract oversight provided appropriately by the assigned contract manager/monitor;[12]

iii) Deliverables were met by the contractor;[13] and

iv) No fraudulent or wasteful disbursements were made.

b) All other disbursements of funds, including but not limited to those disbursements made under the following OHA policies and funds: Hawai'i Direct Investment Policy, Native Hawaiian Trust Fund Spending Policy, and the Fiscal Reserve Withdrawal Guidelines, Trustee Sponsorship and Annual Allowance Fund; but excluding payroll and Native Hawaiian Trust Fund transactions of marketable securities:

i) Compliance with HRS Chapter 103D Procurement Code and HRS Chapter 84 Standards of Conduct and the OHA's applicable internal policies and procedures;

ii) Compliance with budget restrictions; and

[11] Contracts included vendor contracts, other contracts for professional services and/or goods, and grant agreements awarded by the OHA. Contracts excluded all payroll and employee benefit related contracts and/or agreements.

[12] In order to test this area, CLA requested interviews with the contract manager(s) responsible for each contract. To the extent a contract manager no longer worked for the OHA, CLA was limited in its ability to fully assess this area for each contract. Additionally, to the extent oversight procedures were not documented in writing, CLA was limited to relying on verbal statements made by the contract manager(s).

[13] CLA's analysis and conclusions for this area may be limited depending on the services or products being provided in each contract. CLA representatives are not subject matter experts for all goods and services; therefore, CLA was limited to verifying whether the vendor/contractor delivered a product based on the deliverables outlined in the contract. To the extent possible, CLA inquired with staff of the OHA to determine whether the deliverables met the expectation(s) of staff.

iii) No fraudulent or wasteful disbursements were made.

c) Annual reports to the BOT

Sufficient internal controls are in place to ensure the integrity of the performance indicators as reported in the annual report to the BOT.

4) For the LLCs, CLA shall develop and apply specific audit procedures to inspect contracts, and other financial transactions for the following areas:

a) Contracts:

i) Sufficiency of contract/grant oversight provided appropriately by the assigned contract manager/monitor;

ii) Deliverables were met by the contractor/grant recipient;[14]

iii) Conflict of interest with LLC managers and directors;[15] and

iv) No fraudulent or wasteful disbursements were made.

b) All other disbursements of funds, excluding payroll:

i) Conflict of interest with LLC managers and directors;

ii) Compliance with internal policies and procedures;[16] and

iii) No fraudulent or wasteful disbursements were made.

c) Quarterly reports to the BOT:

Sufficient internal controls are in place to ensure the integrity of the performance indicators as reported in the quarterly reports to the BOT.

[14] In order to test this area, CLA will need to interview the contract manager(s) responsible for each contract. To the extent a contract manager no longer works for the respective LLC, CLA may be limited in its ability to fully assess this area for each contract. Additionally, if oversight procedures are not documented in writing, CLA will be limited to relying on verbal statements made by the contract manager(s).

[15] CLA will use interviews and, to the extent allowable by Hawai'i state law, public record searches, to attempt to identify relationships that may present a possible conflict of interest between the LLC managers/directors and contractors. CLA will define a conflict of interest using the written policies and procedures of the OHA/LLCs that address conflict of interest (to the extent they exist), guidelines published by the Association of Certified Fraud Examiners (ACFE) and American Institute of Certified Public Accountants (AICPA), available legal authority within the state of Hawai'i, and best business practices.

[16] This step will include an analysis to assess compliance with the operating agreements between OHA and the related LLCs.

B. Testing Parameters

1) Contracts:

   a) CLA selected a sample of contracts to test based on a detailed understanding of the OHA's/LLC's policies and procedures and data analytics performed on the financial activity of the OHA/LLCs. The total number of contracts tested, for the five fiscal years combined, is as follows:

      1) OHA – 80
      2) LLCs - 30

   b) Contracts reviewed included vendor contracts, other contracts for professional services or goods, and grant agreements awarded by the OHA.

   c) Contracts reviewed did not include payroll related contracts, including employment contracts and contracts related to employee benefits.

   d) Contracts reviewed did not include revenue-generating contracts of the OHA and the related LLCs.

   e) A contract and its related amendments were counted as one contract to the extent that the contract and its amendments were identified by OHA as one contract number. Separate contracts with the same vendor will be counted as unique contracts if they are identified with a new contract number and not an amendment number.

2) Financial Transactions:

   a) CLA selected a sample of disbursements to test based on a detailed understanding of the OHA's/LLC's policies and procedures and data analytics performed on the financial activity of the OHA/LLCs. The total number of disbursements tested was as follows:

      1) OHA – 50
      2) LLCs - 25

   b) Financial transactions is herein defined as disbursements (e.g., checks, wire transfers, electronic fund transfers, etc.).

   c) Financial transactions excluded revenue/income related transactions of the OHA and the related LLCs.

   d) The selection of disbursements that were tested excluded disbursements already tested as part of the contract testing.

C. Limitations on the Identification of Possible Fraud, Waste, and Abuse

The following limitations regarding the identification of possible fraud, waste, and abuse were included in the scope of work approved by OHA.

1) CLA's procedures were designed to detect and identify possible fraud, waste, and abuse; however, CLA cannot provide absolute assurance that all instances of possible fraud, waste, and abuse were identified. If indicators of potential fraud were identified, the scope of this engagement did not include investigative procedures into these matters. Rather, CLA will communicate such matters to you. Examples of investigative procedures, which were not performed as part of this engagement, may include, but are not limited to, undercover procedures, interviews of vendors or other third-parties/individuals external to the OHA/LLCs, review of vendor files solely in the possession of a vendor (such as payroll files), etc. To the extent that information was identified during the scope of this engagement that indicates a possibility of fraud, waste, or abuse, CLA has included in this report the information identified.

2) CLA's procedures were designed to detect red flags of fraud and transactions that appeared questionable. However, CLA cannot render an opinion as to the existence of fraud. Additionally, fraud and irregularities by their very nature are most often hidden, and no absolute assurance can be given that all such matters were detected. CLA's engagement cannot be relied upon to disclose any irregularities or illegal acts, including fraud, which may exist.

D. Definitions and Acronyms

Table 1 provides a list of definitions and/or the purpose for the various documents discussed throughout this report.

Table 1: Document Definitions and Purpose

Document Name	Definition and/or Purpose
Contract	An agreement between two or more parties used to establish the agreement between the parties
DCCA Verification[17]	The purpose of the DCCA Verification is to demonstrate that the contractor is registered to conduct business in Hawai'i and to glean general information about the standing of the entity.
Procurement Document Checklist[17]	The purpose of the Procurement Document Checklist is to validate the procurement method used and supporting documentation.
Purchase Order	A document issued by an organization's purchasing department when placing an order with its vendors or suppliers. The document indicates the details on the items that are being purchased.[18]
Purchase Requisition[17]	The purpose of the Purchase Requisition is to temporarily reserve budgeted funds while the contract is under review.

[17] Purpose obtained from OHA's Fiscal Procedures Manual, revised March 2, 2009, on page 91 (**Exhibit 02**).

[18] https://corporatefinanceinstitute.com/resources/knowledge/other/purchase-order/

Document Name	Definition and/or Purpose
Request for Check Issuance	A form used to request a payment (not on a contract) that documents the requester, payee, amount, and approval signatures, amongst other things
Request for Payment on Contract	A form used to request a payment on a contract that documents the requester, payee, amount, and approval signatures, amongst other things
Tax Clearance[19]	The purpose of the Tax Clearance is to demonstrate a vendor is in good standing with the State Department of Taxation and IRS.

Table 2 provides a list of acronyms used throughout this report.

Table 2: Acronyms and Definitions

Acronym	Definition
ARM	Asset and Resource Management
ARM/BAE	Beneficiary Advocacy and Empowerment and Assets and Resource Management joint committee
BAE	Beneficiary Advocacy and Empowerment
BOT	Board of Trustees
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
DCCA	Department of Commerce and Consumer Affairs
LOB	Line of Business
TOP	Time of Performance

[19] Purpose obtained from OHA's Fiscal Procedures Manual, revised March 2, 2009, on page 91 (**Exhibit 02**).

VI. Office of Hawaiian Affairs

A. SUMMARY OF WORK PERFORMED

In order to complete the scope of work outlined above, the following procedures and methodology was used by CLA to complete the contract and disbursement testing for OHA.

1) Preliminary information gathering and document review

In June 2018, while in negotiations with OHA regarding this contract, CLA visited OHA's offices in Honolulu, Oahu and the office of the LLCs' legal counsel, ES&A, Inc. These visits occurred from June 6, 2018 through June 8, 2018 with the purpose of gaining a better understanding of OHA and its LLCs, their operations, and financial activity. During and subsequent to these meetings, CLA requested certain financial data from OHA and the LLCs to help understand the volume of contracts and disbursements for each. The information obtained from OHA included check registers, contract listing, sample general ledger data, and annual audited financial statements. The information obtained from the LLCs included, but was not limited to, check registers, internal policy and procedure documents, and audited financial statements. CLA used the information obtained through this process to determine the volume of transactions (contracts and disbursements) that could be tested within the budget established by OHA.

2) Process interviews of OHA staff

During the weeks of October 8, 2018 and November 12, 2018, CLA conducted interviews of OHA staff as listed in Table 3. The purpose of these interviews was to gain a more in depth understanding of the processes and procedures pertaining to contracting and disbursements (including grants and sponsorships). Certain individuals listed below are no longer with OHA or they have changed positions within OHA. The "Title/Position" listed reflects their title or position at the time of the interview.

Table 3: List of Interviews Conducted

No	Name	Entity	Title/Position	Interview Date
1	Lisa Victor	OHA	COO	10/8/2018
2	David K. Laeha[20]	OHA	CFO/Resource Management LOB	10/8/2018
3	Gloria Li	OHA	Controller	10/8/2018
4	Carmen Hulu Lindsey	OHA	Trustee	10/9/2018
5	Miles Nishijima	OHA	Land and Property Director	10/9/2018
6	Lisa Watkins-Victorino, Ph.D.	OHA	Research Director	10/10/2018
7	Phyllis Ono-Evangelista	OHA	Procurement Manager	10/10/2018
8	Maile Lu'uwai	OHA	Grants Manager	10/10/2018
9	Rowana Akana	OHA	Trustee	10/10/2018
10	Kawika Riley[20]	OHA	Chief Advocate	10/11/2018
11	Nicole Mehanaokala Hind	OHA	Community Engagement Director	10/11/2018

[20] No longer employed with OHA as of the date of this report.

No	Name	Entity	Title/Position	Interview Date
12	Kamana'opono Crabbe[21, 22]	OHA	CEO	11/14/2018

3) Document request

On September 14, 2018, CLA submitted to OHA and the LLCs an initial document request list to obtain additional financial data and documents needed to perform data analytics and ultimately select a sample of contracts and disbursements for testing. The document request lists were updated occasionally throughout September, October, and November 2018 as CLA identified additional documents or information needed.

OHA and the LLCs provided the requested documents and information to CLA on an ongoing basis. However, due to changes in the OHA Board of Trustees and the Resource Management Committee Chair, and concerns expressed by the LLCs related to the scope of this engagement, there were delays in getting the documents requested. By April 30, 2019, OHA had provided all documents on the request list or had provided an explanation for why a particular item was not available. On April 30, 2019, ES&A gave CLA access to a secure file share folder that housed certain documents of the LLCs. CLA downloaded additional financial data of the LLCs that allowed CLA to complete its data analysis of the LLCs in order to select a sample of contracts and disbursements.

4) Data collection and analysis

For the fiscal years 2011-12 through 2015-16, CLA obtained from OHA the following financial data:

Table 4: Document Descriptions

Document Title	Date Received	Description
General Ledger	October 2, 2018	The primary accounting record of OHA which contains the detailed transactions of all asset, liability, and equity accounts.
Trial Balance	October 2, 2018	A listing of all of OHA's accounts and the respective balances at a given point in time.
Chart of Accounts	October 12, 2018	A listing of all accounts used in the general ledger of OHA by number and name. This also contained the Division Title assigned to each of the Program Codes.
Check Register	June 19, 2018	All checks issued by OHA including the check number, payee name, date of payment, and the amount paid.
List of Voided and Canceled Checks	April 2, 2019	A listing of all checks that were voided or canceled by OHA.
List of Contracts	June 11, 2018	A listing of all contracts awarded by OHA. The list also included grants that were assigned a contract number. The listing included the number of contract amendments, Time of Performance (TOP) start and end, award amount, and the contract purpose.

[21] The interview with Dr. Crabbe was initially scheduled for October 10, 2018. Due to a last minute emergency, Dr. Crabbe was unable to meet with CLA as scheduled. The process interview was rescheduled with Dr. Crabbe for November 14, 2018.

[22] No longer employed with OHA as of the date of this report.

Document Title	Date Received	Description
List of ACH and Wire Payments	April 2, 2019	A listing of all payments made via ACH or wire, including the date of payment, payee name, and the amount paid.
Ki'i Data	March 29, 2019	All purchase and payment requests are requested and approved in Ki'i, an online tool used by OHA staff. The system captures purchase requisitions, creators and creation dates, approvers and approval dates, and comments. It also captures payments requests, payee names, amounts, creators and creation dates, approvers and approval dates, and check request descriptions.

a) Data Reconciliations

CLA performed two reconciliations to ensure that the financial transaction data provided was complete: a reconciliation of the General Ledger data to the audited financial statements and a reconciliation of the General Ledger data to the Check Register. Reconciling the General Ledger data to the audited financial statements ensures that the General Ledger data is complete, and CLA can analyze the data and select samples for testing without the concern of missing transactions.

i) CLA reconciled the General Ledger data to the audited financial statements by comparing the sum of the expenses recorded in the General Ledger to the total expenses reported in the financial statements.[23] CLA identified the expense line items in the General Ledger data and summarized the transactions by Program, Division, and Account name for comparison to the expense groupings reported in the audited financial statement.[24]

Wherever possible, CLA noted which amounts matched to the audited financial statements; however, there were several instances for which the expenses did not match either in total or in detail to amounts reported in the financial statements. Gloria Li, OHA's Controller, assisted CLA by performing a reconciliation of the General Ledger data to the audited financial statements for each fiscal year from 2011-12 through 2015-16. CLA was satisfied that the General Ledger data reconciled with the audited financial statements with minimal differences.[25]

[23] CLA only reconciled the expenses in the General Ledger data to the audited financial statements because the scope of the engagement was limited to inspecting the financial transactions related to OHA's contracts and other disbursements of funds. Revenue and balance sheet reconciliations were not performed since these financial transactions were not within the scope of this engagement.

[24] OHA's expenses are reported in the audited financial statements under the Government Wide Statement of Activities.

[25] The reconciliations reported differences between the General Ledger Data and the audited financial statement expenses of $3.28 for FY 2012, $(0.25) for FY 2013, $1.87 for FY 2014, $(2.02) for FY 2015, and $(1,971.24) for FY 2016, which was reported in the FY 2016 financial statements.

ii) CLA reconciled the General Ledger data to the Check Register by comparing the expenses recorded in the General Ledger to the checks written and disbursed from OHA's funds. CLA utilized data analytic software to match the Check Register data to the General Ledger data by check number, vendor name (payee), and amount. The purpose of this was to identify the account to which each check was recorded so that CLA had a further understanding of the nature of the check disbursement. Additionally, this allowed CLA to identify specific checks issued for contracts and grants as the contract number was included in the description of the transaction in the General Ledger data. CLA was able to reconcile the General Ledger transaction data to the Check Register data with minimal differences.[26]

b) Data Analysis

Because the scope of this engagement excluded a review of payroll and payroll related costs, CLA identified the expense account codes assigned to payroll and employee benefits and removed these transactions from the data so that only non-payroll related disbursements remained. CLA reconciled the non-payroll expenses recorded in the General Ledger to the non-payroll expenses recorded in the Check Register with minimal differences.[27]

CLA performed a series of analyses to identify contracts and disbursements for consideration for the sample selection. Using the "vendor name" field within the Check Register portion of the data, CLA summarized the total disbursements by each vendor name and by fiscal year. Using the "vendor name" field within the General Ledger portion of the data, CLA summarized the total disbursements by each vendor name and by fiscal year.[28] CLA also analyzed the expenses by each Line of Business (LOB) and Program for each fiscal year. CLA summarized expenses by account and fiscal year and identified any expense accounts that increased or decreased by 50% or more between fiscal years. The results of these analyses were utilized to identify vendors, Lines of Business Departments, Line of Business Programs, Divisions, Programs, and expense accounts to review and use for selecting the sample.[29]

CLA also performed an analysis using the Ki'i purchase and payment request data. CLA reviewed the purchase request data by performing a keyword search for terms associated with the concerns presented to CLA during the course of interviews with OHA employees

[26] The General Ledger transaction data reconciled to the Check Register data with a difference of $613.15. The difference was due to check reversals in the General Ledger that were not recorded in the Check Register.

[27] The reconciliation difference between the General Ledger Data and the Check Register was $613.15.

[28] CLA reviewed the vendor names recorded in the General Ledger and Check Register separately because the name recorded in the General Ledger may have changed or varied when the check was recorded in the Check Register. Reviewing both sides of the data ensured that the vendor names were thoroughly reviewed.

[29] The General Ledger transaction data contained additional information; however, CLA only utilized the LOB Department, LOB Program, Division, Program, and expense accounts because it was the most relevant data for discovering outliers to review and possibly include in the test sample.

and trustees.[30] CLA also analyzed the payment requests to identify payee names, programs, payment requestors, and payment approvers with the largest disbursement amounts. The results of the Ki'i data analysis were compared to the General Ledger and Check Register analyses to review for consistency and identify the largest disbursements across all of the data sets.

5) Selection of sample contracts and disbursements

According to the approved scope of work, CLA was to test 80 contracts and 50 disbursements for OHA. Based on the information learned through interviews conducted and through an analysis of OHA's general ledger, check register, Ki'i data, and listing of contracts, CLA judgmentally selected a sample of contracts and disbursements to test according to the approved scope of work.

On May 10, 2019, CLA sent to OHA its sample selection for 75 contracts and 45 disbursements. CLA reserved five contracts and five disbursements to select after the visit to OHA in June 2019 for the initial round of testing. This allowed CLA to select additional contracts and disbursements based on the preliminary results of testing and information learned during Trustee interviews that took place the week of July 22, 2019.

On Friday, August 2, 2019, CLA sent to OHA the remaining sample of five contracts and five disbursements. In addition, during the review of the supporting documents provided by OHA for the disbursement sample, CLA determined that nine of the transactions selected as "disbursements" were actually payments on existing contracts or grant awards, and were processed by OHA as such. According to the approved scope of work, "contracts will include vendor contracts, other contracts for professional services and/or goods, and grant agreements awarded by the OHA." Therefore, in addition to the five remaining disbursements selected, CLA selected nine replacement disbursements and five back-up disbursements, for a total of 19 disbursements sent to OHA.

During the sample selection process, CLA attempted to identify when a transaction was a contract or a grant using the general ledger information and a contract listing previously provided by OHA. In some cases, a transaction selected was a disbursement for a contract issued prior to the scope period covered by CLA (FY 2011-12 through FY 2015-16); therefore, the contract did not appear on the contract listing provided by OHA. There were also instances in which it was not evident from the general ledger detail that a transaction was a grant. In order to fulfill the requirements of the scope to test 80 contracts and 50 disbursements for OHA, CLA determined that it was best to replace the nine transactions selected with a new sample selection.

Of the nine disbursements that that were subsequently identified as contracts or grants, CLA retained two as part of the contract testing. Therefore, only three new contracts were

[30] The Ki'i purchase request data contained comment and note fields that stored text. CLA matched relevant terms and words during the keyword search and then reviewed the matches for context within the overall purchase request. Purchase requests with keywords, terms, and context that corresponded with the concerns presented to CLA were identified for possible inclusion in the testing sample.

selected to complete the sample of 80 contracts. **Attachments 01 through 04** include the lists of the contracts and disbursements selected for testing.[31]

6) Interviews of OHA trustees

During the week of July 22, 2019, CLA conducted in-person interviews of all nine current OHA trustees. The purpose of the interviews was to allow the trustees the opportunity to meet with CLA and share with CLA any thoughts or concerns they had regarding OHA or the LLCs relative to the scope of work of this engagement. Table 5 includes a list of the trustees interviewed and the date of the interview.

Table 5: List of OHA Board of Trustees Interviews

No	Trustee Name	Board Position	Interview Date
1	Colette Y. Machado	Chair	7/23/2019
2	Brendon Kalei'āina Lee	Vice Chair	7/23/2019
3	Kalei Akaka	Trustee	7/23/2019
4	Dan Ahuna	Trustee	7/24/2019
5	Robert K. Lindsey Jr.	Trustee	7/24/2019
6	Carmen Hulu Lindsey	Trustee	7/24/2019
7	Leina'ala Ahu Isa, Ph.D.	Trustee	7/25/2019
8	Keli'i Akina	Trustee	7/26/2019
9	John D. Waihe'e IV	Trustee	7/26/2019

7) Document production to CLA

a) Contracts

For each contract, CLA requested that OHA provide the following documents, if applicable:

- Purchase Requisition
- Accounting Checklist
- Request for Proposal or Request for Qualifications
- Procurement Document Checklist
- Contract Selection Committee notes and documentation of final contractor selection
- Evidence of approval by Board of Trustees
- Executed contract or agreement and related amendments or change orders
- Purchase Order(s)
- Final deliverable(s)
- Invoice(s)
- Approved Request for Payment on Contract
- Grantee applications (for grants only)
- Grant review and approval documents (for grants only)

[31] **Attachment 01** – List of OHA Contracts Selected for Testing; **Attachment 02** – List of OHA Disbursements Selected for Testing; **Attachment 03** – List of LLC Contracts Selected for Testing; **Attachment 04** – List of LLC Disbursements Selected for Testing

- Progress reports (for grants only)
- Other relevant documents

The initial production of supporting documents was provided by OHA beginning on June 3, 2019 and was completed on August 23, 2019. During the review of these documents, CLA identified various documents that appeared to be missing from the production and requested additional and/or missing documents be provided to CLA. OHA continued to provide available documents to CLA through October 17, 2019. As of the date of this report, OHA has communicated that it has provided to CLA all documents that it could locate related to CLA's requests.

b) Disbursements

For each disbursement, CLA requested that OHA provide the following documents, if applicable:

- Purchase Requisition
- Purchase Order
- Request for Proposal/Request for Qualifications (if applicable)
- Proof of receipt of goods/services (i.e., packing slip)
- Invoices
- Approved Check Request
- Other relevant documents

OHA provided the supporting documentation to CLA in scanned PDF files. The initial production of supporting documents was provided by OHA beginning on June 3, 2019 and was completed on August 23, 2019. During the review of these documents, CLA identified various documents that appeared to be missing from the production and requested additional and/or missing documents be provided to CLA. OHA continued to provide available documents to CLA through October 17, 2019. In total, OHA provided to CLA approximately 870 scanned PDF files containing supporting documentation related to the sample of contracts and disbursements. Some of the scanned PDF files contained multiple documents pertaining to a contract or disbursement (i.e., Purchase Requisition, Purchase Order, contract, contractor invoices, etc.), and these files often contained over 100 pages each.[32] As of the date of this report, OHA has communicated that it has provided to CLA all documents that it could locate related to CLA's requests.

8) Inquiries with OHA staff

As part of the request to OHA for the sample contracts and disbursements, CLA requested that OHA provide the name of the contract manager for each contract selected. This would allow CLA to identify the OHA staff member to inquire with about questions on a particular contract. When OHA provided the list of contract managers, they indicated

[32] Due to the volume of documents provided, CLA did not attempt to quantify the total number of pages of supporting documentation provided by OHA.

which staff were still with OHA, those that were in different positions, and those that were no longer employed by OHA. **Attachments 01 and 02** include the lists of contracts and disbursements tested by CLA. In **Attachment 01**, column "Contract Manager (Identified by OHA)" identifies the name of the contract manager, and column "Status of Employment with OHA" identifies if the contract manager was still employed by OHA and available to answer questions.

9) Assessment of Board of Trustees Oversight of OHA

In order to assess the Board of Trustees oversight of OHA and the LLCs, CLA conducted interviews of the current trustees, reviewed the State Audit reports issued in September 2013 and June 2018, reviewed board minutes to identify and understand current actions taken by the trustees pertaining to the Permitted Interaction Group on Organizational Guidance (Governance PIG), and researched general guidance and best practices pertaining to governance. Additionally, CLA considered the totality of the results from the testing of contracts and disbursements. The observations and recommendations pertaining to the trustees' oversight is included in Section VIII. Board of Trustees Oversight of OHA and the LLCs beginning on page 294.

10) Status updates and communications with the Resource Management Committee

Throughout this engagement, CLA maintained regular communication with the Chair and Vice Chair of the Resource Management Committee. As part of the communication protocol, CLA issued written status reports on the following dates:

- October 25, 2018
- November 27, 2018
- June 4, 2019
- August 6, 2019
- September 12, 2019

In addition, on March 12, 2019, shortly after Trustee Dan Ahuna was elected Chair of the Resource Management Committee, CLA met with the Resource Management committee leadership to provide an update on the status of this engagement, the procedures performed to date, and the steps needed to complete the engagement. Additionally, CLA presented an updated timetable for completion of the project due to delays in receiving documents requested from OHA and the LLCs (as discussed in Section VI.A.3. Document request, beginning on page 31).

B. TESTING CRITERIA

Testing criteria refers to the specific requirements of HRS or OHA's internal policies and procedures that were identified by CLA to be covered during the testing of OHA's contracts and disbursements. For example, OHA's Fiscal Procedures Manual, revised March 2, 2009, Figure 2.2.5.1 – Auto-create Purchase Order Process, requires in step #4 that the CFO review and sign the purchase order (**Exhibit 02**, page 96). CLA established the CFO's signature on the purchase order as one of the criteria for testing compliance of contracts and grants with OHA's internal policies and procedures.[33]

1) Contracts

The specific areas identified in the scope of work tested by CLA for contracts (see Section V. Scope of Work – subsection 3.a. beginning on page 25) required that CLA test for:

a) The approval and execution of OHA contracts were in compliance with HRS Chapter 103D Hawai'i Procurement Code, HRS Chapter 84 Standards of Conduct, and OHA's applicable internal policies and procedures;

b) Sufficiency of contract oversight provided by the assigned contract manager/monitor;

c) Deliverables were met by the contractor; and

d) Indicators of fraud, waste, or abuse.

CLA obtained a copy of HRS §103D, HRS §84, and OHA's internal policies and procedures related to the approval and execution of contracts, and reviewed the documents to identify the specific requirements of each that were applicable to the approval and execution of contracts and contract payments. Based on the type and amount of purchase, a different procurement method was required. For each of the various procurement methods required, CLA identified and created a list of the specific criteria to be tested. The following list identifies the contract type (as identified by OHA) and the attachment number that includes the specific list of criteria tested by CLA.

a) Grants – **Attachment 05**

The issuance of grants are specifically exempted from HRS Chapter 103D. HRS §10-17 provides the statutory guidelines for the approval, execution, and monitoring of grants. During the period of review, OHA issued four types of grants:

1. Community Grants: Community Grants are two-year grants designed for programs that specifically address narrow focus areas aligned with OHA's Strategic Plan. Community Grants are publicly solicited, require eligible

[33] Throughout this report, the term criteria is used to refer to both the plural and singular form.

organizations to submit an application, and are awarded through a competitive process. Community Grants do not have a maximum award amount.

2. Kauhale Grants: Kauhale Grants is an outdated subcategory of Community Grants that existed during the time period of CLA's scope of work.[34] Kauhale Grants are community based grants that make up to $25,000 available for community-based projects that directly impact any of OHA's ten strategic results. Kauhale Grants require matching funds that amount to at least 25 percent of the total cost of the project.

3. 'Ahahui Grants: 'Ahahui Grants provide funding support to eligible organizations hosting community events that align with at least one of OHA's Strategic Results, provide significant benefits to the Hawaiian community, and offer OHA valuable public relations, partnerships and community engagement opportunities. 'Ahahui Grants are not intended to support fundraisers, award and recognition events, or individuals and groups seeking financial assistance to participate in an event. 'Ahahui Grants are publicly solicited, require eligible organizations to submit an application, and are awarded through a competitive process. 'Ahahui Grants have a maximum award amount of $10,000.

4. Kūlia Initiatives: Kūlia Initiative grants (also referred to within the OHA as "Board Initiatives" or "BOT Initiatives) are one-year grants designed to support OHA's broad Strategic Priorities of health, education, income, land/water, culture, and housing. Kūlia Initiative grants are intended to support unique and innovative programs that may be ineligible for consideration under Community Grants and funding requests may be received outside the Community Grants Program annual funding cycle. Kūlia Initiative grants are also non-competitive awards and are initiated by a trustee or OHA Administration on behalf of a potential recipient. In addition, Kūlia Initiative grants undergo an administrative review that is less stringent than those required for Community and 'Ahahui Grants. Kūlia Initiative grants do not have a maximum award amount.

5. Sponsorships: Sponsorships (also referred to within OHA as "CEO Sponsorships") 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.[35] Sponsorships are not intended to support events that would otherwise qualify under the 'Ahahui Grants Program or to support program

[34] Based on our discussion with former Grants Specialist, Misti Pali-Oriol, grants were managed by dollar amount until the fiscal biennium 2014-2015. CLA's review of the OHA Annual Reports indicated that the Kauhale Grants program was superseded after fiscal year 2012.

[35] CLA tested CEO Sponsorships with disbursements because OHA's policies and procedures for awarding CEO Sponsorships do not require a signed contract for the award. In addition, CLA tested an "Other – Administrative" grant with disbursements because there was no applicable OHA policy or procedure for testing this particular type of grant, and the financial data available to CLA at the time of sample selection indicated that there was no contract number associated with the grant award.

services. Sponsorships do not require a formal application and all requests are submitted to the CEO. There is no formal submittal deadline because applications are considered year round. Applications undergo an administrative review process and the CEO has final award approval. Sponsorships have a maximum award amount of $25,000.[36]

The method of awarding grants in accordance with HRS §10-17 requires individuals and organizations to be a qualified applicant and submit an application containing required information. Applicants qualify if they are either a for-profit subsidiary of a nonprofit organization, a nonprofit community-based organization, a cooperative association, or an individual, who in the board's determination, is able to provide the service or activities proposed in the application for a grant. A non-profit community-based organization shall meet additional requirements concerning its governing board.

HRS §10-17 states that Grants shall only be awarded if the applicant applies and receives all applicable licenses and permits; agrees to comply with federal, state, and county laws, statutes, and ordinances; agrees to not use the grant for entertainment purposes; and indemnifies OHA and the State of Hawai'i and, if required, procures sufficient insurance to provide indemnification. Applicants must also agree to make all records available to OHA and establish that sufficient funds are available for the operation of the activity for which the grant is awarded. In addition, grants are monitored by OHA to ensure compliance and evaluated annually to determine whether the grant attained the intended results.

b) Competitive Sealed Proposal contracts – **Attachment 06**

In accordance with HRS §103D-303, Competitive Sealed Proposal contracts include contracts for the purchase of "goods, services, or construction that are either not practicable or not advantageous to the State to procure by competitive sealed bidding." Proposals shall be solicited through a request for proposals (RFP) given through adequate public notice of the invitation. "Proposals shall be opened so as to avoid disclosure of contents to competing offerors during the evaluation process."

The RFP shall state the relative importance of price and other evaluation factors, and for the purpose of clarification, discussions may be conducted with responsible offerors who submit proposals determined to be reasonably likely to be selected for the contract. Awards for RFPs are to be made to the responsible offeror whose proposal is determined in writing to be the most advantageous, taking into consideration price and the evaluation factors set forth in the RFP.

c) Professional Services contracts – **Attachment 07**

Professional Services contracts include contracts for the purchase of services for which the vendor was identified through the annual solicitation of professional

[36] In March 2018, OHA's BOT approved a moratorium on CEO Sponsorships.

services providers method in accordance with HRS §103D-304. The method to solicit professional service providers in accordance with HRS §103D-304 includes the publication of a notice inviting persons engaged in providing professional services, which the agency anticipates needing in the next fiscal year, to submit current statements of qualifications and expressions of interest to the agency.

The head of the purchasing agency designates a review committee of at least three people with sufficient education, training, and licenses or credentials for each type of professional service.[37] The statute requires that the agency ensure the impartiality and independence of each member selected for the review committee.

The committee reviews and evaluates all submissions and prepares a list of qualified professional service providers, and, once approved, they are included in the listing of OHA professional service providers. During the course of the fiscal year, when OHA needs a particular professional service, the head of the purchasing agency designates a selection committee to evaluate the statements of qualification for the providers included on the list of qualified professional service providers. The selection committee ranks a minimum of three providers and sends the ranking to the head of the purchasing agency who negotiates a contract with the first-ranked professional service provider.

d) Small Purchase contracts – **Attachment 08**

Small Purchase contracts include contracts for the purchase of goods or services of less than $100,000 or for construction of less than $250,000 in accordance with HRS §103D-305. This type of procurement is "designed to ensure administrative simplicity and as much competition as practicable; provided that multiple expenditures shall not be created at the inception of a transaction or project so as to evade the requirements of this chapter; and provided further that procurement requirements shall not be artificially divided or parceled so as to constitute a small purchase under this section."

Procurement of $25,000 to less than $250,000 shall be made in accordance with small purchase procedures; provided that small purchase procurement through an electronic system is used.[38]

[37] The Head of the Purchasing Agency (HOPA) for OHA is the CEO, who designated the procurement tasks to the procurement department led by the Procurement Manager, Ms. Phyllis Ono Evangelista. Professional services include for example, accounting, architecture, computer engineering, history, education and health, and legal services.

[38] The electronic system used is named Hawai'i Electronic Procurement System (HePS). Hawai'i law does not require purchasers to use a competitive bid or competitive negotiation on the purchase of goods and services which fall within the dollar threshold of a small purchase. According to OHA policy, purchases up to $2,499 reasonable competition is recommended. Purchases from $2,500 to $24,999 require at least three written quotes, and small purchases of $25,000 to $50,000 are to be conducted through the Hawai'i Electronic Procurement System.

e) Exempt contracts – **Attachment 09**

Exempt contracts include contracts for the purchase of goods or services that are specifically listed in HRS §103D-102(b) and Hawai'i Administrative Rules Section 3-120-4 – Exhibit A that are specifically exempt from the procurement method requirements included in HRS §103D. HRS §103D does not provide for any specific requirements for awarding a contract for goods or services that qualify as exempt. Examples of purchases that qualify as exempt under HRS §103D-102(b) include awards to governmental bodies of the state, works of art for museum or public display, and utility services whose rates or prices are fixed by regulatory processes or agencies. These are just a few examples from the list of exempt purchases allowed.

OHA's Fiscal Procedures Manual, revised March 2, 2009, provides the process for exempt purchases in Figure 2.2.1.3. – Exempt Purchase Procedures (**Exhibit 02**, page 56). The purchaser determines if the purchase is exempt under HRS §103D; prepares a Purchase Requisition; and, for goods or services over $2,500, completes a Procurement Document Checklist. The purchase review process outlined in Figure 2.2.4.4 (**Exhibit 02**, page 95) is followed to complete the internal review process, prepare a contract, and covert the Purchase Requisition into a Purchase Order. The purchaser may then purchase the goods or service.

2) Disbursements

The specific areas identified in the scope of work tested by CLA for disbursements (see Section V. Scope of Work – subsection 3.b.i. beginning on page 25) required that CLA test compliance with (1) HRS Chapter 103D Hawai'i Procurement Code, (2) HRS Chapter 84 Standards of Conduct, and (3) OHA's applicable internal policies and procedures.

CLA obtained a copy of HRS Chapters 84 and 103D and OHA's internal policies and procedures related to disbursements, and reviewed the documents to identify the specific requirements of each that were applicable. Based on the type and amount of purchase (e.g., travel), a different procurement and/or approval method was required. CLA identified the three types of disbursements within the sample selected. The following list identifies the disbursement type and the attachment number that includes the specific list of criteria tested by CLA.

a) CEO sponsorships – **Attachment 10**

CEO Sponsorships are one-time awards to community organizations for events or projects. CLA tested CEO Sponsorships under the scope of work for disbursements because OHA's policies and procedures for awarding CEO Sponsorship do not require a signed contract for the award. Awards are made through an administrative review process, and, unlike the formal grant application process, CEO Sponsorships do not involve a solicitation process.

b) Exempt and small purchase disbursements – **Attachment 11**

Other disbursements include procurements of goods and services categorized by OHA under the Exempt Procurements, Small Purchases, and "Other" procurement methodologies.[39, 40] Exempt Procurements are not subject to the procurement requirements of HRS §103D, and, for amounts over $2,500, require the purchaser to purchase the good or service with a Procurement Document Checklist and cite the appropriate statutory or rule exemption. Purchases of goods or services of $2,499 or less involve selecting the vendor most advantageous to OHA and submitting a check request. The "Other" methodologies utilized are not defined by OHA's Fiscal Procedures Manual, but the procurement method follows a similar process as that used for exempt purchases.

c) Purchasing cards (pCards) and employee travel – **Attachment 12**

OHA's Purchasing Card Program is described in the Purchasing Card Program Internal Guidelines and Procedures, July 2016. The purpose of the pCard is to facilitate the small purchase process; however, cardholders must still adhere to the state and OHA's procurement rules and regulations. OHA's internal guidelines and procedures are intended to supplement the State of Hawai'i Purchasing Card Program. The program describes the pCard, which is similar to a credit card and is designed to streamline OHA's small purchase and payment process. It allows employees to charge small purchases from vendors without having to prepare a purchase order. OHA then makes one or more payments to the card issuer on a monthly basis on or before the due date.

d) Building leases – **Attachment 13**

OHA exempts the leases of real property and office rentals from HRS §103D. The exemption is based upon Corporate Counsel's interpretation of the definition of "goods," "services," and "construction" in HRS §103D, which excludes leases of real property and office rentals.[41] The leases of real property and office space do not fall under procurement and the documents typically used to comply with HRS §103D, including the Procurement Document Checklist, tax clearance, and certificate of good standing, are not completed. Leases of real property and office rentals follow the

[39] The Exempt Procurements tested under disbursements follow Figure 2.2.1.3 Exempt Purchase Procedure. Unlike exempt contracts, OHA determines that the item or service does not require a contract and just purchases the item or service.

[40] For sample D-04, OHA cited an "Other – Lease Guaranty" and "Other – Encumber funds" for the service requested on the Purchase Requisition.

[41] HRS §103D-104 Definitions defines "goods" as "all property, including but not limited to equipment, equipment leases, materials, supplies, printing, insurance, and processes, including computer systems and software, excluding land or a permanent interest in land, leases of real property, and office rentals" [emphasis added]. Leases of real property are explicitly excluded from the definition of goods.

Exempt Procurements method and in the case of exempt services, a contract is prepared.

C. TESTING METHODOLOGY

The testing methodology is the strategy and analysis applied by CLA when reviewing the supporting documentation and information to determine whether a contract or disbursement complied with HRS or OHA's internal policies or procedures.

The following methodology was used by CLA to test or assess each criteria or testing area included in the scope of work. Next to each bulleted item below is a note on whether that item was applicable to only contracts, only disbursements, or both contracts and disbursements.

1) HRS §84 – Standards of Conduct (contracts and disbursements)

   CLA identified three subsections of HRS §84 that were applicable to the approval and execution of contracts: HRS §84-14 related to conflicts of interest; HRS §84-15(a) related to contracts with a legislator; and HRS §84-15(b) related to contracts with former employees. The specific requirements of each subsection are detailed in the respective Attachments for each type of contract tested.

   To assess whether a contract complied with the subsections of HRS §84, CLA relied upon publicly available information identified through internet searches and documentation available within the documents provided by OHA to CLA.[42]

2) HRS §103D – Hawai'i Procurement Code; HRS §10 – Office of Hawaiian Affairs (contracts and disbursements)

   Within HRS §103D, there are specific procurement methods required based on the dollar amount and type of purchase made by OHA. In order to determine whether OHA complied with the requirements of HRS §103D, CLA requested that OHA provide the procurement method used by OHA for each contract selected in the sample. When reviewing the documents and testing the specific criteria of HRS §103D, CLA assessed: (1) whether OHA categorized the contract correctly based on the type and amount of the goods or services purchases and (2) whether the appropriate steps were taken by OHA as outlined in HRS §103D to procure, approve, and execute each contract.

   As previously stated, grants issued by OHA are specifically exempted from HRS §103D. Therefore, CLA applied the requirements of HRS §10-17 to determine whether the appropriate steps were taken by OHA to award and approve the grant contracts/agreements tested.

[42] During the testing, CLA determined that some contracts contained a Standards of Conduct Declaration that was completed and signed by the vendor. The declaration documents the vendors compliance with certain provisions of HRS §84, Standards of Conduct, including §84-14 and §84-15(a) and (b). This is not required by statute, and it appears that OHA was not consistently using the form as not all contract files contained this document. See recommendation 01.

3) OHA's applicable internal policies and procedures (contracts and disbursements)

CLA obtained the most current version of OHA's Fiscal Procedures Manual (revised March 2, 2009) and identified the specific procedures required to approve and execute each contract based on the type of procurements.[43] The specific criteria are identified in the respective attachment for each contract type. Through the review of documents provided by OHA, CLA verified whether the procedures were adhered to. For example, CLA assessed whether the grants, procurement, and contracts review process was followed according the applicable procedures outlined in OHA's Fiscal Procedures Manual for the type of contract being process. CLA also verified whether the purchase order, the receiving on purchase order, the contract payment process, and the check issuance and distribution process used was consistent with the outlined procedures.

In addition, OHA provided to CLA the five Operational Authority Delegation Hierarchies applicable for the time period of this engagement (**Exhibit 03**). While testing each contract and contract payment, CLA verified whether the appropriate approval signatures were present on the respective documents based on the delegation hierarchy in effect at the time. For contracts with multiple payments that occurred during the time period covered by this engagement, CLA selected only a sample of payments for testing to verify that there was supporting documentation for the invoice, a deliverable was provided (if required for the specific payment), and the appropriate signatures/approvals were obtained prior to payment.

4) Deliverables were met by the contractor (contracts only)[44]

For each contract selected by CLA for testing, CLA requested and OHA provided a copy of the respective contract. CLA reviewed the contract to identify the specific deliverables required of the contractor. As part of the document request to OHA, CLA requested all deliverables from the contractor for each contract selected.

CLA reviewed the deliverables provided and made an assessment on whether the contractor provided a product that appeared to comply with the deliverable requirements specified in the contract (and related amendments). CLA did not assess whether the deliverables met the expectations of OHA or were to the standard expected for the type of service or industry. If CLA was able to interview the contract

[43] The OHA Fiscal Procedures Manual provided to CLA contains a date of June 2008 on the cover page; however, the second page of this manual contains a list of effective changes which includes the latest change on March 2, 2009. For this reason, CLA refers to this manual's latest update, March 2, 2009, as the most recent version.

[44] Although the Scope of Work (Section V.) for testing OHA contracts lists "sufficiency of contract oversight provided by the assigned contract manager/monitor" before "deliverables were met by the contractor," CLA switched the order of these two criteria when assessing the contracts as whether the contractor submitted the deliverable(s) required by the contract impacted the assessment of whether there was sufficient oversight of the contract.

manager, CLA inquired with the contract manager about whether the deliverable(s) met their expectations.

5) Sufficiency of contract oversight provided by the assigned contract manager/monitor (contracts only)

   Through discussions with OHA personnel and a review of OHA internal policies and procedures, there are no written policies for how OHA personnel must provide oversight of a contract. OHA conveyed to CLA that each contract is assigned a contract manager that was responsible for the oversight of the contract and communications with the contractor.

   When CLA sent the contract sample list to OHA, CLA requested that OHA identify the contract manager for each contract selected. OHA also identified whether the contract manager was still an employee of OHA and available to answer questions. **Attachment 01** includes a list of all contracts selected for testing, identifies the contract manager identified by OHA, and indicates whether the OHA employee was still employed by OHA and able to answer CLA's questions related to the contract.

   If the contract manager was still employed by OHA, CLA requested an in-person or phone interview of the person to ask questions pertaining to the contract. Based on the discussion with the contract manager and the available documentation, CLA made an assessment of whether there appeared to be sufficient oversight of the contract.

   If the contract manager was no longer employed by OHA, or CLA was unable to obtain an interview with the contract manager prior to their departure from OHA, CLA relied solely on the documentation provided to assess whether a contract appeared to have sufficient oversight. CLA primarily relied on whether the contractor submitted the deliverables required by the contract to make this assessment. In some cases, the documentation was too limited to make an assessment on this area.

6) Compliance with budget restricts (disbursements only)

   For each disbursement selected by CLA for testing, CLA requested and OHA provided a copy of the respective purchase requisition. CLA reviewed the purchase requisition to verify that the Budget Analyst certified and agreed that the requisition was "in accordance with BOT Approval of [the] Program's operating budget" and would "not exceed [the] BOT approved Program Budget for the applicable fiscal year."[45] As part of the document request to OHA, CLA requested all related check requests and compared the total disbursed through the check requests to the purchase requisitions to ensure that the disbursed amount did not exceed the amount approved on the Purchase Requisition.

[45] The Purchase Requisition Form includes the certification statement. This statement was consistent across all revisions of the Purchase Requisition that CLA tested.

7) No evidence of fraud, waste, or abuse (contracts and disbursements)

As stated in Section V. Scope of Work beginning on page 24, this engagement was not an investigation. CLA's procedures were designed to detect and identify possible fraud, waste, or abuse; however, CLA has not made a conclusion as to whether fraud, waste, or abuse actually exists. Based on the totality of information gathered through the testing procedures performed, CLA has identified whether there are red flags or indicators of possible fraud, waste, or abuse. Those contracts or disbursements with red flags or indicators have been identified and are discussed within Section VI.D. Results of Work Performed beginning on page 49.

There are a multitude of transaction characteristics or situations that can be a red flag or indicator of possible fraud, waste, or abuse, and there is not one comprehensive list to identify all possible red flags or indicators. Red flags or indicators can be specific to a transaction (i.e., how a transaction was processed) or the general attitude or environment in an organization (i.e., "get it done now" behavior). Red flags or indicators can also vary by the nature or type of transaction. Some of the more common red flags or indicators related to contracting and disbursements include, but are not limited to:

- Missing documents and/or no supporting documents
- Documents being completed out of the normal sequence
- Back-dating of documents
- Management override of processes or controls
- Little or no review or supervision over a transaction
- Non-compliance with policies or procedures
- Unexplained or unusual favoritism toward a particular vendor/contractor
- Failure to disclose an actual or apparent conflict of interest
- Contract awards made without adequate documentation of actions taken to award the contract

The most exhaustive list of red flags of fraud identified by CLA is on the website for the Department of Defense (https://www.dodig.mil/Resources/Fraud-Detection-Resources/Fraud-Red-Flags/). The website lists "Fraud Red Flags and Indicators" by the type of transaction or fraud scheme, with over 40 areas covered. CLA extracted from this website those areas most applicable to contracts and disbursements, and included the list of fraud red flags and indicators in **Exhibit 04**.

D. RESULTS OF WORK PERFORMED

CLA's scope of work included testing 80 OHA contracts and 50 OHA disbursements. The following sections, sections 1) and 2) below summarize the results of the testing performed on contracts and disbursements of OHA. To the extent supporting documents requested by CLA were missing or not available, CLA attempted to apply other procedures to verify the criteria being tested. Generally, CLA attempted to verify information pertaining to each contract or disbursement as follows: (1) supporting documentation validated the criteria being tested; (2) CLA inquired with the contract manager regarding questions on a particular contract; (3) CLA inquired with OHA staff regarding the general procedures related to procurement, disbursements, or grants;[46] (4) CLA submitted written questions to Phyllis Ono-Evangelista, Procurement Manager, and Raina Gushiken, Corporate Counsel, who coordinated obtaining responses from appropriate OHA staff; and (5) CLA searched publicly available information.

1) Contract Testing

The contracts selected for testing included 80 OHA contracts that fell within different category types based on the type of contract, for example, grant contract, or based on the type of procurement method used to obtain the contract. Letters a) through e) below list the different types of contracts and the number of contracts tested for each type.

a) OHA Grant Contracts – 39 tested
b) OHA Competitive Sealed Proposal contracts – 9 tested
c) OHA Professional Services contracts – 14 tested
d) OHA Small Purchases contract – 1 tested
e) OHA Exempt Contract – 17 tested

When CLA provided the listing of contracts selected for inclusion in the sample, CLA requested that OHA provide the procurement method used by OHA to process the respective procurement and contract. When OHA provided the supporting documentation for each contract, OHA also provided the procurement method used by OHA. This information was used by CLA to group the sample contracts into the same procurement categories for testing (e.g., professional services contract). The results of the contract testing are presented below by the procurement method used by OHA.

Within each observation, CLA has listed the OHA contract sample number with that particular observation. The specific contract number and a more detailed discussion of the observation can be found by referring to the corresponding attachment. Each

[46] CLA inquired with Phyllis Ono-Evangelista, Procurement Manager, regarding procedures pertaining to the procurement process; Gloria Li, Controller, regarding procedures pertaining to disbursements and other accounting functions; and Misti Pali-Oriol, former grants staff, regarding procedures pertaining to grants processing and monitoring.

observation also includes a reference to the applicable criteria listed in the table above.

a) Grant Contracts

Thirty-nine contracts were executed by OHA using the grant method. HRS §103D-102, Application of this chapter, subsection (b) specifically exempts grants from the procurement requirements in HRS §103D. CLA utilized HRS §10-17 Grant; conditions and qualifications, which provides requirements for OHA's grant awards and contracts. The statute regulates OHA's process for accepting qualified applications, executing grant contracts, and monitoring grantees. A copy of HRS §10-17 is included in **Exhibit 05**.

A detailed list of the applicable HRS rules and OHA policies and procedures identified by CLA to test the approval and execution of OHA grant contracts is included in **Attachment 05**. OHA's Fiscal Procedures Manual, revised March 2, 2009, Figure 2.2.4.4 identifies the process for reviewing procurement documents for grant applications approved by the Board of Trustees. OHA's Grant Program Standard Operation Procedures (Grants SOP), published July 1, 2015, and identifies the administrative process for soliciting, reviewing, awarding, monitoring, and evaluating grants.[47]

Included in Table 6 below is a summary of the results, identifying for each criteria tested, the number of contracts (1) with missing document(s), (2) with observations resulting from the test work, and (3) without observations.[48] Included below the table is a discussion of the more significant observations from CLA's testing, which were used to assess whether there were red flags or indicators of possible fraud, waste, or abuse. **Attachment 05** includes a table containing the results at the contract level and tickmarks explain each contract with an observation.[49]

[47] Although the Grants SOP was published in July 2015, CLA identified its processes and procedures for the testing of any grant awarded during the time period of our review. This decision was based on a discussion with a former Grants Specialists who confirmed that the many of the processes and procedures were in operation before the Grants SOP was published.

[48] The quantity of observations listed in the table correspond to the number of contracts with at least one observation. Some contracts may have more than one observation for a particular testing criteria; however, the contract will be counted only once. Therefore, the total number of observations discussed after the table for a particular criteria may sum to a total that is greater than what is listed in the table.

[49] Tickmarks serve as a reference and can be thought of as footnotes that provide additional detail. In **Attachment 05**, tickmarks for grant contracts tested are numbered with the letter "A" as the prefix to correspond to this section of the report and are included in red font to be easily identified. For example, observation **A01** is the first observation tickmark for OHA grant contracts.

Table 6: Summary of Results – OHA Grant Contracts

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §84: Standards of Conduct					
HRS §84-14: Conflicts of Interest					
[1]	Employees selecting the contractor did not have a financial interest.	0	2	37	39
[2]	Employees selecting the contractor were not engaged as legal counsel, advisor, consultant, representative, or in any other agency capacity.	0	1	38	39
HRS §84-15(a): Contracts					
[3]	The contract was not with a legislator or employee who has controlling interest.	0	0	39	39
[4]	If the contract was with a legislator or employee who has controlling interest, alternative criteria were met.	0	0	39	39
HRS §84-15(b): Contracts					
[5]	The person or the business entering into contract with OHA was not represented by a person employed by OHA in the preceding 2 years.	0	1	37	38
[6]	If the person or business entering into contract with OHA was represented by a person employed by OHA in the preceding 2 years, the person did not participate in the matter with which the contract is directly concerned.	0	1	38	39
HRS §10: Office of Hawaiian Affairs[50]					
HRS §10-17(a): Grants; conditions and qualifications					
[7]	OHA received an application for the grant.	14	0	25	39
[8-12]	The application met the minimum qualifications detailed in HRS §10-17(a).	14	0	25	39
[13]	The activities of the grant were consistent with HRS §10-17.	14	0	25	39
HRS §10-17(b): Grants; conditions and qualifications					
[14]	The applicant applied for or received all license and permits, when required to conduct the activities.	0	39	0	39
[15]	The applicant agreed to comply with federal, state, and county laws.	0	2	37	39
[16]	The grant was not used for entertainment or perquisites.	0	1	38	39
[17]	The applicant agreed to comply with federal, state, and county statutes and ordinances, including building code and agency rules.	0	1	38	39
[18]	The applicant indemnified OHA.	0	2	37	39
[19]	The applicant procured insurance if requested by OHA.	0	31	8	39
HRS §10-17(c): Grants; conditions and qualifications					
[20-23]	Based on the grant application, the applicant was an eligible organization as defined by HRS §10-17(c).	0	0	39	39
[24]	If the applicant was a nonprofit organization:				
	[a] the governing board members have no material interest and serve without compensation,	0	33	6	39
	[b] has bylaws regarding nepotism and conflict of interests, and	0	33	6	39
	[c] employs no more than two or more family members.	0	33	6	39
[25]	The applicant made all records relating to its operation of the activity available to OHA.	0	4	35	39
[26]	The applicant satisfied OHA that sufficient funds were available for its operation or the grant activity.	0	4	35	39

[50] HRS §10-17(d) was also tested as part of criteria [66-72] and [78-79] but is not shown in this section to avoid duplication.

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
OHA Fiscal Procedures Manual, revised March 2, 2009					
2.2.4.1: Grants Review Process					
[27]	Staff completed the sections for scope of work, compensation/payment and reporting requirements.	0	17	22	39
[28]	No sections of the forms were altered.	0	0	39	39
[29-31]	The grant was documented and completed on the appropriate form for the type of grant.	0	1	38	39
[32]	The proof of award was submitted, including the grant award letter, Board minutes, or the approved Administrative Memo.	6	0	33	39
[33]	If the award was over $2,500, the senior staff attorney signed the Procurement Document Checklist (PCL).	12	0	27	39
[34]	If the award was over $2,500, the award was submitted with the Procurement Document Checklist (PCL).	16	0	23	39
***2.2.4.3: Review Documentation*[51]**					
[35]	A completed Purchase Requisition (PR) was submitted by a Purchase Requisition Representative.	9	3	27	39
[36]	For grants using the OHA Long Contract:				
	[a] an Accounting Checklist was submitted,	0	39	0	39
	[b] funds were verified by the Budget Analyst, and	9	2	28	39
	[c] funds were certified by the CFO.	2	0	37	39
[37]	For grants using the OHA Long Contract, a PCL was submitted and signed by a Hale Director.	12	0	27	39
[38-41]	The legal relationship was documented on the appropriate form for the type of grant.	0	1	38	39
OHA Operational Authority Delegation Hierarchy issued by the Chief Executive Officer on Interoffice Memorandum					
Issued February 9, 2010 and revised December 12, 2012, May 19, 2015, October 21, 2015					
[42-45]	The Purchase Requisition had appropriate approvals based on the Operational Authority Delegation Hierarchy. [52, 53, 54, 55]	9	3	27	39
OHA Fiscal Procedures Manual, revised March 2, 2009					
2.2.4.4: Purchase Review Process for Contracts and Grants					
[46]	For grants over $2,500 the AP Supervisor approved the Procurement Document Checklist (PCL).	12	21	6	39
[47]	The Budget Analyst verified the availability of funding and correct coding.	9	2	28	39
[48]	A Purchase Order (PO) was issued by the Treasury and Other Services (TOS) to the preparer.	2	6	31	39

[51] The testing of criteria [36] and [39] also satisfied the requirements of the Fiscal Procedures Manual, Section 2.2.6: Grants Contract Funding Certification.

[52] Grant Agreement Form GA-1 is used for Kaiaulu grants up to $100,000, CBED grants up to $50,000, and Kauhale grants up to $24,999.

[53] Form CGA-1 is used for University of Hawai'i grants.

[54] 'Ahahui Agreement Form is used for 'Ahahui grants up to $10,000.

[55] Small Governance Award Letter is used for Hawaiian Governance grants.

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
2.2.7.4: Grants Payment Processing[56]					
[49]	Payments were processed appropriately based on the type of Grantee Requirements and Grant Monitor Requirements.	16	1	22	39
[50]	The Grant Monitor reviewed and approved the required grant reports within 5 working days.	16	1	22	39
[51]	The Grant Monitor prepared the Contract Payment Request with the grantee invoice.	0	7	32	39
[53]	The Controller approved the Contract Payment Request.	0	37	2	39
OHA Operational Authority Delegation Hierarchy issued by the Chief Executive Officer on Interoffice Memorandum					
Issued February 9, 2010 and revised December 12, 2012, May 19, 2015, October 21, 2015					
[54-57]	The Request for Payment on Contract had appropriate approvals based on the Operational Authority Delegation Hierarchy.	0	16	23	39
OHA Grants Program Standard Operating Procedures, revised July 1, 2015[57]					
III. Procedures: (A) Community Grants[58]					
[58 & 60]	The Community Grants application contains all of the required sections and minimum requirements.	3	0	36	39
[59]	The application was received before the deadline.	3	13	23	39
[61]	The grant was recommended by Grants Specialists and TAP Manager.	21	0	18	39
[62]	The grant was reviewed by the CFO and approved by the COO and CFO.	10	0	29	39
[63]	The grant award was approved by:				
	[a] the Beneficiary Advocacy and Empowerment (BAE) and Assets and Resource Management (ARM) joint committee	7	3	29	39
	[b] confirmed at a full BOT meeting.	7	3	29	39
[64]	The grant agreement includes the required terms and conditions.	0	0	39	39
[65]	For multi-year grants, a Purchase Requisition was submitted for each fiscal year to encumber funds.	0	20	19	39
[66]	The grant file contains the required progress and monitoring reports, including correspondence and payment copies.	19	1	19	39
[67]	The Desktop Monitoring contains the required Progress Activity, Performance Measures, and Expenditures reports.	16	0	23	39
[68]	The Grant Assessment form was approved by the TAP Manager.	17	5	17	39
[69]	On-site monitoring was performed on an annual basis.	20	0	19	39
[71]	The Grant Closeout Report was approved by the TAP Manager.	21	1	17	39
[72]	A grant evaluation was conducted by the Program Improvement Program (PIP).	36	0	3	39
III. Procedures: (B) 'Ahahui Grants					
[73]	The application was received before the deadline.	0	1	38	39

[56] Criteria [52] was tested concurrently with the Operational Authority Delegation Hierarchy.

[57] The Grants Program Standard Operating Procedures are applicable only to grants awarded after July 1, 2015.

[58] Criteria [70] is excluded as it was used by CLA to document information pertaining to the process of reviewing the On-Site Monitoring Report. CLA determined this criteria is not necessary to report the final results of testing.

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[74]	The review committee consisted of a minimum of three individuals who did not have a real or perceived conflict of interest.	0	2	37	39
[75]	The grant was recommended by the Grants Specialists and TAP Manager.	0	1	38	39
[76]	The grant was reviewed by the CFO and approved by the COO and CFO.	0	0	39	39
[77]	The OHA Form GP-1 was signed by the awardee.	0	1	38	39
[78]	The final reporting form was completed by the awardee and submitted to OHA within 30 days after the event completion.	0	1	38	39
[79]	The OHA Staff Attendance Report form was completed and submitted to the Grants Specialist within 5 business days after the event completion.	0	2	37	39
III. Procedures: (D) Kūlia Initiative[59, 60]					
[84]	The application or funding request includes the required information and supporting documentation for Kūlia Initiative awards.	9	6	24	39
[85]	The Grants Specialist recommended the funding request based on the merit and support of OHA's mission.	15	0	24	39
[86]	The Kūlia Initiative Review Form indicates how the funding request was assessed.	0	15	24	39
[87]	The funding consideration was approved by the ARM/BAE and BOT as an Action Item.	0	0	39	39
Other Testing Results					
[88]	Sufficiency of contract oversight provided appropriately by the assigned contract manager/monitor.	0	1	38	39
[89]	Deliverables were met by the contractor.	0	1	38	39
[90]	No fraudulent or wasteful disbursements were made.	0	5	34	39

Within each observation, CLA has listed the OHA contract sample number with that particular observation. The specific contract number and a more detailed discussion of the observation can be found by referring to **Attachment 05**. Each observation also includes a reference to the applicable criteria listed in the table above.

1) Compliance with HRS §84: Standards of Conduct

   a. HRS §84-14: Conflicts of Interest

      Two contracts were identified by CLA as possibly not compliant with HRS §84-14(a), which states, "no employee shall take any official action directly affecting: (1) a business or other undertaking in which the employee has a substantial financial interest; or (2) a private undertaking in which the employee is engaged as legal counsel, advisor, consultant, representative, or other agency capacity" (criteria **[1]**, **[2]**).

[59] Criteria [80] through [83] were applicable to Sponsorships. Sponsorships were tested as disbursements.

[60] The Kūlia Initiative monitoring and evaluation process was also tested as part of criteria [66-72] and [78-79] but is not shown in this section to avoid duplication.

i. K-39 – OHA Contract #2953 – Native Hawaiian Education Association on behalf of World Indigenous People's Conference on Education (WiPC:E)

On March 6, 2014, a $150,000 Kūlia Initiative grant was awarded to the Native Hawaiian Education Association (NHEA) to sponsor the World Indigenous People's Conference on Education (WiPC:E) held May 19 to May 25, 2014 at Kapi'olani Community College. The sub-recipient of this grant, WiPC:E, engaged Dr. Crabbe to be a keynote speaker at the event.[61] NHEA did not disclose in its application that Dr. Crabbe was a keynote speaker. NHEA also submitted a budget that lacked specific details on how the award funds were to be spent and did not specify whether the keynote speakers were compensated or received complimentary travel accommodations or meals.[62] CLA could not determine if Dr. Crabbe received compensation for the speech, was provided complimentary travel accommodations or meals, or if there was any possible financial benefit received. Without proper disclosures in the application, there was a risk of possible financial interest. CLA inquired about whether Dr. Crabbe received compensation or other benefits, and OHA responded that it was "unable to provide information requested as Dr. Crabbe and staff who may have had firsthand knowledge at the time of the grant are no longer employed at OHA." Therefore, it is unknown whether Dr. Crabbe had a financial interest in connection with the grantee.

ii. K-76 – OHA Contract #2785 - 'Aha Kāne - Foundation for the Advancement of Native Hawaiian Males

On June 14, 2012, a $200,000 Kūlia Initiative grant was awarded to 'Aha Kāne – Foundation for the Advancement of Native Hawaiian Males ('Aha Kāne) to convene a gathering held June 15 to June 17, 2012 at Windward Community College to address issues of Native Hawaiian male leadership and community involvement. A public records search of 'Aha Kāne indicated that Dr. Crabbe was one of the founders of 'Aha Kāne and was on the Advisory Board Chair at the time the grant was awarded. As part of the grant award process, Dr. Crabbe would have the final recommendation for funding consideration for this grantee before the application was presented to the ARM/BAE and BOT for final approval. Therefore, an employee of OHA approving the beneficiary may have had a financial interest as well as being engaged as a representative or other agency capacity, which is a violation of HRS §84-14 Standards of Conduct.

[61] The keynote speaker was Dr. Crabbe, who was the CEO at the time of this award and when he was the keynote speaker.

[62] The budget was for: 1) Contractual Services – Facilities - $75,000; 2) Contractual Services – Equipment rental - $25,000; 3) Contractual Services – Huaka'i/Excursion supplies - $10,000; and, 4) Contractual Services – Transportation - $40,000.

b. HRS §84-15: Contracts

One contract was identified by CLA as possibly not compliant with HRS §84-15(b), which states, "(b) A state agency shall not enter into a contract with any person or business which is represented or assisted personally in the matter by a person who has been an employee of the agency within the preceding two years and who participated while in state office or employment in the matter with which the contract is directly concerned. This subsection shall not apply to any contract that is awarded in accordance with subsection (a) with a person or business represented or assisted by a person who was a member of a task force or served as the designee or representative of a task force member"(criteria **[5]**, **[6]**).

i. K-76 – OHA Contract #2785 - 'Aha Kāne - Foundation for the Advancement of Native Hawaiian Males

As noted in the preceding HRS §84-14 section, Dr. Crabbe was one of the founders of 'Aha Kāne and was the Advisory Board Chair at the time the grant was awarded. 'Aha Kāne's IRS Form 990 indicates that Dr. Crabbe was the organization's President in 2011, the year before the grant (**Exhibit 06**). In 2012, he was no longer listed on the IRS Form 990 as either (1) an officer, director, trustee, key employee, highest compensated employee; or (2) an independent contractor. However, Dr. Crabbe filed a Hawai'i State Ethics Commission Short Form Disclosure of Financial Interests in April 2016 stating that he was the Advisory Board Chair for 'Aha Kāne (**Exhibit 07**). Further review indicated that he held the position of Advisory Board Chair as early as 2009.[63] CLA inquired if the BOT was aware of Dr. Crabbe's involvement with the organization before the grant was awarded, and OHA confirmed that the BOT was aware of this fact. However, there was no disclosure in the grantee's application that there may be a possible conflict of interest due to his involvement. Current OHA staff informed CLA that this possible conflict of interest was brought before the BOT; however, the grant documents do not disclose this potential conflict and do not provide any information as to what actions, if any, the BOT took to resolve the potential conflict.

See recommendations 02, 03, 04, 05, 06, and 20.

2) Compliance with HRS §10: Office of Hawaiian Affairs

The statute requirements identified by CLA that address the acceptance of qualified applications, executing grant contracts, and monitoring grantees include a review of the grant application, cover sheet, or letter; grant contract;

[63] According to a Civil Beat Data, Hawai'i Financial Disclosures for Public Official Filings, Dr. Crabbe listed the Advisory Board Chair position began in 2009 and he received an annual compensation amount that was less than $1,000.

proof of license, permits, and insurance; and monitoring and evaluation reports. When documentation was missing, CLA reviewed the procurement forms for evidence that OHA performed procedures to ensure compliance with HRS §10.

Included below is a summary of the observations for each of the requirements reviewed as part of the statute:

a. HRS §10-17(a): Grant applications

   ii. Fourteen grants were missing the grant application form (including forms GA-1 and CGA-1), cover sheet, or letter requesting funding (criteria **[7]** through **[13]**).[64] These documents provide evidence that the organization applied for funding and provided the minimum information required by HRS §10-17.[65] OHA's response to CLA's request for these documents was that it was unable to locate the documents. The grant files included other supporting documents and approvals; therefore, CLA does not have reason to believe that a grantee received an award without submitting an application or funding request letter; however, evidence of this could not be provided.

b. HRS §10-17(b): Conditions for awarding grants

   i. Thirty-seven grants were missing any documentation or evidence within the grant proposal, agreement, contract, or review forms that OHA had independently verified that the applicant had applied for or received all of the applicable licenses and permits, when such licenses or permits were required to conduct the activities or services for which the grant was awarded (criteria **[14]**).[66] Though the language of the grant contract stated, "The grantee shall insure [sic] that all applicable licensing and operating requirements of the State, Federal, and County government and all applicable accreditation and other standards of quality generally accepted in the field of the grantee's activities are complied with and satisfactorily met,", there is no indication that OHA performed any verification that the grantee had applied or obtained the applicable licenses and permits to be in compliance with HRS §10-17(b).

[64] The 14 grants were: K-15, K-22, K-38, K-39, K-42, K-46, K-48, K-50, K-53, K-57, K-61, K-68, K-78, K-80.

[65] The minimum information includes: 1) the name of the requesting organization or individual; 2) the purpose for the grant; 3) the service to be supported by the grant; 4) the target group to be benefited; 5) the cost of the grant; and 6) that the grant shall be used for activities that are consistent with the purposes of HRS §10.

[66] The 37 grants were: K-06, K-07, K-08, K-11, K-13, K-14, K-15, K-22, K-23, K-24, K-25, K-26, K-27, K-29, K-30, K-31, K-32, K-33, K-38, K-39, K-40, K-42, K-46, K-48, K-53, K-57, K-61, K-62, K-63, K-64, K-65, K-66, K-68, K-71, K76, K-78, K-79.

ii. One grant was executed on a Memorandum of Agreement (MOA) with the Department of Labor and Industrial Relations (K-50). Unlike the OHA grant contract template, the MOA did not have any language that required the grantee to apply or obtain all applicable licenses and permits (criteria **[14]**).[67] In addition, there was no documentation that OHA had performed any verification that the grantee had applied or obtained the applicable licenses and permits to be in compliance with HRS §10-17(b).

The MOA also did not contain sufficient language to address whether the applicant agreed to comply with federal, state, and county laws (criteria **[15]**). The MOA stated that the grantee "shall procure the services…in accordance with all applicable state procurement laws and regulations." The language was limited to state procurement laws and did not address federal or county laws.

Lastly, the MOA did not contain any language that the grantee would indemnify OHA and its officers, agents, and employees nor was there any proof submitted that the grantee had procured sufficient insurance to provide the indemnification, if requested so by OHA (criteria **[18]**, **[19]**).

iii. One grant was missing an executed grant contract or agreement (K-80 – criteria **[14]** through **[19]**). CLA was unable to determine: 1) if the grantee had agreed to comply with the requirement to apply or obtain the applicable licenses and permits; 2) if the grantee had agreed to comply with applicable federal, state, and county laws; 3) that the grantee would not use the grant funds for entertainment or perquisites; 4) that the activities undertaken would comply with applicable federal, state, and county statues and ordinances, including building codes; and 5) that the grantee would indemnify OHA, its officers, agents, and employees, and would obtain sufficient insurance to provide the indemnification, if requested so by OHA.

iv. Twenty-nine grants were missing any documentation or evidence within the grant proposal, agreement, contract, or review forms that OHA had independently verified that the applicant had procured sufficient insurance to indemnify OHA, if OHA had requested the grantee to do so

[67] OHA classified this grant as an "MOA with the State of Hawaii Department of Labor and Industrial Relations – Office of Community Services." OHA categorized it as a grant on the Purchase Requisition and Authorization to Proceed with Contract Execution form. OHA completed a Grant Agreement Routing Form. OHA assigned a Grants Specialist to monitor the grant. For these reasons, CLA considered this a grant for testing purposes.

(criteria **[19]**).[68, 69] Some but not all of the grants contained the Contract Routing Form, which included an area to document if the Grants Specialist had obtained the "Liability Insurance Certificate." In the 29 grants noted here, this area of the form was not completed or not included in the grant files. CLA did not receive any other documentation indicating that OHA had independently verified if the grantee had obtained sufficient insurance if requested to do so.

c. HRS §10-17(c): Conditions for applicants

i. Thirty-three grants were missing documentation or evidence that OHA had independently verified the composition and policies regarding the governing boards of the nonprofit organizations that received grants (criteria **[24]**).[70, 71] HRS §10-17(c) requires nonprofit organizations to have governing boards whose members have no material conflict of interest and serve without compensation. The organizations must also have policies relating to nepotism and conflict of interest and not employ or contract with two or more family members. OHA was unable to provide any information regarding these governing boards, but did state that it currently requires grant applicants to submit a board governance certification form that certifies that the governing board serves without compensation and has bylaws and policies relating to nepotism.[72]

ii. Four grants were missing language within the contract or agreement that the grantee would make available to OHA all records the grantee may have relating to the operation of the grantee's business and that the grantee would establish that sufficient funds were available for the effective operation of the grant activity (K-50, K-57, K-79, K-80 – criteria **[25]**, **[26]**). The reason these grants did not contain these additional terms was because the grants were either executed on a three-party grant agreement, an OHA Form GP-1, which differed in the language and

[68] The 29 grants were: K-06, K-07, K-08, K-11, K-13, K-14, K-15, K-22, K-23, K-24, K-25, K-26, K-27, K-29, K-30, K-31, K-32, K-33, K-38, K-39, K-40, K-42, K-48, K-53, K-57 ,K-61, K-68, K76, K-79.

[69] The grant documentation did not include documentation regarding whether OHA had requested the grantee to obtain sufficient insurance to provide the indemnification; therefore, CLA could not determine which grantees OHA requested to obtain insurance.

[70] The 33 grants were: K-07, K-08, K-13, K-14, K-15, K-22, K-23, K-24, K-25, K-26, K-27, K-29, K-30, K-31, K-32, K-33, K-39, K-42, K-46, K-48, K-53, K-57, K-61, K-62, K-63, K-64, K-65, K-66, K-71, K76, K-78, K-79, K-80.

[71] The six grants that met the requirements of HRS §10-17(c) were either (1) educational institutions that did not meet the definition of a nonprofit organization or (2) were a nonprofit organization that included a description of its board members and its policies in the application, or had the information available on its website.

[72] CLA reviewed the OHA solicitations available online and observed that the Governance Board Certification was required as early as September 2018. Solicitations in 2017 did not require grantees to submit the form.

terms found in the OHA grant contract template, or the agreement was missing.[73]

d. HRS §10-17(d): Grant monitoring and evaluation

The requirements of subsection (d) state that every grant shall be monitored by OHA to ensure compliance with HRS §10 and the purposes and intent of the grants, and every grant shall be evaluated annually to determine whether the grant attained the intended results. The monitoring and evaluation requirements defined by HRS §10-17(d) were tested concurrently with the criteria described in the OHA Grants Program Standard Operating Procedures, July 1, 2015 (criteria **[66]** through **[72]** and **[78]**,**[79]**). A summary of the observations is included in Section 4) Compliance with OHA Grants Program Standard Operating Procedures beginning at page 64.

See recommendations 07, 08, 09, 10, and 21.

3) Compliance with OHA's applicable internal policies and procedures

The internal policies and procedures identified by CLA that address the approval and execution of OHA grants include a review of the Grant Form/Contract, documentation of grant approval/award, Procurement Document Checklist, Purchase Requisition, Purchase Order, and Request(s) for Payment on Contract. When a signature was required on a particular document, CLA verified the appropriate signature(s) were obtained based on the Operational Authority Delegation Hierarchy in effect at the time. See **Exhibit 03** for each delegation hierarchy in effect during the period covered by this engagement.

Included below is a summary of the observations for each of the documents reviewed as part of OHA's grant awarding process:

a. Time of Performance

i. Seventeen grant contracts were approved and finalized by the appropriate authority, according to the Operational Authority Delegation Hierarchy in effect at the time of the grant award, after the Time of Performance in the grant application had begun (Criteria **[27]**). There was no amendment in the grant to change the start date of the Time of Performance. The significance of this issue is that the intended grant purpose may be curtailed because the Time of Performance is shortened, which may affect the results of the activity for which the grant was awarded. Furthermore, this issue is evidence that there is insufficient monitoring of approved grants. These approved grants are either rushed through the approval process and do not give the approver enough time

[73] OHA Form GP-1 is a shortened grant agreement form used for 'Ahahui grants.

to review before the TOP begins or these grants were approved and not executed in a timely fashion.

b. Grant Form:

   i. One grant was not documented and completed on the appropriate form for the type of grant award (K-80 – criteria **[29]** through **[31]**, **[38]** through **[41]**, and **[77]**). The 'Ahahui grant should have been documented on an OHA Form GP-1. As a result, this grant did not provide pertinent information, including, disclosure of prior OHA funding, if the grantee was a fiscal sponsor, the intended OHA Strategic Result, event date, event location, event name, expected attendance, and a funding summary.

c. Grant Award:

   i. Six grants were approved by the BOT or CEO, but the award letter, administrative memo, or board minutes and corresponding attachments were not provided with the grant (criteria **[32]**).[74] Four of the grants contained a copy of the board minutes but not the corresponding attachments that detailed the organizations and award amounts. Without the attachments, CLA was unable to determine which applicants were specifically approved in the BOT session.[75] The remaining two grants did not contain a proof of award.[76]

d. Procurement Document Checklist:

   i. Twelve grants were missing the Procurement Document Checklist (criteria **[33]**, **[37]**).[77] The Purchase Document Checklist should be reviewed and approved prior to creating and approving a Purchase Requisition and the grant contract.[78]

e. Purchase Requisition:

   i. Nine grants were missing the Purchase Requisition (criteria **[35]**, **[36b]**, and **[42]** through **[45]**).[79] As a result, all nine grants were also missing

[74] The six grants were: K-26, K-27, K-29, K-31, K-50, K-57.

[75] Grants K-26, K-27, K-29, and K-31 contained board minutes but no attachments.

[76] Grants K-50 and K-57 did not contain any proof of award. In the Fiscal Procedures Manual, the proof of award is defined as a grant award letter, Board minutes, or copy of the approved Administrative memo.

[77] The 12 grants were: K-11, K-42, K-50, K-57, K-61, K-62, K-63, K-64, K-65, K-66, K-68, K-71.

[78] Criteria [34] is not discussed here because the criteria was sufficiently covered by criteria [32] and [33]. Criteria [34] has a total of 16 contracts with missing documents. This total is comprised of four contracts that were missing the proofs of award, ten contracts missing a Procurement Document Checklist, and two contracts missing both the proof of award and Procurement Document Checklist.

[79] The nine grants were: K-53, K-57, K-61, K-63, K-64, K-65, K-66, K-68, K-71.

documentation that the Budget Analyst had verified the funds and certified that the amount was in accordance with the BOT's approval of Program's operating budget.[80]

ii. One grant did not contain all of the Purchase Requisitions equal to the amount awarded and paid to the grantee (K-11 – criteria **[42]** through **[45]**). OHA was unable to locate the additional Purchase Requisition for CLA to review.[81]

iii. Two grants did not contain the second page of the Purchase Requisition, which contains the record of approvals, including the Budget Analyst, Manager, LOB Director, Program Budget Authority, and, if required, CFO, COO, or CEO (K-13, K-76 – criteria **[36b], [42]** through **[45]**). Without the second page, CLA was unable to determine if the Purchase Requisition was properly approved within the guidance of the Operational Authority Delegation Hierarchy in effect at the time of the award.

f. Purchase Order:[82]

i. Two grants were missing the Purchase Order (K-79, K-80 – criteria **[36c]** and **[48]**). As a result, both grants were also missing documentation that the CFO had certified the availability of the funds and that there is an appropriate balance in the account(s) for the contract.[83]

ii. Six grants were missing a Request to Close a Purchase Order (K-29, K-48, K-50, K-53, K-61, K-64 – criteria **[48]**). The Request to Close a Purchase Order is a form to close a contract that is expired or terminated, the services are no longer needed, or the grantee is out of business or unable to provide services. The form is generally used when the grant's time of performance ends but not all funds are expended. As a result, the form is used to reconcile the difference between the award amount and the amounts paid to the grantee. Any unused disbursed funds are required

[80] The Budget Analyst's verification of funds is a process described in the Fiscal Procedures Manual as occurring on the Accounting Checklist. Per our discussion with OHA's Controller, the Accounting Checklist was no longer used. Instead the Budget Analyst documents the funding verification on the Purchase Requisition.

[81] Purchase Requisitions are required to be submitted and approved each year for multi-year grants. Therefore, some grants contained more than one Purchase Requisition.

[82] Criteria [46] is not discussed here because the criteria was sufficiently covered by criteria [33] and [34]. The 21 observations for criteria [46] represent those grants that had the Procurement Document Checklist, but were not signed by the AP Supervisor. According to the OHA Controller, this approval procedure had not been used during her tenure. Criteria [47] is not discussed here because the criteria was sufficiently covered by criteria [35] and [36].

[83] The CFO's certification of the availability of funds is a process described in the Fiscal Procedures Manual as occurring on the Accounting Checklist. Per our discussion with OHA's Controller, the Accounting Checklist was no longer used. Instead the CFO certifies the availability of funds on the Purchase Order.

to be repaid to OHA. Without a Request to Close a Purchase Order, CLA was unable to determine if the funds paid to the grantee were fully expended or if the grantee owes a remaining balance to OHA.

g. Grant Monitoring Processing:[84]

   i. Sixteen grants did not contain any documentation or evidence that the Grant Monitor reviewed and approved the required grantee reports (criteria **[49]**, **[50]**).[85] In general, the grants contained the Grantee Invoices but not the Progress Activity Reports, Performance Measures, Expenditure Reports, On-Site Monitoring Reports, Final Grant Assessments, or Closeout Reports. Therefore, CLA cannot determine if the payments were processed appropriately and in accordance with the payment schedules of the grant agreements.

   ii. One of the grants was required by the terms of the contract to submit only a Final Progress Report; however, the report was received after the contract deadline (K-76 – criteria **[50]**). The contract deadline was on August 15, 2012, but the Final Progress Report was received by OHA on August 24, 2012.

h. Request(s) for Payment on Contract:[86]

   i. Thirty-seven grants were missing the Controller's approval on the Request for Payment on Contract (criteria **[53]**).[87] CLA reviewed the request forms and noted that they do not contain a section to document the Controller's approval. The Controller's approval appears on the Procurement Package Checklist and Authorization to Proceed with Contract Execution forms instead. CLA determined that the process described in the Fiscal Procedures Manual was not updated to reflect the actual process in use.

   ii. Seven grants were missing one or more of either the Requests for Payment on Contract or the Grantee Invoices (criteria **[54]** through

[84] Figure 2.2.7.4 Grants Payment Process in the Fiscal Procedures Manual requires in step #5, "The Grant monitor reviews and approves the required grantee reports [within 5 working days]." Additional monitoring procedures were tested as part of the Grants SOP, the results of which are included in Section D.a)4) Compliance with OHA Grants Program Standard Operating Procedures.

[85] The 16 grants were: K-22, K-23, K-38, K-39, K-42, K-46, K-48, K-50, K-53, K-57, K-61, K-64, K-71, K-78, K-79, K-80.

[86] Criteria [51] is not discussed here because the criteria was sufficiently covered by criteria [54] through [57].

[87] The 37 grants were: K-06, K-07, K-08, K-11, K-13, K-14, K-15, K-22, K-23, K-24, K-25, K-26, K-27, K-29, K-30, K-31, K-32, K-33, K-38, K-39, K-40, K-42, K-46, K-48, K-50, K-53, K-57, K-61, K-62, K-63, K-64, K-65, K-66, K-68, K-71, K-76, K-78.

[57]).[88, 89] The total amounts requested through the Grantee Invoices and Requests for Payment on Contract did not equal the total amount paid on the grant award.

iii. One of the grants contained a Final Request for Payment on Contract that did not agree with the amount actually paid per the OHA Check Register (K-29 – criteria **[49]**, **[54]** through **[57]**). The Final Payment Amount recommended is $74,834.57, but the amount per the OHA Check Register is $78,284.57. OHA explained the difference is because "it appears that the grantee submitted a late invoice for $3,450 for graphic design cost that the grant monitor approved payment for"; however, CLA did not receive any documentation of the late invoice.

iv. Nine grants contained a Request for Payment on Contract that was not approved by the CFO, as required by the Operational Authority Delegation Hierarchy in effect at the time of the grant (criteria **[54]** through **[57]**).[90] The Request for Payment on Contract was approved by the Controller on behalf of the CFO. There was no documentation to support that the Controller had the authority to sign the requests. OHA responded that the Controller was allowed to sign because the CFO provided an Out of Office Delegation memo; however, OHA did not provide the memos to CLA to review.

v. One of the grants contained a Request for Payment on Contract that was approved by the LOB Manager before the Procurement Document Checklist was approved, signed, and dated by the Senior Staff Attorney (K-80 – criteria **[54]** through **[57]**). The Request for Payment on Contract was approved by the LOB Manager on January 7, 2014, but the Procurement Document Checklist was approved by the Senior Staff Attorney on January 9, 2014. It appears the Request for Payment on Contract was prepared and signed prematurely.

See recommendations 11, 12, 14, 21, 26, 32, 40, and 54.

4) Compliance with OHA Grants Program Standard Operating Procedures

Although the OHA Grants Program Standard Operating Procedures (SOP) were not effective until July 1, 2015, CLA's discussion with a former OHA Grants Specialist confirmed that aspects of the Grants SOP were in place through the

[88] The seven grants were: K-07, K-08, K-11, K-13, K-15, K-29, K-64.

[89] The total number of contracts with observations for criteria [54] through [57] is 16; however, some of the 16 contracts contained two observations. The total number of individual observations within the 16 contracts is 18, which is the total of subsections ii (7), iii (1), iv (9), and v (1).

[90] The nine contracts were: K-22, K-25, K-42, K-50, K-61, K-62, K-63, K-64, K-68.

time period covered by this engagement.[91] Therefore, all grants tested by CLA were tested against the Grants SOP, regardless of when the grant was awarded. It is possible that some procedures required under the Grants SOP were not implemented by OHA at the time of a particular grant award; however, CLA does not have sufficient information to determine when specific procedures were put into place. Likewise, some of the processes and procedures described within the Grants SOP overlapped with the processes and procedures in the Fiscal Procedures Manual; however, the Grants SOP provided a more detailed account of the procedures and the specific forms required for each of the grant types. The majority of the procedures required in the Grants SOP are consistent with the requirements of HRS §10.

The internal policies and procedures identified by CLA that address the monitoring and evaluation of OHA grants include a review of the grant application, grant committee review, Purchase Requisitions, progress and monitoring reports, grant assessments, on-site monitoring reports, grant closeout reports, and grant evaluations. When a signature was required on a particular document, CLA verified the appropriate signature(s) were obtained based on the Operational Authority Delegation Hierarchy in effect at the time. CLA cross-referenced the signatures with the OHA organizational charts to ensure the individuals signing the forms held the appropriate title and position to approve the forms. See **Exhibit 08** for each OHA organizational chart in effect during the period covered by this engagement.

Included below is a summary of the observations for each of the documents reviewed as part of OHA's Grants Program SOP:

a. Community and 'Ahahui Grant Application:[92]

   i. Three of the grants were missing Community and 'Ahahui Grant applications (K-22, K-61, K-68 – criteria **[58]** through **[60]**). As a result, CLA was unable to determine if the grant was received before the solicitation deadline and, therefore, acceptable for consideration and review.

   ii. Five of the grant applications did not have markings or indications of the date the application was received (K-07, K-08, K-32, K-33, K-80 – criteria **[59]**, **[73]**). CLA could not determine if the application was received by OHA before the solicitation deadline.

[91] The former Grants Specialist was a current OHA employee who had transferred out of the Grants Department but provided CLA with historical context of the grant monitoring procedures during the period July 1, 2011 through June 30, 2016.

[92] Kūlia Initiatives have separate grant application criteria from Community and 'Ahahui Grants and are discussed at "e. Kūlia Initiative grants:."

iii. Three grants were marked with a date that indicated the grant application was received after the solicitation deadline (K-24, K-26, K-29 – criteria **[59]**). The grant applications were reviewed and grant funds were awarded to the organizations.

iv. Five of the grant applications were submitted electronically and did not have marking or indications of the date the application was received (K-62, K-63, K-64, K-65, K-66 – criteria **[59]**). CLA could not determine if the application was received by OHA before the solicitation deadline.

v. One grant was signed and dated by the grantee's authorized representative after the date that OHA indicated it received the application (K-30 – criteria **[59]**). The application is signed and dated by the organization's executive director on January 25, 2013, but the application is stamped by OHA with a date indicating it was received on January 17, 2013. OHA was unable to provide CLA with any information to explain the inconsistency.

vi. Two grants were 'Ahahui grants that did not contain enough information within the grant application cover sheet or grant file to determine if the review committee met the minimum requirements of consisting of three individuals who did not have a real or perceived conflict of interest (K-79, K-80 – criteria **[74]**).

One grant was an 'Ahahui grant that did not contain enough information within the grant application cover sheet or grant file to determine if the grant was recommended by the Grants Specialist and TAP Manager (K-80 – criteria **[75]**).

b. Grant Committee Review:

i. Twenty-three grants did not contain documentation or evidence that the grant was recommended by the review committee and finalized by the Grants Specialist (criteria **[61]** and **[74]**).[93] The one grant that met this criteria included a copy of the OHA Review Scoring Form (K-68).

ii. Ten grants did not contain documentation or evidence that the grant was reviewed and approved by the CEO and COO (criteria **[62]**).[94, 95] The lack of documentation is further explained below.

[93] The 23 grants were: K-07, K-08, K-11, K-13, K-14, K-22, K-24, K-25, K-26, K-27, K-29, K-30, K-31, K-32, K-33, K-61, K-62, K-63, K-64, K-65, K-66, K-79, K-80.

[94] The 10 grants were: K-13, K-24, K-25, K-26, K-27, K-29, K-30, K-31, K-33, K-61.

[95] CLA noted that the COO and CEO documented their review and approval of the grant on the Joint Committees on Asset and Resource Management and Beneficiary Advocacy and Empowerment (ARM/BAE) Action Item cover sheet.

a. Seven of these grants did not contain documentation of BOT minutes that the grant award was confirmed at a full BOT meeting (criteria **[63]**).[96]

b. The remaining three grants contained a copy of the BOT minutes showing that the BOT approved a matrix of Community Grants; however, the BOT Action Item does not contain the Attachment A - OHA FY 2014-15 Community Grant Recommendations Matrix, which lists the 30 Fiscal Biennium 2014-15 Community Grant recommendations for funding (K-24, K-31, K-33 – criteria **[63]**).

c. Purchase Requisitions:

i. Twenty of the grants did not contain documentation that a Purchase Requisition was prepared each fiscal year for multi-year awards (criteria **[65]**).[97] The Grants Specialist either (1) did not complete any or all of Purchase Requisitions in a multi-year grant award or (2) the requisition was not included with the grant documents.[98]

d. Grant Monitoring and Evaluation:[99]

In general, most of the grants were missing a combination of, or all of, the monitoring reports that OHA utilized throughout the time period covered by this engagement. The missing documents included the Progress Reports, Performance Measures, Expenditure Reports, Grant Assessment, On-Site Monitoring Reports, and the Grant Closeout Reports (criteria **[66]** through **[71]**). The specific observations are discussed further below.[100, 101]

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[96] The seven grants were: K-13, K-25, K-26, K-27, K-29, K-30, K-61.

[97] The 20 grants were: K-11, K-13, K-14, K-22, K-24, K-25, K-26, K-27, K-29, K-30, K-31, K-32, K-33, K-61, K-62, K-63, K-64, K-65, K-66, K-68.

[98] The Grants SOP requires that the Grants Specialist submit a Purchase Requisition each fiscal year to encumber funds. The Fiscal Procedures Manual does not contain this requirement. Therefore, the observations noted in the Fiscal Procedures Manual section were contained to grants missing any and all Purchase Requisitions. The 26 noted under the Grants SOP contained an insufficient number of Purchase Requisitions to meet the criteria of the Grants SOP.

[99] According to the Grants SOP, Community grants and Kūlia Initiative grants are subject to monitoring and evaluation procedures. The Grants SOP imposes a separate procedure on 'Ahahui grants and Sponsorships to perform OHA Event Attendance/Participation/Community Engagement. CLA did not assess whether OHA's Grants SOP requirements for 'Ahahui grants and Sponsorships were in compliance with the monitoring and evaluation requirements of HRS §10-17(d).

[100] CLA observed missing documentation for Community Grant and Kūlia Initiative monitoring and evaluation throughout criteria [66-72]. Those observations are not discuss in this report but are noted on Attachment 05.

[101] Criteria [73], [74], [75] were discussed as part of section "a. Community and 'Ahahui Grant Application:" and are not shown in this section to avoid duplication. Criteria [76] had no missing documents or

i. One grant did not contain all of the Grant Assessment forms that should have corresponded with the payment requests (K-31 – criteria **[66]** and **[68]**).

ii. Four grants contained one or more copies of the Grant Assessment Forms that were missing the approval signature of the Community Relations Specialist (K-07, K-08, K-13, K-14 – criteria **[68]**).

iii. One Grant contained a copy of the Grant Closeout Report that was missing the approval signature of the Transitional Assistance Program manager (K-63 – criteria **[71]**).

iv. Two grants were 'Ahahui grants that were missing the OHA Staff Attendance Report Forms (K-79, K-80 – (criteria **[79]**).

v. One 'Ahahui grant contained a final reporting form that was completed by the grantee but not submitted to OHA within 30 days after the event's completion (K-80 – criteria **[78]**).

vi. Thirty-six grants did not contain documentation or evidence that an annual evaluation was performed to determine whether the grant attained the intended results (criteria – **[72]**).[102]

e. Kūlia Initiative grants:

CLA tested 15 grants that were categorized as Kūlia Initiative grants. The Kūlia Initiative grants contained other provisions in addition to being subject to the monitoring and evaluation requirements of Community Grants. Included below is a summary of the observations for each of the Kūlia Initiative grants reviewed:[103]

i. Nine Kūlia Initiative grants were missing an application or formal funding request letter (criteria **[84]**).[104]

observations. Criteria [77] was discussed as part of section "3)b. Grant Form:" and is not shown in this section to avoid duplication.

[102] The 36 grants were: K-06, K-07, K-08, K-13, K-14, K-15, K-22, K-23, K-24, K-25, K-26, K-27, K-29, K-30, K-31, K-32, K-33, K-38, K-39, K-40, K-42, K-46, K-48, K-50, K-53, K-57, K-61, K-62, K-63, K-64, K-65, K-66, K-68, K-71, K-76, K-78.

[103] According to the Grants SOP, Community grants and Kūlia Initiative grants are subject to monitoring and evaluation procedures. The Grants SOP imposes a separate procedure on 'Ahahui grants and Sponsorships to perform OHA Event Attendance/Participation/Community Engagement. CLA did not assess whether OHA's Grants SOP requirements for 'Ahahui grants and Sponsorships were in compliance with the monitoring and evaluation requirements of HRS §10-17(d).

[104] The nine grants were: K-15, K-39, K-40, K-42, K-46, K-48, K-50, K-53, K-57.

ii. Six Kūlia Initiative grant applications did not contain a statement explaining why the requests were not made through the Community Grants Program process (K-06, K-23, K-38, K-71, K-76, K-78 – criteria **[84]**). Kūlia Initiative grants are to be used to support individuals and organizations seeking funding outside of the Community Grants Program annual funding cycle and for projects that may be ineligible for consideration under the Community Grants Program.

iii. Five Kūlia Initiative grant applications were missing the Certificate of Vendor Compliance (K-06, K-23, K-38, K-76, K-78 – criteria **[84]**).

iv. Three Kūlia Initiative grant applications were missing the IRS letter of determination (K-71, K-76, K-78 – criteria **[84]**).

v. One grant was awarded to an organization that had a previous financial relationship with OHA; however, this information was not disclosed in the grant file (K-06 – criteria **[84]**). The grant was awarded to Young of Heart Workshop (OHA Contract #2695) on September 23, 2011 for $150,000 to create the Hawai'i Kakou mural and community engagement program. At the time this grant was awarded, the Executive Director of Young of Heart Workshop had a previous business relationship with OHA as the managing partner of Mana Hawaii The Spirit of Hawaii Nei, LLC (Mana Hawaii). In December 2009, OHA signed a lease guaranty for $150,000 on behalf of Mana Hawaii. In November 2011, Mana Hawaii defaulted on its lease, and OHA was required to pay the $150,000 to the lessor, ABW Holdings, LLC.

   The prior business relationship is not disclosed in the grant application, nor is there any evidence that the Grant Specialist reviewing the application knew that OHA was the lease guaranty for her shop. CLA did not observe anywhere within the application a section to disclose whether or not the organization or any of its members had a prior financial relationship with OHA, conflicts of interest with OHA, or any other relevant matters to make known to the grants staff. Therefore, it is unknown whether the employee selecting the grantee knew that OHA was representing the grantee's Executive Director in another financial matter. Lastly, in the documentation reviewed, CLA did not observe either a form or documentation whereby the grants staff can disclose their review of the grantee's funding history and whether they are in good standing with OHA.

vi. Fifteen Kūlia Initiative grants were not assessed using the Kūlia Initiative Review Form (criteria **[85]**, **[86]**).[105]

[105] The 15 grants were: K-06, K-15, K-23, K-38, K-39, K-40, K-42, K-46, K-48, K-50, K-53, K-57, K-71, K-76, K-78.

See recommendations 11, 15, 16, 17, 18, and 19.

5) Sufficiency of contract oversight provided appropriately by the assigned contract manager/monitor.

   a. Thirty-six grants did not contain documentation indicating that an evaluation was performed to determine whether the grantee attained the intended results in the manner the grantee suggested (criteria **[72]**).[106] OHA should have included an evaluation report with each grant, if an evaluation was performed. Despite the missing evaluation reports, there was documentation that OHA monitored the grants. As a result, CLA was unable to assess the extent to which the monitoring procedures conducted by OHA met the level of sufficient grant oversight as defined by the Grants SOP as well as HRS §10-17(d).

   b. One grant showed evidence that the payments were made in accordance with the contracted schedule of payments; however, all of the payments were made before the intended result of the grant was achieved (K-57 – criteria **[88]**). The grant was a $2,598,000 Kūlia Initiative grant awarded to Akamai Foundation on behalf of Na'i Aupuni on May 4, 2015. The intended result of the grant was an election of delegates, election and referendum monitoring, a governance 'Aha, and a referendum to ratify any recommendation of the delegates arising out of the 'Aha. The terms of the Letter Agreement between OHA, Na'i Aupuni, and Akamai Foundation, stated the OHA CEO authorized all payments and funding would be made available upon the request of the Akamai Foundation. The schedule included an initial payment of $250,000, paid on May 14, 2015, and the remaining grant funds were available for the following objectives:

      i. $276,250.00 for the Independent Election Monitor Contract. Payment was requested by the Akamai Foundation on July 20, 2015.

      ii. $159,137.33 for the first tranche for attorney fees, other consultants, or any budget category needing funding. Payment was requested by the Akamai Foundation on July 20, 2015.

      iii. $1,457,088.00 for the Governance 'Aha Contract. Payment was requested by the Akamai Foundation on July 20, 2015.

      iv. $159,137.33 for the second tranche for attorney fees, other consultants, or any budget category needing funding. Payment was requested by the Akamai Foundation on July 20, 2015.

[106] The 36 grants were: K-06, K-07, K-08, K-13, K-14, K-15, K-22, K-23, K-24, K-25, K-26, K-27, K-29, K-30, K-31, K-32, K-33, K-38, K-39, K-40, K-42, K-46, K-48, K-50, K-53, K-57, K-61, K-62, K-63, K-64, K-65, K-66, K-68, K-71, K-76, K-78.

v. $137,250.00 for the Referendum Contract and Independent Referendum Monitoring Contract. Payment was requested by the Akamai Foundation on August 12, 2015.

vi. $159,137.33 for the third tranche for attorney fees, other consultants, or any budget category needing funding. Payment was requested by the Akamai Foundation on August 12, 2015.

In sum, the entirety of the grant award was disbursed. The election was scheduled to begin on November 1, 2015, and end on November 30, 2015; however, the election was cancelled by Na'i Aupuni on December 15, 2015. The grant did not contain evidence of (1) Grant Assessment Forms; (2) Progress Activity Reports, Performance Measures, or Expenditures Reports from the grantee; (3) On-Site Monitoring Reports; or (4) a Grant Closeout Report. The documentation provided indicates that the payments to the grantee were made in whole before the election process was scheduled to take place, there were no reports of active grant monitoring occurring during the lead up to the election, and there was no assessment or evaluation of why the grant did not achieve its intended results. In addition, Akamai Foundation submitted its requests for disbursements without providing any proof of the expenses incurred, including invoices, receipts, or detailed time billing. The requests included only the amounts listed in the bullet points above, and there was no cost breakdown showing how it had incurred expenses. CLA was unable to determine how Akamai Foundation calculated the costs it submitted to OHA.

Furthermore, there was no documentation in the grant file that the election did not take place. CLA obtained from Na'i Aupuni's website a copy of the news release to terminate the election process (**Exhibit 09**). CLA was unable to determine if or when Na'i Aupuni notified OHA of Akamai Foundation that the election would be cancelled. Based on the totality of this information, it appears that there was insufficient grant oversight provided by the assigned grant monitor.

6) Deliverables were met by the contractor

a. One grant was for an election of delegates and the election was terminated before the election votes were counted (K-57 – criteria **[89]**). The grant was intended to produce an election that would occur between November 1, 2015, and November 30, 2015. The election was terminated by the grantee on December 15, 2015. In its news release, Na'i Aupuni stated that "Election-America has been informed to stop the receipt of ballots, to seal ballots that have already been received, and to prevent anyone from counting the votes…Na'i Aupuni has decided that the election votes will never be counted." (**Exhibit 09**) The grant did not include any evidence that the election was rescheduled or that the grantee would reattempt to achieve the intended goal with the awarded funds. CLA reviewed documents on the

grantees' website and learned that the election was terminated due to ongoing litigation that it expected would continue for years. In addition, Na'i Aupuni offered all 196 Hawaiians who ran as candidates a seat as a delegate to the 'Aha in order to reach a consensus on a process to achieve self-governance. The results of Na'i Aupuni's actions do not appear to be consistent with the deliverable for which the grant contract was executed nor is there any documentation in the grant file that OHA determined this action to be allowable or that the grant met its intended purpose.

7) No fraudulent or wasteful disbursements were made

A review of the documents for five of the grants tested in this area identified red flags or indicators that indicate a possibility of fraud, waste, or abuse (criteria **[90]**). The identification of a red flag or indicator does not, on its own, confirm that fraud, waste, or abuse did occur. This section simply identifies the observations made by CLA during the testing that can be indicators of fraud, waste, or abuse, and, therefore, CLA is not making a conclusion as to the existence of fraud, waste, or abuse. Additional investigation of each grant would be required, which was beyond the scope of this engagement. Each of the six grants is discussed further below.

a. K-11 and K-25 – OHA Contracts #2726 and #2887 – I Ola Lāhui, Inc.

These two grants were made to an organization whose executive director appears to have been an acquaintance of Dr. Crabbe. A public information search shows that Dr. Crabbe and the grantee's Executive Director may have connections based on their education backgrounds and professional research topics (**Exhibit 10**). Both Dr. Crabbe and the grantee's Executive Director appeared at the same events involving Native Hawaiian health initiatives (**Exhibit 11**). These two grants were categorized as Community Grants, and as such, the CEO is in the position to review and approve grants recommended by the review committee before sending the recommendations to the ARM/BAE.

Other observations that suggest improper handling include: missing documents, execution of the grant after the time of performance began, and overlapping payments for concurrent awards.

i. The missing documents included the Purchase Requisition for $250,000 for the first year (K-11), the Purchase Requisition for $250,000 for the second year (K-25), and a final Request for Payment on Contract for $1,000 (K-11).

ii. The contract for the award (K-11) was signed and executed by the interim CEO, CFO, and Senior Staff Attorney after the Time of Performance (TOP) for the grant had begun. The TOP began December 1, 2011, but the contract was not executed until February 1, 2012.

iii. The TOP for both awards overlapped. The TOP for the first award was December 1, 2011 to November 30, 2013, but the TOP for the second award was July 1, 2013 to June 30, 2015. For a period of five months, the grantee was eligible to receive concurrent award funds, and there is no documentation in the file to explain why this was allowed or if grants staff were aware that the TOPs overlapped.

Although there does not appear to be a personal financial benefit to an OHA employee, there is a possibility of preferential treatment to this grantee. Any mishandling of grant awards of perceived favoritism could pose a risk to OHA of possible fraud, waste, or abuse.

b. K-39 – OHA Contract #2953 – Native Hawaiian Education Association on behalf of World Indigenous People's Conference on Education (WiPC:E)

This grant was paid to an organization that engaged Dr. Crabbe to be a keynote speaker at the event paid for by the grant award. Dr. Crabbe was a keynote speaker at the WiPC:E event that OHA sponsored. CLA could not determine if Dr. Crabbe received compensation for the speech and if there was any financial interest at stake. CLA inquired and OHA responded that it was "unable to provide information requested as Dr. Crabbe and staff who may have had firsthand knowledge at the time of the grant are no longer employed at OHA." In addition, this grant was categorized as a Kūlia Initiative grant, and as such, the CEO is in the position to make the final determination to recommend the grantee for funding consideration before sending the recommendation to the ARM/BAE.

This grant file was also missing several documents, including the grant application, which would have been useful for CLA to determine whether the grantee had disclosed that Dr. Crabbe was a keynote speaker at the event. The file was also missing the monitoring and evaluation reports that OHA staff are required to prepare, including the Grant Assessment form, on-site monitoring report, and Grant Closeout Report. All of these forms are used to monitor and evaluate the grant and determine whether the grant attained the intended results. Instead, the grant only contained a final report of the results that the grantee prepared. This indicates that OHA staff relied upon the grantee to self-report the results instead of conducting the monitoring and evaluation process themselves.

The potential for a personal financial benefit to Dr. Crabbe, combined with the missing documents, are red flags or indicators of possible fraud, waste, or abuse.

c. K-57 – OHA Contract #3026 – Akamai Foundation on behalf of Na'i Aupuni

This grant contained several observations that indicate a possibility of fraud, waste, or abuse during the awarding and disbursement process, as discussed below.

i. One of the board members of Na'i Aupuni was the spouse of Mr. Nāmu'o, who left OHA on December 30, 2011. This grant was awarded on May 4, 2015. However, Mr. Nāmu'o was employed as the Executive Director of the Native Hawaiian Roll Commission (NHRC) during the time the grant was awarded.[107] In addition, the NHRC's office was located within OHA's office, and funding for the NHRC was provided by OHA.[108] This suggests that Mr. Nāmu'o was in the same office as OHA and receiving compensation that was provided by OHA during the same time that his wife's organization received the $2.6 million dollar grant. CLA found that there was no disclosure in the grant that there was a potential conflict of interest involving Mr. Nāmu'o.

ii. As detailed in section 5) in the preceding observations, Akamai Foundation requested the entirety of the grant award amount 81 days before it was scheduled to hold the election. In addition, the disbursement requests lacked any detail, including invoices, receipts, or billings, to demonstrate to OHA what costs it had incurred in the process of holding the election. In fact, one of the Akamai Foundation Request for Disbursement letters stated, "we have entered into an agreement with Election-America which can be found at www.naiaupuni.org. We are also in discussions with vendors for the 'Aha which will require commitments to pay in the near term." This Request for Disbursements letter implies that Akamai Foundation had not incurred costs for some of the services for which it was requesting funds. This arrangement is not consistent with the Grants SOP, which requires that grantees submit an expenditure report before Grant Assessment can approve and process the next payment disbursement as requested.[109] The method in which Akamai Foundation requested a disbursement without supporting documentation or an expenditure report, and prior to incurring costs, appears to be an abuse of OHA's established disbursement process.

iii. As detailed in section 6) in the preceding observations, Na'i Aupuni terminated the election on December 15, 2015, and offered all 196 Hawaiians who ran as candidates a seat as a delegate at the 'Aha. Na'i Aupuni also stated that the votes would never be counted. The sole

[107] CLA confirmed that Mr. Nāmu'o was employed with the NHRC at the time his wife's organization received the OHA grant by reviewing publicly available information. Documents filed for the case Judicial Watch, Inc. v. Clyde W. Nāmu'o, and State of Hawai'i Native Hawaiian Roll Commission confirmed he was employed at the NHRC at the time. These documents included an email sent by Mr. Nāmu'o as late as July 14, 2015. This email was sent after the time the grant was awarded.

[108] The Hawai'i Senate passed Bill 1520 for Act 195 on July 7, 2011. The act included the provisions that the NHRC was a five-member commission established within OHA for administrative purposes only, that funding for the NHRC would be provided by OHA, and that the NHRC could fix the compensation of the Executive Director.

[109] Grants SOP, Section III(A)(7)(b)(1-4).

purpose of the election was to facilitate an election of delegates, election and referendum monitoring, a governance 'Aha, and a referendum to ratify any recommendation of the delegates arising out of the 'Aha. There is no evidence that OHA was satisfied that Na'i Aupuni's actions met the intended purpose of the grants. Lastly, there is evidence that Na'i Aupuni's actions to terminate the election were done so without consulting with OHA. In a "Q&A" document that CLA retrieved from Na'i Aupuni's website, it stated, "the Grant Agreement, which is on our website, states that OHA will not control or affect Na'i Aupuni's decisions and that Na'i Aupuni has no obligation to consult with OHA. Thus, OHA is learning about this announcement along with the rest of the community at this time. Na'i Aupuni did not consult with OHA about this change of plans, and Na'i Aupuni believes that it is authorized under the Grant Agreement to proceed in this fashion" (**Exhibit 12**). The grant file does not contain any documentation that OHA agreed or disagreed with this statement.

Because all funds were disbursed and the election was canceled, the intended results of the grant were not recognized, which is an indication of waste of funds.

d. K-76 – OHA Contract #2785 – 'Aha Kāne

The grantee, 'Aha Kāne, was founded by Dr. Crabbe before he was employed at OHA. In 2012, 'Aha Kāne received an award of $200,000 to convene a gathering of Native Hawaiian men for leadership and community involvement instruction. At the time, documentation shows the former CEO was serving as an Advisory Chair to the grantee. This information was not documented in the grant or disclosed in the grant application. In addition, the grant contract was not signed and executed until a day before the time of performance, which meant that the funds for the event were not disbursed and deposited until after the event began. The OHA Grant Reviewer noticed this and recommended in the Grant Review Report that the "grantee should submit requests for funding earlier so that OHA has the time to complete the grant agreement and disburse funds prior to the event date."

The association between Dr. Crabbe and this organization indicate a possible conflict of interest in the awarding of this grant. Although there is no evidence of a personal financial benefit to Dr. Crabbe, his association was not disclosed in the grant documents. Any disbursement of funds to an entity with an association to a high-ranking employee poses a greater risk of fraud, waste, or abuse.

See recommendations 02, 06, 13, 31, and 40.

b) Competitive Sealed Proposal Contracts

Nine of the contracts selected for testing were procured using the competitive sealed proposal method – Request for Proposal (RFP). HRS §103D-303 subsection (a) provides that competitive sealed proposals may be used to procure goods, services, or construction that are either not practicable or not advantageous to the State to procure by competitive sealed bidding. A copy of HRS §103D-303 is included in **Exhibit 13**.[110]

A detailed listing of the applicable HRS rules and OHA policies and procedures identified by CLA to test the procurement and execution of OHA RFP contracts is included in **Attachment 06**. As part of this testing, criteria **[19]** through **[34]** and **[47]** through **[52]** were used by CLA to determine if the goods, services, or contract type appeared to follow HRS §103D-303 and OHA's Fiscal Procedures Manual, revised March 2, 2009, Figure 2.2.1.9.3 Request for Proposal (RFP) Process.[111]

Included in Table 7 below is a summary of the results identifying for each criteria tested the number of contracts (1) with missing document(s), (2) with observations resulting from the test work, and (3) without observations. Included below the table is a discussion of the more significant observations from CLA's testing, which were used to assess whether there were red flags or indicators of possible fraud, waste, or abuse. **Attachment 06** includes a table containing the results at the contract level and tickmarks explaining each observation for a contract.[112]

Table 7: Summary of Results – OHA Competitive Sealed Proposal (RFP) Contracts[113]

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §84: Standards of Conduct					
HRS §84-14: Conflicts of Interest					
[1]	Employees selecting the contractor did not have a financial interest.	4	0	5	9

[110] The universal citation for this HRS is HI Rev Stat § 103D-303 (2012). In performing this testing, CLA used the HRS in effect for the scope period.

[111] The OHA Fiscal Procedures Manual provided to CLA contains a date of June 2008 on the cover page; however, the second page of this manual contains a list of effective changes which includes the latest change on March 2, 2009. For this reason, CLA refers to this manual's latest update, March 2, 2009, as the most recent version.

[112] Tickmarks serve as a reference and can be thought of as footnotes that provide additional detail. In **Attachment 06**, tickmarks for RFP contracts tested are numbered with the letter "B" as the prefix to correspond to this section of the report and are included in red font to be easily identified. For example, observation **B01** is the first observation tickmark for OHA's RFP contracts.

[113] The quantity of observations listed in the table correspond to the number of contracts with at least one observation. Some contracts may have more than one observation for a particular testing criteria; however,

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[2]	Employees selecting the contractor were not engaged as legal counsel, advisor, consultant, representative, or any other agency capacity.	4	0	5	9
HRS §84-15: Contracts					
[3]	The contract was not with a legislator or employee who has controlling interest.	0	0	9	9
[4]	If the contract was with a legislator or employee who has controlling interest, alternative criteria were met.	0	0	9	9
[5]	The person or business entering into contract with OHA was not represented by a person employed by OHA in the preceding 2 years.	0	0	9	9
[6]	If the person or business entering into contract with OHA was represented by a person employed by OHA in the preceding 2 years, the person employed by OHA did not participate in the matter with which the contract is directly concerned.	0	0	9	9
HRS §103D: Hawaii Public Procurement Code					
HRS §103D-101(a): Requirements of Ethical Public Procurement					
[7]	No evidence was observed of OHA employee(s) not acting as a fiduciary of public funds.	3	0	6	9
[8]	No evidence was observed of OHA employee(s) not remaining independent of bidder, offeror, contractor, or business.	3	0	6	9
[9]	No evidence was observed of OHA employee(s) not acting only in the public interest.	3	0	6	9
[10]	No evidence was observed of disobedience to of statutes and administrative rules relating to public procurement.	5	0	4	9
[11]	No evidence was observed of inefficiencies in the public procurement process.	3	0	6	9
[12]	No evidence was observed of persons not afforded an equal opportunity to compete in a fair environment.	5	0	4	9
[13]	No evidence was observed of intent or appearance of unethical behavior.	3	0	6	9
[14]	No evidence was observed of social interactions with actual/prospective bidder.	3	0	6	9
[15]	No evidence was observed of a failure to maintain confidentiality in a manner that ensures a fair procurement process.	5	0	4	9
[16]	No evidence was observed of a failure to remain impartial in dealings with actual or prospective bidders, offeror, contractor, business, or interested parties.	3	0	6	9
HRS §103D-101(b) & (c): Requirements of Ethical Procurement					
[17]	No evidence was observed of a failure to identify and eliminate conflict of interests for this contract.	3	0	6	9
[18]	No evidence was observed that any party involved in the negotiation, performance, or administration of this contract did not act in good faith.	3	0	6	9
HRS §103D-303 Competitive Sealed Proposals[114]					
[19]	Request for Proposal (RFP) was issued with proper adherence to HRS §103D-302(c).	2	0	7	9

the contract will be counted only once. Therefore, the total number of observations discussed after the table for a particular criteria may sum to a total that is greater than what is listed in the table.

[114] Criteria [20] and [33] were also tested here but are excluded as they was used by CLA to document information pertaining to the procurement process, such as the number of days between the public notice

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[21]	The number of days between the public notice of the invitation for bids and the opening of bid was reasonable.	2	0	7	9
[22]	The form of the RFP notice was in accordance with board Policy.	2	0	7	9
[23]	The manner in which the RFP notice was published was in accordance with OHA board policy.	6	0	3	9
[24]	Proposals were opened in a manner that ensured no proposal materials were unfairly disclosed to competing offerors.	6	0	3	9
[25]	A register of proposals was prepared and made available for public review.	6	0	3	9
[26]	The RFPs included descriptions of the relative importance of price and any other factors considered in the selection process.	2	0	7	9
[27]	The award was made in writing to the most advantageous vendor after considering price and other factors set forth in the RFP and no other factors were considered if they were not in the official RFP.	5	0	4	9
[28]	The design-build method was utilized for construction projects.	0	0	9	9
[29]	For construction projects, prequalified offerors were selected prior to submittal of proposals and all offerors were notified of those offerors that had been short-listed.	0	0	9	9
[30]	The project was a construction project and the cost was greater than $1,000,000.	0	0	9	9
[31]	For construction projects, the conceptual design fee (if any) was properly disclosed in the request for proposals.	0	0	9	9
[32]	A pre-bid conference was held for contracts valued at $100,000 or more or $500,000, or more, as applicable.	2	0	7	9
[34]	All potential interested bidders, offerors, subcontractors, and union representatives invited to attend the pre-bid conference.	2	0	7	9
HRS §103D-309 Contract Not Binding Unless Funds Available					
[35]	The comptroller (CFO) endorsed a certificate that appropriation over and above all outstanding contracts, sufficient to cover the amount required by the contract, was made.	0	0	9	9
HRS §103D-312 Fair and Reasonable Pricing Policy - Cost Pricing Data					
[36]	The procurement officer made a written determination of whether a price was fair and reasonable for each contracting action, unless the contract is based on adequate price competition	0	0	9	9
[37]	The procurement officer obtained certified cost of pricing data and other data as necessary to perform a cost analysis to determine a fair and reasonable price, unless the contract is based on adequate price competition	0	0	9	9
[38]	The procurement officer obtained from the contractor pricing data and certification that the cost/pricing data submitted was accurate, complete, and current as of a date mutually determined before the award of the contract, or the pricing of any change order, unless the contract is based on adequate price competition	0	0	9	9
[39]	If a certificate was required for a contract, change order, or contract modification, it contained a provision that the price shall be adjusted to	0	0	9	9

of the invitation for bids and the opening of the bids; however, is not necessary to report the final results of the testing.

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
	exclude significant sums for an increase due to inaccurate, incomplete, or not current data as of the date agreed.				
HRS §103D-315 Multi-Term Contracts[115]					
[40]	The terms of the contract and conditions for renewal or extension were included in the solicitation.	2	0	7	9
[42]	For multi-year contracts, it was determined in writing that the estimated requirements cover the period and are reasonably firm and continuing.	0	0	9	9
[43]	For a multi-year contract, it was determined in writing that such contract serves in the best interest of OHA.	0	0	9	9
[44]	For multi-year contracts, it was determined in writing that sufficient funds to pay for the initial term of the contract are available and funds necessary for the remaining terms are likely to be available from sources identified in writing.	0	0	9	9
HRS §103D-323 Bid Security					
[45]	Documentation to show that a bid security bond provided in an amount equal to at least five percent of the amount of the bid was obtained for construction projects.	0	0	9	9
HRS §103D-324 Contract Performance and Payment Bonds					
[46]	A performance or payment bond in an amount equal to one hundred percent of the price specified in the contract was obtained, if the contract was over $25,000 and was for construction.	0	0	9	9
P-10: OHA Purchase and Procurement Procedures, revised March 2, 2009					
2.2.1.9.3: Request for Proposal					
[47]	An administrator made a written determination that a competitive sealed proposal was the more appropriate method.	0	5	4	9
[48]	An Evaluation Committee or Procurement Officer was utilized to conduct the evaluation.	4	0	5	9
[49]	The Procurement Officer prepared the RFP.	2	0	7	9
[50]	The RFP was properly approved by an Administrator and Legal Office.	7	2	0	9
[51]	The RFP was advertised in major newspapers and the OHA website.	6	0	3	9
[52]	Proposals were fully evaluated and, if additional discussion was necessary, a priority list was prepared.	5	0	4	9
2.2.2.1: Purchase Request					
[53]	A Hale Director or Deputy Administrator identified the need to create a Purchase Requisition.	0	1	8	9
[54]	The Purchase Requisition complied with the OHA Procurement Policy.	0	1	8	9
[55]	The Purchase Requisition documented the availability of funds for the procurement.	0	1	8	9
[56]	The Purchase Requisition was approved by the appropriate manager as per the delegation of authority document.	0	1	8	9
[57]	A complete Purchase Requisition was submitted by a designated representative for the review process.	0	1	8	9
2.2.4: Grants, Procurement, and Contracts Review Process					
[58]	**[a]** An Accounting Checklist was submitted.	0	9	0	9

[115] Criteria [41] was also tested here but is excluded as it was used by CLA to document whether the contract was a multi-year contract. This information is not necessary to report the final results of the testing as it is address within criteria [42].

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
	[b] Funds were verified by the Budget Analyst.	0	1	8	9
	[c] Funds were certified by the CFO.	0	0	9	9
[59]	The CFO certified the availability of funds on the Accounting Checklist.	0	9	0	9
[60]	Unless not required by statute, the contractor submitted a Tax Clearance to OHA prior to executing the Purchase Order.	0	0	9	9
[61]	A Procurement Document Checklist was submitted and signed by a Hale Manager.	0	0	9	9
[62]	The owner of the business, except for sole proprietorships, charitable organizations, unincorporated associations, and foreign insurance companies, submitted a DCCA Verification showing Proof of Good Standing with the State of Hawaii.	0	0	9	9
[63]	The Hale Manager or Grants staff submitted a Standard Long Form Contract for Purchase of Services.	0	0	9	9
2.2.4.2: Purchase of Goods and Services Review Process[116]					
[64]	The standard contract was used for the purchase of services and it included all of the provisions outlined in the Standard Long Form Contract.	0	1	8	9
[65]	The senior staff attorney signed the Procurement Document Check List to ensure compliance with State Procurement Laws for purchases of more than $2,500.	0	1	8	9
[66]	The senior staff attorney signed the contract.	0	0	9	9
[68]	The appropriate signatures were obtained on contract based on Operational Authority Delegation Hierarchy revised 12/12/12, 5/19/15, and 10/21/15, as applicable.	0	1	8	9
2.2.5: Purchase Orders					
[69]	A copy of the Purchase Order was issued to the preparer to indicate the contract encumbrance process was complete.	0	0	9	9
[71]	The Purchase Order was reviewed and signed by the Controller or the CFO, as applicable.	0	0	9	9
2.2.7.3: Contract Payment Process [117, 118]					
[72]	The Request for Contract Payment, was signed by the Hale Director for contracts, or a receipt of goods/services was received.	1	0	8	9
[75]	The Request for Payment on Contract was reviewed and signed by the Hale Director and Administrator, or Deputy Administrator, as applicable.	1	0	8	9
[78]	The payment was approved by the appropriate level based on Operational Authority Delegation Hierarchy revised 12/12/12, 5/19/15, and 10/21/15, as applicable.	1	0	8	9

[116] Criteria [67] and [70] were also tested here but are excluded as they were used by CLA to document the name of the individual who approved the Requisition form and the date when the Purchase Requisition was signed; however, this information is not necessary to report the final results of the testing.

[117] Criteria [73] and [74] were also tested here but are excluded as they were used by CLA to document the name of the Hale Director, and the date of certification of receipts of goods/services; however, this information is not necessary to report the final results of the testing.

[118] Criteria [76] and [77] were also tested here but are excluded as they were used by CLA to document the name of the Hale Director or Administrator (Deputy Administrator); however, this information is not necessary to report the final results of the testing.

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
2.2.7.5: Check Issuance					
[79]	The invoice was stamped "Paid" and marked with the check number.	0	9	0	9
Other Testing Results					
[80]	Deliverable was met by the contractor.	1	4	4	9
[81]	There was sufficient oversight of project/work by the contract monitor/manager.	0	7	2	9
[82]	There was no evidence of fraudulent or wasteful disbursements.	4	2	3	9

Within each observation, CLA has listed the OHA contract sample number with that particular observation. The specific contract number and a more detailed discussion of the observation can be found by referring to **Attachment 06**. Each observation also includes a reference to the applicable criteria listed in the table above.

1) Compliance with HRS §84: Standards of Conduct

   Four contracts did not contain a document that would have enabled CLA to determine who were the OHA employees selecting the contractor in order to assess whether the selecting employee(s) had a financial interest in the contractor or were engaged as legal counsel, advisor, consultant, representative, or other agency capacity (K-04, K-34, K-06, K77 - criteria **[1]**, **[2]**).[119]

2) Compliance with HRS §103D – Hawai'i Procurement Code

   a. HRS §103D-101(a)

      i. Three contract files did not contain any documentation that would have enabled CLA to assess whether the requirements of HRS §103D-101(a) were met (K-34, K-43, K-77 - criteria **[7]** through **[16]**).[120]

      ii. Two contract files (K-04, K-60) did not contain documentation that would have enabled CLA to assess whether there was:[121]

[119] The documents that would have enabled CLA to make the assessment are any of the following: Memorandum of evaluation committee appointments, RFP evaluations completed by each member of the evaluation committee, and/or Evaluation Committee Scoring Matrix.

[120] The documents that would have enabled CLA to make the assessment are the following: Memorandum of evaluation committee appointments, RFP evaluations completed by each member of the evaluation committee, Evaluation Committee Scoring Matrix.

[121] The documents that would have enabled CLA to make the assessment are all those indicated in footnote above as well as evidence of the publication of the RFP and the RFP itself.

- No evidence of disobedience to statutes and administrative rules relating to public procurement (criteria **[10]**)
- No evidence that persons were not afforded an equal opportunity to compete in a fair environment (criteria **[12]**)
- No evidence that there was failure to maintain confidentiality in a manner that ensures a fair procurement process (criteria **[15]**)

b. HRS §103D-101(b) and (c)

Three contract files did not contain any documentation that would have enabled CLA to assess whether the requirements of HRS §103D-101(b) and (c) were met. The criteria includes failure to identify and eliminate conflicts of interest and parties involved in the negotiation, performance, or administration of a contract did not act in good faith.[122] (K-34, K-43, K-77 - criteria **[17]** and **[18]**)

c. HRS §103D-303 – Competitive Sealed Proposals

One of the most prevalent issues noticed for contracts procured through the RFP method, was that complete documentation regarding the procurement process for the majority of the contracts was incomplete or not available to provide to CLA. The Current Procurement Manager communicated to CLA that during the majority of the scope period, the procurement department did not maintain the procurement contract files. The procurement documents were, as a matter of practice, sent to the accounting department and the documents that were provided, were available because the accounting department happened to retain them. The Procurement Manager stated that soon after becoming the procurement manager she attempted to establish a process to keep procurement documents in contract files retained by the Procurement Office, However, it took time for her department to completely comply with this new process. The current Procurement Manager became the manager in FY 2014-15.[123] The following bullet points indicate which contracts did not contain the documents that would have enabled CLA to assess whether the procurement was consistent with all of the requirements of HRS §103D-303.

[122] The documents that would have enabled CLA to make the assessment are the following: Memorandum of evaluation committee appointments, RFP evaluations completed by each member of the evaluation committee, Evaluation Committee Scoring Matrix, copy of acknowledgment of receipt of proposal, copy of registry of proposals.

[123] Of the nine RFP contracts tested, only contract samples K-52 and K-60 were procured in or subsequent to FY 2014-15.

i. For two contracts CLA did not receive the prepared RFP document and therefore was unable to assess whether:[124]

a. The notice of the RFP was issued with proper adherence to HRS §103D-302(c),[125]

b. The number of days between the invitation for bids and the opening of the bids was reasonable,

c. The form of the RFP was in accordance with Board Policy,

d. The RFP included a description of the relative importance of price and other factors considered,[126]

e. A pre-bid conference was held for contracts valued at $100,000 or more,

f. All potential interested bidders, offerors, subcontractors, and union representatives were invited to attend a pre-bid conference, and

g. The term of the contract and condition for renewal or extension were included in the solicitation.

ii. For six contracts, CLA did not receive documents detailing how the RFP notice was published, how the proposals were opened, or that a register of proposals received was prepared and made available for public review (K-04, K-34, K-43, K-45, K-60, K-77 - criteria **[23]** through **[25]**).

iii. For five contracts, CLA did not receive the evaluation matrices that would have allowed CLA to verify that the award was made in writing to the most advantageous vendor after considering price and other factors set forth in the RFP (K-04, K-34, K-43, K-06, K-77 – criteria **[27]**).

See recommendation 23.

3) Compliance with OHA Internal policies and procedures

The internal policies and procedures identified by CLA that address the procurement, approval, and execution of OHA RFP contracts include a review of

[124] The two contracts were K-34 and K-77. (criteria [19], [21], [22], [26], [32], [34], [40])

[125] HRS §103D-302(c) requires that adequate public notice of the invitation for bids shall be given reasonable time before the date set forth in the invitation for the opening of bids.

[126] These contracts were K-34, K-77 and applicable criteria were [19] through [22] and [26].

the RFP, Purchase Requisition, Procurement Document Checklist, Tax Clearance, DCCA Verification submitted by the contractor, use of standard contract, Purchase Order, and Request(s) for Payment on Contract. When a signature was required on a particular document, CLA verified the appropriate signature(s) were obtained based on the Operational Authority Delegation Hierarchy in effect at the time. Refer to **Exhibit 03** for each delegation hierarchy in effect during the period covered by this engagement.

Included below is a summary of the observations for each of the documents reviewed as part of OHA's procurement process.

a) Request for Proposal

i. Five contract files did not contain documentation to confirm that an administrator made a written determination that a competitive sealed proposal was the most appropriate method. Furthermore, the Procurement Document Checklist contained a section to be checked when this step had been completed. These five contracts did not have that box checked (K-19, K36, K-43, K-45, K-77 – criteria **[47]**).

ii. Four contract files did not contain documentation that an Evaluation Committee was utilized to conduct the evaluation (K-04-, K-43, K-60, K-77 – criteria **[48]**).

iii. Two contract files did not include a copy of the RFP document (K-34, K-77 – criteria **[49]**)

iv. Seven contract files did not contain evidence that legal counsel reviewed the RFP prior to the RFP publication. Based on the documentation received, it appears that review by legal counsel prior to the RFP being issued was not documented prior to October 2014. Prior to October 2014, the first document in the procurement process that records review by legal counsel is the Procurement Document Checklist, which is completed prior to executing the contract but well after the RFP was published. Two contracts that were procured after October 2014 (as listed in item *v.* below) contained a document titled Procurement Solicitation Routing form. This form has a location to document legal counsel's review of the RFP. (K-04, K-19, K-34 K-36, K-43, K-45, K-77 – criteria **[50]**).

v. Two RFP publications were not reviewed by legal counsel prior to the RFP publication. These contracts contained a document titled Solicitation Routing Form, which has a location to record legal review of the RFP prior to RFP publication. For these two contracts, the location to record the legal review was left blank. (K-52, K-60 – criteria **[50]**).

vi. Six contract files did not contain evidence that the RFP was published in major newspapers, with the State Procurement Office, and on the OHA website (K-04, K-34, K-43, K-45, K-60, K-77 – criteria **[51]**).

vii. Five contract files did not contain evidence that proposals were fully evaluated as they did not include a completed evaluation form and/or evaluation matrices (K-04, K-34, K-43, K-60, K-77 – criteria **[52]**).

b) Purchase Requisitions

i. One contract file contained three versions of a Purchase Request for one corresponding contract amendment. Although there were several purchase requisitions for the contract amendment, the contract file did not include the purchase request from the time the contract was executed. For this reason, CLA is unable to determine whether the CFO reviewed the budget for verification of funds for the initial contract executed or whether the Purchase Requisition was approved by the appropriate manager (K-77 – criteria **[53]** to **[57]**, **[58b]**).

c) Contracts review process

i. All nine contracts did not have an Accounting Checklist completed. According to Gloria Li, Controller, the Accounting Checklist has not been used in a long time and the Procurement Document Checklist is used instead. The Accounting Checklist was used when purchasing was part of the accounting department, and there was a separate checklist for each group (accounting and procurement). Now that procurement is its own department, only the Procurement Document Checklist is used. The availability of funds is verified on the Purchase Requisition by the Budget Analyst. The CFO's certification of funds is documented on the Purchase Order (criteria **[58a]** and **[59]**).

ii. One contract file contained the original contract executed on the Standard Long Contract format, as required; however, there was evidence that a contract amendment had been approved, but a copy of the amendment was not available. (K-04 – criteria **[64]**).

iii. One contract did not include the signature of the senior staff attorney on the Procurement Document Checklist to ensure compliance with State Procurement Laws for purchases of more than $2,500 (K-43 – criteria **[65]**).

iv. One contract of more than $150,000 was signed by the COO contrary to the Operational Authority Delegation Hierarchy in effect at the time of the contract execution. The Delegation of authority document in effect for the period in which this contract was executed stated that the CEO is responsible for signing program level contracts and amendments of $150,001 and higher. The COO is able to sign contracts

up to $150,000. CLA did not receive a memorandum or any other documentation that would indicate the CEO delegated this authority to the COO for the execution of this contract (K-52 – criteria **[68]**).

d) Request for Contract Payment

i. For one contract, CLA was provided with the payment request and invoice for only the first payment made. There were four additional payments for $30,000 each for which CLA was not provided the payment request, invoice, or deliverables. Payment support was provided for only $30,000 of this $150,000 contract. There was a sticky note on the one payment support that was provided that indicated "contract closed - can't find other payments." (K-19 – criteria **[72]**, **[75]**, **[78]**).

e) Check Issuance

i. Six contract files contained records of payments made that did not contain a stamp on the paid invoice indicating the check number. The OHA Fiscal Procedures Manual, Check Issuance and Distribution Process section (**Exhibit 02** page 114), states that invoices are to be stamped “Paid” and marked with the check number. CLA noticed, for the payments on all contracts, the actual process followed included applying the stamp on the Request for Payment on Contract form, and no stamp was applied or check number recorded on the actual invoice (K-04, K-34, K-45, K-52, K-60, K-77 – criteria **[79]**).

ii. One contract file did not contain an invoice for four of the five payments processed (refer to d. i. above relating to contract sample K-19 – criteria **[79]**).

iii. One contract included a payment that did not have the check number listed on the stamp applied to the Request for Payment on Contract form. The payment process indicates that the invoice will be stamped 23paid and list the check number. As explained above, the paid stamp and notation of the check number, in practice, was taking place on the Request for Payment on Contract form, which was the case for three of the four payments made on this contract. For the final payment totaling $262,293.37, which was paid with check number 58223, the Request for Payment on Contract form did not have a notation of the check number. Additionally, this form contained a note that stated, "Do not mail, pls, fwd check to Miki." Checks should never be forwarded to OHA staff, and always be mailed directly to the vendor (K-36 – criteria **[79]**).

iv. One payment made on one contract contained an error which caused a small overpayment. This contract, after amendment, totaled $297,225, and seven payments were made for the period tested by CLA. One of the seven payments for this contract was for two separate

charges, $1,365.00 and $545.45, for a total invoice of $1,910.45. However, the payment was processed for $545.45 plus $1,910.45, for a total check of $2,455.90. The vendor was paid an excess of $545.45 on this contract, and CLA did not receive evidence that a refund was requested by OHA. This appears to have been an accounting error at the time of entry. Additionally, although the payment process indicates that the invoice will be stamped paid and list the check number, the check number was not listed on the Request for Payment form for this one payment. (K-43 – criteria **[79]**).

See Recommendations 25, 27, 28, 29, 30, 47, 48, and 52.

4) Deliverable was met by the contractor

   a. Four of the nine RFP contract files tested included documentation from the contractor to indicate the contractor completed and provided OHA the deliverables required by the contract terms (K-34, K-36, K-43, K-19 – criteria **[80]**).

   b. One contract did not include documentation from the contractor to indicate that the contractor completed and provided to OHA the deliverables required by the contract terms (K-60). CLA is unable to assess whether the contractor completed the deliverable as required. The following item provides additional information for this contract.

      i. K-60 – OHA Contract #3036 – Helping Hands Hawaii

         This contract was a $1,660,000 contract with Helping Hands Hawaii to operate a statewide delivery system for a financial literacy and multi service referral program, and implementation of services to be provided for Native Hawaiian beneficiaries. This contract was effective from July 1, 2015 to June 30, 2017.[127] The contract manager was still a current member of OHA staff but in a different position. CLA spoke with this employee and was told that the vendor provided the services as detailed in the contract terms and provided the required quarterly fiscal and program progress reports as well as the annual reports. The employee communicated that an attempt would be made again to locate the needed reports; however, these reports were not made available to CLA.

   c. Four contracts contained partial evidence that a deliverable was provided by the contractor. Because only partial evidence that a deliverable was reviewed, CLA is unable to assess whether the contractor completed all

[127] This same vendor had a previous contract with OHA for the same services for the period of August 1, 2013 through June 30, 2015. This previous contract was also selected by CLA as sample number K-34. For K-34, CLA did receive copies of the quarterly fiscal and program progress reports, and annual reports, as required per the terms of the contract.

deliverables as required. The following items provide additional information for each contract.

i. K-52 – OHA contract #3007 - WCIT:

This was a $1,605,532 contract with WCIT Architecture with the ultimate purpose of providing a conceptual master plan for OHA's Kaka'ako Makai parcel to take OHA from the framework plan to the point of being ready to issue an RFP to select a site developer. The contract period was from December 11, 2014, to December 10, 2016. Although the contract manager was no longer with OHA, the current Resource Manager & Land Assets Director was able to provide CLA with details regarding the deliverables provided by the vendor. He communicated that the vendor did provide deliverables that included an environmental impact report. Based on that analysis, the vendor prepared a presentation to the Board of Trustees. Because the deliverables by the vendor were presented to the Board of Trustees in closed session, OHA did not provide them to CLA. Instead, CLA was provided with the November 4, 2015 agenda for the meeting of the Resource Management Committee, which lists in item IV- Executive Session, Kaka'ako Makai Conceptual Master Plan Updates regarding implementation of the Kaka'ako Makai Conceptual Master Plan pursuant to HRS §92-5(a)(4).[128] Because CLA was not able to review the deliverable that appears to have been provided by the vendor, CLA is unable to assess whether the deliverable met the terms of the contract.

ii. K-04 – OHA Contract #2688- Alu Like, Inc.:

This was originally an $830,000 contract executed on July 22, 2011, for the contractor to operate a state-wide delivery system for programs related to: community resource access and assistance, individuals and family asset building, and assets for independence. The time of performance was from July 1, 2011 to June 30, 2012. Based on the payments made, it appears that an amendment was negotiated that added $830,000 to the contract and extended the time of performance for one more year (bringing the total contract value to $1,660,000). However, CLA was not provided with this contract amendment. Additionally, no deliverables were made available to CLA for the original contract or for the period covered under the contract amendment. However, based on the review of documents for the assessment of a new vendor to provide similar services, the work that had been performed by Alu Like, Inc. was discussed.

[128] HRS §92-5(a)(4) states, "To consult with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities." CLA did not assess whether the Executive Meeting session was in accordance with the cited HRS.

iii. K-45 – OHA Contract #2976 – PFK Pacific Hawaii, LLP

This was a $95,000 contract executed on June 19, 2014 for the (1) review of financial statements, audit reports, and other internal and external documents relating to the OHA operations, OHA's LLCs, Board of Trustees Policies and other documents requested by ARM Chair; (2) determine the extent to which budgeted actuals and spending accurately reflect BOT priorities set forth in OHA's strategic plan, action items, and BOT votes; (3) perform analytics to consolidate and transform data into meaningful information to assist the Board in their decision making. The contract stated that invoices must include a detailed breakdown of contractor's time charges and be accompanied by a verbal or written activity report. Only one of the seven invoices tested by CLA had the required detailed breakdown of the contractor's time charged, which was the first invoice. The remaining six invoices did not contain the detailed breakdown, and CLA was not provided with any written reports that may have been submitted by the vendor. CLA inquired with OHA staff; however, OHA did not provide CLA with additional details relating to this contract or communicate to CLA whether the activity reports were submitted to OHA in verbal or written form.

iv. K-77 – OHA Contract #2847 Absolute Plus Advisors

This was a $100,000 contract executed on December 31, 2012, and amended on April 25, 2014 to make the total contract amount $185,000. The contract terms detailed that the contractor was to provide verbal or written quarterly assessments of each Trust Funds Advisor and the entire Trust Fund during regularly scheduled meetings of the Asset and Resource Management Committee and/or the Board of Trustees. OHA was unable to locate any written reports that may have been provided by the vendor or any other supporting documentation to provide evidence of a verbal report. Although the contract required the invoices to be accompanied by a verbal and/or written report identifying the activities, tasks, and/or work product completed, OHA was unable to locate and provide to CLA.

See recommendation 31.

5) Sufficiency of contract oversight

a. Two contracts included documentation from the contractor for CLA to assess that there appeared to be sufficient oversight of the project/work by the contract manager (K-36, K-52). OHA's internal policies and procedures do not indicate the methods that must be used by the contract manager to provide oversight of the contractor's work. Therefore, CLA's assessment was based on whether there was evidence of deliverables from the contractor, invoices provided detail of the work performed, and/or CLA was able to speak with the contract manager to discuss the work performed.

b. Five contracts had an effective date that preceded the contract execution date (K-04, K-34, K-43, K-45, K-60). Executing a contract after the effective date is not a best business practice and provides indication of deficiencies in the contract oversight.

   i. K-04 – OHA Contract #2688 - Alu Like, Inc.

      As mentioned, this was originally an $830,000 contract executed on July 22, 2011, for the contractor to operate a state-wide delivery system for the programs related to: community resource access and assistance, Individuals and family asset building, and assets for independence. The effective date of performance was from July 1, 2011 to June 30, 2012, while the contract was executed on July 22, 2011, which is 21 days after the effective date.[129]

   ii. K-34 – OHA Contract #2926 - Helping Hands Hawaii

      This was a $1,198,000 contract executed on August 2, 2013, for the contractor to operate a statewide delivery system for a financial literacy and multi service referral program, and implement services to be provided for Native Hawaiian beneficiaries. This contract was effective from August 1, 2013 to June 30, 2015, while the contract was executed on August 2, 2013, which is one day after the effective date.[129]

   iii. K-43 – OHA Contract #2963 – Environmental Science International

      This was a $361,959 contract executed on April 14, 2014, for the contractor to provide environmental consulting services for approximately 30 acres in Kaka'ako Makai. The effective date of performance was from March 27, 2014 to December 31, 2016, while the contract was executed on April 14, 2014, which was two weeks after the effective date.[130]

   iv. K-45 – OHA Contract #2976 – PFK Pacific Hawaii, LLP

      This was a $95,000 contract executed on June 19, 2014 for the (1) review of financial statements, audit reports, and other internal and external documents relating to the OHA operations, OHA's LLCs, Board of Trustees Policies and other documents requested by ARM Chair among other services. This contract was effective from May 1, 2014 to June 30, 2015,

[129] According to invoice support, services were provided by the vendor beginning on the effective date.

[130] The first invoice stated that it was for services provided through June 30, 2014. For this reason, CLA is unable to determine when the vendor commenced work for this contract.

while the contract was executed on June 19, 2014, which was more than one month and a half after the effective date.[131]

v. K-60 – OHA Contract #3036 – Helping Hands Hawaii

This contract was a $1,660,000 contract executed on July 10, 2015 for the contractor to operate a statewide delivery system for a financial literacy and multi service referral program, and implementation of services to be provided for Native Hawaiian beneficiaries. This contract was effective from July 1, 2015 to June 30, 2017, while the contract was executed on July 10, 2015, nine days after the effective date.[132]

c. One contract (K-19) did not contain the invoice and payment support for $120,000 of a $150,000 contract with Rider Levett Bucknall, Ltd for the design of management and development framework for the Kaka'ako Makai Land Parcels.[133] Although the deliverables were provided to CLA, there were no invoices that provided detail of the work performed, and CLA was unable to speak with the contract manager to discuss the work performed.[134] For this reason CLA is unable to determine whether appropriate contract oversight existed for this contract.[135]

d. One Contract had several patterns evidencing poor contract oversight (K-77). The original contract with Absolute Plus Advisors was executed on December 31, 2012, for $100,000. One amendment was executed on April 25, 2014 and increased the total contract amount to $185,000.[136]

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[131] According to invoice support, services were provided by the vendor beginning on July 1, 2014, which was after the execution date.

[132] According to invoice support, services were provided by the vendor beginning on the effective date.

[133] There were five $30,000 payments recorded in the general ledger for this contract. The first payment of $30,000 was made at the time of the contract execution, and four other payments of $30,000 each were made with one single check

[134] Another contract by this vendor was tested under sample K-44. Within the support for that contract, there is a statement that communicates an outstanding balance of $130,000, which includes the $120,000 for which no invoices were located and provided to CLA. The contractor appeared to consider the two contracts with OHA, K-43 and K-44, as a single contract (Rider Levett Bucknall Ltd. contract number #2865). The contract tested in sample K-44 appears to be for the presentation of the results from the work performed. If this is indeed the case, this would be additional evidence of insufficient or poor oversight as the original contract provided for the contractor to present findings to OHA project managers and decision-makers upon request.

[135] Although CLA did not receive evidence of the Request for Payment on Contract or of the four corresponding invoices, according to the general ledger, the check was prepared on December 6, 2013, while the final report provided to CLA as evidence of a deliverable was dated November 2013.

[136] The payment terms detailed that monthly payments of a fixed amount would be paid on a specific schedule after the receipt of invoices that include a detailed breakdown of the contractor's time charge

i. The contract had an amendment execution date was after the amendment effective date by one day short of five months.

ii. The contract terms detailed that the contractor was to provide verbal or written quarterly assessments of each Trust Funds Advisor and the entire Trust Fund during regularly scheduled meetings of the Asset and Resource Management Committee and/or the Board of Trustees. As stated in Section 4 above (Deliverable was met by the contractor), no evidence of a deliverable was provided to CLA.

iii. The terms of the contract for this vendor are not clear as to whether the contractor was able to include in the invoices to OHA hours associated with his travel to multiple investment conferences.[137]

iv. The contractor continued to invoice OHA for work performed in 2014, after his initial contract had expired on December 31, 2013. The OHA CFO approved for payment the invoices for January 2014 and February 2014 on March 17, 2014, and the March 2014 invoice on April 9, 2014, which was prior to the amendment execution date of April 25, 2014. Although the payment on these invoices was approved, the payment was not actually processed until May 23, 2014.

The fact that CLA could not review the deliverables along with the fact that a contractor continued to perform work, and have his invoices approved by the contract manager (CFO), provide evidence that this contract did not have appropriate monitoring and oversight.

See recommendations 31, 32, 33, and 34.

6) There was no evidence of fraud, waste, or abuse

A review of the documents for two of the contracts tested in this area identified red flags or indicators that indicate a possibility of fraud, waste, or abuse. The identification of a red flag or indicator does not, on its own, confirm that fraud, waste, or abuse did occur. This section simply identifies the observations made by CLA during the testing that can be indicators of fraud, waste, or abuse, and, therefore, CLA is not making a conclusion as to the existence of fraud, waste, or

attributable to the particular billing period and that receipts evidencing actual costs and expenditure should accompany monthly invoices.

[137] The contract specified fixed monthly payments of $8,333.33 similar to a retainer. Therefore, regardless of the number of worked hours listed, the payment was the same. The lowest number of hours were incurred in January 2014, which listed nine hours. The greatest number of hours were incurred in March 2014 for 72 hours (40 of those hours were for attendance to conferences), and June 30, 2014 for 73 hours. The fixed monthly payments did not increase regardless of travel. The travel locations included domestic travel to New York, Chicago, Colorado, Florida, California, and Massachusetts. International travel included London, England.

abuse. Additional investigation of each contract would be required, which was beyond the scope of this engagement.

There were four contracts for which CLA did not receive sufficient documentation in order to make an assessment regarding indicators of fraud, waste, or abuse.[138] For each of these contracts, several documents were not available to CLA, including, procurement process documents, support for invoices and/or payments, and/or support for deliverables (K-04, K-19, K-45, K-60).

For two contracts CLA identified indicators of fraud, waste, or abuse as follows:

a. K-52 – OHA Contract #3007 – WCIT Architecture

The contract with WCIT Architectures was executed on December 11, 2014 for $2,925,752. The contract period was from December 11, 2014, to December 10, 2016. According to the language included in the scope of services section of the contract, the purpose of this Conceptual Master Plan Contract was to take OHA from the Framework Plan to the point of being ready to issue an RFP to select a site(s) developer. Although CLA was not provided with the deliverable, OHA communicated that one was provided. Assuming the deliverable was made on time, with a contract end date of December 10, 2016, OHA should have been prepared to issue an RFP to select a site(s) developer shortly after. However, as further explained below, the purpose of this contract does not appear to have been accomplished.

i. According to the OHA website page dedicated to the progress on the Kaka'ako Makai parcel, the Kaka'ako Makai parcel conceptual plan was to be completed before the end of 2015. The Environmental Impact Statement would take place in 2015/16, followed by the Permitting in 2016/17. By the beginning of 2018, the development process would have been started.

ii. According to the current Resource Manager & Land Assets Director, the contract was allowed to expire before all of the work listed in the contract was completed because OHA planned to complete these steps internally.[139]

iii. According to the November 4, 2015 agenda for the meeting of the Resource Management Committee, a presentation was given by the vendor in Executive Session. It appears that the results may have been provided by the vendor on this date, which is consistent with the timeline

[138] These four were identified with "DM" for documents missing.

[139] The current Resource Manager & Land Assets Director stated that OHA continues to work towards accomplishing this objective.

presented on the OHA website; however, there is no evidence that the next steps in the process were accomplished as described.

The purpose of this contract was not, and has not been, accomplished as of the date of this report, which is approximately four years after the work appears to have been completed by the vendor. This raises a concern of possible waste relating to the total paid to the contractor under this contract, as there is a possibility that circumstances may have changed in the last four years that would render some, if not all, of the work performed by the contractor as obsolete.[140]

b. K-77 – OHA Contract #2847 – Absolute Plus Advisors

The contract with Absolute Plus Advisors was executed by OHA on December 31, 2012, for $100,000, and an amendment was executed on April 25, 2014 which increased the total contract amount to $185,000. OHA paid a total of $181,499 toward this contract.

Absolute Plus Advisors was retained by OHA to provide verbal or written quarterly assessments of each Trust Funds Advisor and the entire Trust Fund during regularly scheduled meetings of the Asset and Resource Management Committee and/or the Board of Trustees as well as other financial advisory-related services. The following observations were made by CLA pertaining to this contract.

i. None of the documents related to the RFP procurement process were provided to CLA, such as the appointment of an evaluation committee, copy of the RFP, evidence of publication of RFP, copy of register of proposals, and evaluation committee recommendations to hire.

ii. A purchase requisition was not provided for the original contract.

iii. Evidence of a deliverable was not provided for this contract.

[140] Other observations made on this contract include failure by legal counsel to review the RFP prior to publication (Criteria [50]), and the CEO did not sign this contract, and there was no evidence that a delegation of authority was made to the COO who signed the contract outside of authority (criteria **[68]**). This contract contained more procurement-related documents than the rest of the RFP contracts tested. Note that design professional services furnished by licensees under chapter 464, which includes architects, must be procured pursuant to HRS §103D-304 – Procurement of Professional Services or HRS §103D-307 – Emergency Procurements. However, although the name of the company is WCIT Architecture, the services requested in the RFP extended beyond architecture services and required collaborations by a financial analyst, master planner, environmental/land use planner, and public relations and community outreach. For this reason, it appears appropriate to CLA that this contract was procured through the RFP method instead of the professional services procurement method.

iv. Contract amendment was executed approximately five months after the contract effective date.

v. Poor contract oversight included the CFO's approval of three invoices for time incurred past the original contract expiration date and prior to the execution of the contract amendment.

The lack of documentation related to the hiring of this vendor raises the question of whether this contract was procured properly. The lack of evidence of a deliverable, and the various other observations, suggests that the contract was not managed properly. The totality of the observations for this contract suggest a greater risk of possible fraud, waste, or abuse.

See recommendations 35 and L10.

c) Professional Services Contracts

CLA tested 14 contracts procured by OHA using the Professional Services procurement method. HRS §103D-304 provides the requirements for the procurement of professional services. HRS §103D-304 is one of multiple options that State governmental agencies have for the procurement of professional services.[141] A copy of HRS §103D-304 is included in **Exhibit 14**. Section 2.2.1.8 Professional Services within the OHA Fiscal Procedures manual, revised March 2, 2009, contains the process outlined for the procurement of professional services.

A detailed list of the applicable HRS rules and OHA policies and procedures identified by CLA to test the procurement, approval, and execution of OHA professional services contracts is included in **Attachment 07**. As part of this testing, criteria [19] through [38] and [44] to [46] were used by CLA to determine if the services were procured in accordance with the required HRS rules and OHA policy. OHA's Fiscal Procedures Manual, revised March 2, 2009, Figure 2.2.1.8 identifies the process for procuring professional services (see **Exhibit 02**, page 70). The professional services method of procurement requires various steps, which were tested as part of CLA's procedures.

Included in below is a summary of the results identifying for each criteria tested the number of contracts (1) with missing document(s), (2) with observations resulting from the test work, and (3) without observations. Included below the table is a discussion of the more significant observations from CLA's testing, which were used to assess whether there were red flags or indicators of possible fraud, waste, or abuse. **Attachment 07** includes a table containing the results at the contract level and tickmarks explaining each observation for a contract.[142]

Table 8: Summary of Results – Professional Services Contracts[143]

Description of Criteria Tested		Contracts with Missing Documents	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §84: Standards of Conduct					
HRS §84-14: Conflicts of Interest					
[1]	Employees selecting the contractor did not have a financial interest.	6	0	8	14

[141] Professional services may also be procured in accordance with sections 103D-302, 103D-303, 103D-305, 103D-306, 103D-307, or this section, provided that the services of engineers, architects, surveyors, and landscape architects be procured using this section or HRS §103D-307.

[142] Tickmarks serve as a reference and can be thought of as footnotes that provide additional detail. In **Attachment 07**, tickmarks for professional services contracts tested are numbered with the letter "C" as the prefix to correspond to this section of the report and are included in red font to be easily identified. For example, observation **C01** is the first observation tickmark for OHA's professional services contracts.

[143] The quantity of observations listed in the table correspond to the number of contracts with at least one observation. Some contracts may have more than one observation for a particular testing criteria; however,

	Description of Criteria Tested	Contracts with Missing Documents	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[2]	Employees selecting the contractor were not engaged by the contractor as legal counsel, advisor, consultant, representative, or other agency capacity.	6	0	8	14
HRS §84-15 & §84-18 : Contracts					
[3]	The contract was not with a legislator or employee who has controlling interest.	0	0	14	14
[4]	If the contract was with a legislator or employee who has controlling interest, alternative criteria were met.	0	0	14	14
[5]	The person or the business entering into contract with OHA was not represented by a person employed by OHA in the preceding 2 years who was employed by OHA for more than 181 days in the preceding year.	0	1	13	14
[6]	If the person or business entering into contract with OHA was represented by a person employed by OHA in the preceding 2 years, the person did not participate in the matter with which the contract is directly concerned.	0	1	13	14
HRS §103D: Hawai'i Public Procurement Code					
HRS §103D-101(a) & (b): Requirements of Ethical Public Procurement					
[7]	No evidence was observed of OHA employee(s) not acting as a fiduciary of public funds.	1	0	13	14
[8]	No evidence was observed of OHA employee(s) not remaining independent of bidder, offer or, contractor, or business.	1	1	12	14
[9]	No evidence was observed of OHA employee(s) not acting only in the public interest.	1	0	13	14
[10]	No evidence was observed of disobedience to of statutes and administrative rules relating to public procurement.	1	1	12	14
[11]	No evidence was observed of inefficiencies in the public procurement process.	1	1	12	14
[12]	No evidence was observed of persons not afforded an equal opportunity to compete in a fair environment.	1	13	0	14
[13]	No evidence was observed of intent or appearance of unethical behavior.	1	1	12	14
[14]	No evidence was observed of social interactions with actual/prospective bidder.	1	1	12	14
[15]	No evidence was observed of a failure to maintain confidentiality in a manner that ensures a fair procurement process.	1	1	12	14
[16]	No evidence was observed of a failure to remain impartial in dealings with actual or prospective bidders, offeror, contractor, business, or interested parties.	1	1	12	14
HRS §103D-101(c): Requirements of Ethical Behavior					
[17]	No evidence was observed of a failure to identify and eliminate conflict of interests for this contract.	1	1	12	14
[18]	No evidence was observed that any party involved in the negotiation, performance, or administration of this contract did not act in good faith.	1	1	12	14

the contract will be counted only once. Therefore, the total number of observations discussed after the table for a particular criteria may sum to a total that is greater than what is listed in the table.

	Description of Criteria Tested	Contracts with Missing Documents	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §103D-304 Procurement of Professional Services					
[19]	Professional service was procured in accordance with 103D-302 (Competitive Sealed Bidding), 103D-303 (Competitive Sealed Proposal), 103D-305 (Small Purchases and P-Card), 103D-306 (Sole Source Procurement) or 103D-307 (Emergency Procurement), if not in accordance with this section, 103D-304.	0	0	14	14
[20]	Professional engineers, architects, surveyors and landscape architects were procured using this section, 103D-304 (Procurement of Professional Services) or 103D-307 (Emergency Procurement).	0	0	14	14
[21]	Contract was awarded on basis of competence/qualifications to provide required services at fair and reasonable prices.	6	0	8	14
[22]	Notices were published before the beginning of each year inviting professional service organizations to submit statements of qualifications and expressions of interest.	0	14	0	14
[23]	The selection committee was of sufficient education/training/licensure designated to review the professional service providers.	6	0	8	14
[24]	Steps were taken to ensure the review committee members and the selection committee members would be impartial and independent in their review and selection of professional service providers.	6	8	0	14
[25]	The names of individuals designated to the Review Committee were noted in the contract file.	6	0	8	14
[26]	The Selection Committee's selection criteria was employed in descending order of importance by relevant experience, past performance or similar projects, and capacity.	6	0	8	14
[27]	The Selection Committee rankings, as well as a summary of qualifications that make up the ranking, were provided to the head of purchasing.	6	0	8	14
[28]	The contract was awarded to the first-ranked person.	0	6	8	14
[29]	The contract included fair/reasonable terms of compensation considering the scope and complexity of services to be rendered.	0	0	14	14
[30]	If other than first-ranked was selected, the documentation that supported selection of the next-ranked person (or other-than-first person) was included with the contract.	2	4	8	14
[31]	Contracts in excess of $5,000 were posted (for public review) within 7 days after the contract was awarded.	0	14	0	14
[32]	The Selection Committee's rankings were included in the posting.	0	14	0	14
[33]	The organization receiving the award was included in the posting.	0	14	0	14
[34]	The dollar amount of the contract was included in the posting.	0	14	0	14
[35]	The name of the designee(s) making the selection was included in the posting.	0	14	0	14
[36]	Any existing relationships between the principals of the service provider and the official making the award decision were included in the posting.	0	14	0	14
[37]	Contracts of less than $100,000 ($250,000 for construction projects) were properly reviewed by the head of the purchasing agency, or designee, with at least two persons on the Selection Committee.	3	0	11	14
[38]	Contracts that were in excess of $100,000 were not unnecessarily split or parceled out to allow for this method of contract approval.	0	0	14	14

	Description of Criteria Tested	Contracts with Missing Documents	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §103D-315: Multi-Term Contracts[144]					
[39]	The terms of the contract and conditions for renewal or extension were included in the solicitation.	0	14	0	14
[41]	For multi-year contracts, it was determined in writing that the estimated requirements cover the period and are reasonably firm and continuing	0	0	14	14
[42]	For multi-year contracts, it was determined in writing that such contracts serve in the best interest of OHA.	0	0	14	14
[43]	For multi-year contracts, it was determined in writing that sufficient funds to pay for the initial term of the contract are available and funds necessary for the remaining terms are likely to be available from sources identified in writing.	0	0	14	14
P-10: OHA Purchase and Procurement Procedures, revised March 2009					
2.2.1.8: Professional Services[145]					
[44]	Professional services were solicited no later than May of each year.	0	14	0	14
[45]	A procurement notice was issued requesting proposals from the appropriate service providers.	0	14	0	14
[46]	Notices were posted on the Procurement Notices System and in major newspapers.	0	14	0	14
2.2.2.1: Purchase Request					
[47]	A Hale Director or Deputy Administrator identified the need to create a Purchase Requisition.	1	0	13	14
[48]	The Purchase Requisition complied with the OHA Procurement Policy.	1	0	13	14
[49]	The Purchase Requisition documented the availability of funds for the procurement.	1	0	13	14
[50]	The Purchase Requisition was approved by the appropriate manager as per the delegation of authority document.	1	0	13	14
2.2.4: Grants, Procurement, and Contracts Review Process					
[51]	A complete Purchase Requisition was submitted by a designated representative for the review process.	1	0	13	14
[52]	**[a]** An Accounting Checklist was submitted.	0	13	1	14
	[b] Funds were verified by the Budget Analyst.	1	0	13	14
	[c] Funds were certified by the CFO.	0	0	14	14
[53]	The CFO certified the availability of funds on the Accounting Checklist.	0	13	1	14
[54]	Unless not required by statute, the contractor submitted a Tax Clearance to OHA prior to executing the Purchase Order.	0	2	12	14
[55]	A Procurement Document Checklist was submitted and signed by a Hale Manager.	2	2	10	14
[56]	The owner of the business (except for sole proprietorships, charitable organizations, unincorporated associations, and foreign insurance companies) submitted a DCCA Verification showing Proof of Good Standing with the State of Hawai'i.	0	2	12	14

[144] Criteria [40] was also tested here but is excluded as it was used by CLA to document whether the contract was a multiyear contract.

[145] Criteria [23] and [27] were also tested as part of OHA's Fiscal Procedures Manual (revised March 2, 2009) section 2.2.18. Professional Procedures, but are not shown here to avoid duplication.

Description of Criteria Tested		Contracts with Missing Documents	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[57]	The Hale Manager or Grants staff submitted a Standard Long Form Grant Agreement or Contract for Purchase of Services.	0	0	14	14
2.2.4.2: Purchase of Goods and Services Review Process[146]					
[58]	The standard contract was used for the purchase of services and it included all of the provisions outlined in the Standard Long Contract.	0	5	9	14
[59]	The senior staff attorney signed the Procurement Document Check List to ensure compliance with State Procurement Laws for purchases of more than $2,500.	2	2	10	14
[60]	The senior staff attorney signed the contract.	0	0	14	14
[62]	The appropriate signatures were obtained on the contract based on Operational Authority Delegation Hierarchy revised 12/12/12, 5/19/15, and 10/21/15, as applicable.	0	2	12	14
2.2.5.2: Receiving on a Purchase Order[147]					
[65]	The Purchase Order was reviewed and signed by the Controller or the CFO as applicable.	0	0	14	14
[66]	The Request for Contract Payment, signed by the Hale Director for contracts, or a receipt of goods/services was received.	0	3	11	14
2.2.7.3: Contract Payment Process[148]					
[69]	The Request for Payment on Contract was reviewed and signed by the Hale Director and Administrator, or Deputy Administrator, as applicable.	0	2	12	14
[72]	The payment was approved by the appropriate level based on Operational Authority Delegation Hierarchy revised 12/12/12, 5/19/15, and 10/21/15, as applicable.	0	2	12	14
2.2.7.5: Check Issuance					
[73]	The invoice was stamped "Paid" and marked with the check number.	0	14	0	14
Other Testing Results					
[74]	Deliverable was met by the contractor	1	4	9	14
[75]	There was sufficient oversight of project/work by the contract monitor/manager	0	12	2	14
[76]	There was no evidence of fraudulent or wasteful disbursements	1	3	10	14

Within each observation, CLA has listed the OHA contract sample number with that particular observation. The specific contract number and a more detailed discussion

[146] Criteria [61], [63] and [64] were also tested here but are excluded as they were used by CLA to document the name of the individual approving the Purchase Requisition and the date of the approval; however, this information is not necessary to report the final results of the testing.

[147] Criteria [67] and [68] were also tested here but are excluded as they were used by CLA to document the name of the Hale Director or Administrator (Deputy Administrator) and the date of receipt of services; however, this information is not necessary to report the final results of the testing.

[148] Criteria [70] and [71] were also tested here but are excluded as they were used by CLA to document the Hale Director or Administrator (Deputy Administrator) approval and date of approval; however, this information is not necessary to report the final results of the testing.

of the observation can be found by referring to **Attachment 07**. Each observation also includes a reference to the applicable criteria listed in the table above.

1. Compliance with HRS §84: Standards of Conduct

    a. HRS §84-14: Conflicts of Interest (criteria **[1]** and **[2]**)

    Six contract files (K-03, K-05, K-16, K-17, K-55, K-67) did not contain the names of the selection committee members or a signed affidavit indicating no personal, business, or any other relationship that would influence their decision. For this reason, CLA was unable to assess whether the selection committee members had a financial interest in the contractor or were engaged as legal counsel, advisor, consultant, representative, or other agency capacity.

    b. HRS §84-15(a): Contracts (criteria **[3]** and **[4]**)

    Based on the procedures performed and publicly available information, CLA did not identify information that provides evidence of a contract with a legislator as defined under HRS §84-15(a).

    c. HRS §84-15(b) and HRS §84-18(c) and (e): Restrictions on Post Employment (criteria **[5]** and **[6]**)

    One contract was identified by CLA as possibly not compliant with HRS §84-18(c), which states, "no former employees, within twelve months after termination of the former employee's employment, shall represent any person or business for a fee or other consideration, on matters in which the former employee participated as an employee or on matters involving official action by the particular state agency or subdivision thereof with which the former employee had actually served. This section shall not apply to a task force member who, but for the service as a task force member, would not be considered an employee." Section (e) further clarifies that this section shall not apply to any person who is employed by the state for a period of less than one hundred and eighty-one (181) days.

        i. K-56 – OHA Contract #3025 - Reed Smith LLC

        Reed Smith LLP submitted a Statement of Qualifications to OHA dated September 27, 2013 that listed Breann Nu'uhiwa as the attorney that would provide professional services relating to non-litigation legal expertise. Ms. Nu'uhiwa was employed by OHA from April 23, 2012 through September 4, 2013. This proposal was submitted less than one month after Ms. Nu'uhiwa left her employment with OHA. Reed Smith LLP was approved on October 3, 2013 as one of the professional service providers under the legal category. This contract with Reed Smith LLP was not executed until May 5, 2015; however, it was effective retroactively to September 7, 2014. Although the effective date of the contract was more

than one year after Ms. Nu'uhiwa left her employment with OHA, CLA learned through inquiry with current OHA staff that Ms. Nu'uhiwa provided "pro-bono" services to OHA during the first year after her separation from OHA.

Table 9 included on page 103 includes a detailed timeline of the events and documents pertaining to this contract. Based on this timeline, the Purchase Requisition was approved for this contract on September 5, 2014, prior to the Professional Services Review Committee making its recommendation on vendors to include in the listing of professional service providers for the 2014-15 year. Reed Smith LLP had submitted a Statement of Qualifications for the 2013-14 fiscal year, but not for the 2014-15 fiscal year. Therefore, it appears that the hiring of Reed Smith LLP in fiscal year 2014-15 was based on the Statement of Qualifications and approved vendor list from the prior year. There are other inconsistencies and timing issues with the documents pertaining to this contract that are outlined in Table 9.

Although Reed Smith LLP did not invoice OHA for the "pro-bono" time spent by Ms. Nu'uhiwa working for OHA, Reed Smith LLP was awarded a contract effective on September 7, 2014, just over one year after Ms. Nu'uhiwa's departure from OHA. And the process to award the contract did not follow the process required by HRS §103D-304 or OHA's internal policies and procedures. This raises a concern of whether the work that was performed on a "pro-bono" basis by Ms. Nu'uhiwa within one year of separation from OHA was performed in exchange for receiving this contract from OHA once the year had elapsed. If so, it could be perceived that this is a form of consideration given by OHA, which is not allowed under HRS§84-18(c). There were other observations regarding the procurement process for this contract which are discussed in the next section.

See Recommendations 36, 37, and 38.

2. Compliance with HRS §103D – Hawai'i Procurement Code (criteria **[7]** through **[46]**)

   Based on the documentation provided relating to the professional services procurement process, all of the tested contracts had one or more observations related to HRS §103D. The observations are organized based on each applicable subsection of HRS §103D.

   <u>HRS §103D-101(a), (b), and (c) – Requirements of ethical public procurement (criteria **[7]** through **[18]**)</u>

   a. One contract contained evidence indicating that several of the requirements for ethical public procurement were not adhered to during the procurement

process (K-56). This contract with Reed Smith LLC was executed on May 5, 2015 for $200,000. The following table provides a timeline of important dates pertaining to this contract.

Table 9: Timeline of Important Dates Relating to Contract with Reed Smith LLC (3025)

Sequence Number	Date	Description of Event
1	4/23/2012	Ms. Nu'uhiwa was employed by OHA as the Chief Advocate from 4/23/2012 to 8/30/2013.[149]
2	9/6/2013	This was the last day of Ms. Nu'uhiwa's employment with OHA, according to Raina Gushiken, OHA's Senior Staff Attorney.
3	9/27/2013	Statement of Qualifications submitted by Reed Smith LLP, which included Ms. Nu'uhiwa as the "key contact" for Reed Smith LLP. Ms. Nu'uhiwa was the only attorney for whom a biography was included in the Statement of Qualifications. Her employment history did not list employment with OHA, and the first reference provided included Dr. Crabbe, OHA's CEO. The executive summary included in the Statement of Qualifications stated that the service provider understood that OHA anticipated the need for legal services from 7/1/2013 to 6/30/2014.
4	10/2/2013	The Professional Service Review Committee recommended that the CEO approve Reed Smith LLP (Ms. Nu'uhiwa) for the category of Legal Services - Native Hawaiian affairs.
5	10/3/2013	The CEO approved the Professional Services Review Committee Recommendation; however, a contract was not established at this time. According to OHA's Senior Staff Attorney, Ms. Nu'uhiwa provided services to OHA on a "pro-bono" basis during the one year after her employment ended with OHA.
6	8/26/2014	The Purchase Requisition was prepared for the 2014/15 contract listing an expected amount of $200,000 and estimated start date of 9/7/2014.
7	9/5/2014	The Purchase Requisition was approved by the CFO for $200,000 of legal services for advocacy in the areas of Native Hawaiian self-governance and language immersion education.
8	9/7/2014	This was the contract's effective date for a contract amount of $200,000 for the provision of legal services. The contract stated that $112,500 would be paid upon contract execution. The contract stated that payment of a retainer ($112,500) did not release the contractor from the obligation to provide detailed statements for itemized costs and expenses.
9	9/15/2014	The memorandum of appointment of Professional Services Selection Committee members lists the following members: 1) Albert Tiberi, 2) Kawika Riley, and 3) Ernie Kimoto.
10	9/16/2014	The CEO approved the appointment of the Professional Services Selection Committee members.
11	11/5/2014	In an email, Wendell Tengan, Procurement Specialist, expressed concern that he, "did a quick check of Gerald's desk and only found a PR copy and an email from you [Shirley Okamoto] saying that this procurement should be on a fast track because of a start date of 9/7/2014 (already past)]. The appointment form should have been completed before the evaluations." The response by Shirley Okamoto was, "That is what Gerald provided."
12	11/6/2014	An interoffice memorandum communicated that for the category of legal services - Native Hawaiian Affairs for Project: Advocacy-Native Hawaiian

[149] The listed dates of employment were obtained from an OHA-provided list of Program Managers from July 1, 2011 to June 30, 2016.

Sequence Number	Date	Description of Event
		Self Governance/Hawaiian Language immersion education, there were six vendors recommended for professional Services (one of the vendors listed was Reed Smith LLP).
13	11/14/2014	The Procurement Document Checklist was prepared and identified the contract as an "Exempt Purchase" citing § 103D-102(b)(4)(J). None of the boxes that would indicate that the appropriate documents were completed were checked.
14	12/6/2014	The Procurement Document Checklist prepared on 11/14/2014 was signed by the Senior Corporate Counsel.
15	5/5/2015	The CEO signed the contract for $200,000 with $112,500 due upon contract execution. The contract execution date was 5/5/2015 while the effective date was 9/7/2014.
16	5/11/2015	The Authorization to Proceed with Contract form was signed by the procurement specialist, Wendell Tengan, and by the CFO, Hawley Iona. This form listed the contract effective date of 9/7/2014.
17	5/15/2015	The Procurement Package Checklist was completed and signed by the procurement specialist, the procurement manager, and the controller. It listed the procurement as Professional Services (not as Exempt Purchase).
18	5/21/2015	The Purchase Order was established indicating an exempt purchase under 103D-102(b)(4)(J) and listing a payment of $112,500 upon contract execution.
19	6/3/2015	The Request for Payment on Contract form was stamped "paid." The CEO approved it on 6/2/2015 and the payment of $112,500 was issued on 6/3/2015.
20	12/31/2015	A DRAFT invoice dated 12/31/2015 communicated charges incurred from 9/10/2014 through 9/30/2015 totaling $84,728.42. The contract file did not contain a final invoice and current OHA employees were unable to locate a final invoice.
21	2/1/2016	A Request to Close a Purchase Order form was completed for this contract. No other payments aside from the initial $112,500 payments were made.
22	5/31/2017	Reed Smith LLP refunded OHA $27,771.58 (the difference between the amount of the retainer payment and the amount of the draft invoice). A cover letter dated 5/31/2017 stated, "we are now returning the balance as no current work is being done on this matter."

Explained below are the indicators that this contract may not have been procured in adherence with the requirements of ethical procurement required by HRS §103D-101.

i. Employees of OHA may not have been impartial or independent during the procurement process (criteria **[8]** and **[16]**).

   Ms. Nu'uhiwa was the main provider of professional services for this contract that was executed for $200,000. The individuals appointed to be on the Professional Services Selection Committee in 2014, when the contract was established, were Albert Tiberi, Kawika Riley, and Ernie Kimoto. While Ms. Nu'uhiwa was employed by OHA, Mr. Riley was her direct report. Because they had a recent working-relationship, it may have been difficult to remain impartial during the evaluation of all of the applicants.

On November 13, 2014, the CEO, approved the Professional Service Selection Committee recommendation dated November 6, 2014, and executed the contract on May 5, 2015. The CEO was listed as the first reference in the Statement of Qualifications submitted by Reed Smith LLC to OHA. This raises the question of whether the CEO remained independent of the contractor, not only because Ms. Nu'uhiwa had been employed by OHA during his time as CEO, but also because he was the first listed reference in the contractor's proposal.

ii. Based on the information presented for this contract, there is sufficient evidence to determine that an ethical procurement process was not followed for this contract. Therefore, it appears that the procurement of this contract did not comply with criteria **[8]** and criteria **[10]** to **[18]**. Discussed below are some examples of the failure to meet the listed criteria.

a) It appears the Selection Committee Appointment form was backdated, which may be an indication of unethical behavior (criteria **[13]**).

The contract file contained an email dated November 5, 2014, from a procurement specialist stating the he had reviewed the Procurement Managers desk and located only the Purchase Requisition and a copy of an email that stated that this procurement should be on a fast track because of a start date of September 7, 2014, which had already past, and the Selection Committee Appointment form should have been completed prior to the evaluations.[150] The Selection Committee Appointment form located in the contract file was dated September 15, 2014, which appears to indicate that the selection committee appointment form may have been back-dated, which may be an indication of unethical behavior.

b) The contract effective date was prior to the Selection Committee Recommendation, which may be an indication of unethical behavior (criteria **[13]**).

On November 6, 2014, a memorandum communicating that for the category of legal services – Native Hawaiian Self Governance/Hawaiian Language immersion education, there were six vendors recommended for professional services for the 2014/15 year, including Reed Smith LLC. However, based on the totality of documentation reviewed, it appears that a decision had been made to hire this vendor well in advance of this memorandum based on the fact that the contract was effective as of September 7, 2014 and on

[150] The email by Mr. Tengan appears to indicate that the Selection Committee Appointment had not been completed prior to the evaluations being conducted.

the fact that the draft invoice communicated work performed as early as September 10, 2014. This appears to be an indication of disobedience to statutes and of unethical behavior.

c) There was a possible attempt to disobey HRS §103D-304 (criteria **[10]**)

In contradiction to the majority of the procurement documents included in the contract file that relate to a procurement of professional services, the Procurement Document Checklist prepared on November 14, 2014, and signed by legal counsel on December 16, 2014, describes this contract as an exempt purchase under HRS §103D-102(b)(4)(J). The Purchase Order completed on May 1, 2015, also identifies this contract as an exempt contract. HRS §103D-102(b)(4)(J) sates, "to procure…goods or services which are available from multiple sources but for which procurement by competitive means is either not practicable or not advantageous to the State: Services of attorneys employed or retained to advise, represent, or provide any other legal service to the State or any of its agencies, on matters resulting under laws of another state or foreign country, or in an action brought in another state, federal or foreign jurisdiction, when substantially all legal services are expected to be performed outside of this state." Because Ms. Nu'uhiwa's services did not include services provided for matters resulting under the laws of another state, federal or foreign country, or in an action brought in another state, federal or foreign jurisdiction, it appears that if this contract was in fact processed as an except contract, it was by inappropriate utilization of the cited exemption.[151]

d) Evidence was observed of persons not afforded an equal opportunity to compete in a fair environment (criteria **[12]**)

The contract was executed by the CEO on May 5, 2015, with a contract effective date of September 7, 2014, however, the required "Authorization to Proceed with Contract" was not signed by the procurement specialist and the CFO until May 11, 2015, and the procurement package checklist was not completed until May 15, 2015. The contract should not have been executed prior to these two

[151] Smith Reed LLC's office where Ms. Nu'uhiwa worked was in California. However, the services to be provided relate to non-litigation legal advice to OHA in connection with OHA's advocacy in the areas of Native Hawaiian governance and Hawaiian language immersion education. Therefore, although her office was in California, it appears that the matters for which she was retained did not result under the laws of another state, federal or foreign country, or in an action brought in another state, federal or foreign jurisdiction.

documents being completed. This fact pattern is evidence of disobedience to statutes and unethical behavior.

b. Thirteen contracts lacked sufficient evidence to determine whether persons were afforded an equal opportunity to compete in a fair environment. (criteria **[12]**)

   i. Based on the observations noted in "a" above relating to K-56, it is reasonable to conclude that persons were not afforded an equal opportunity to compete in a fair environment for that specific contract.
   ii. The remaining 12 contracts for which CLA could not verify criteria **[12]** are discussed below, as criteria **[12]** was tested together with criteria **[22]**.

c. One contract file did not contain most of the documentation relating to the procurement process (K-67 – criteria **[7]** to **[18]**).

   K-67: Contract #3058 with the Native Hawaiian Legal Corporation was executed on August 14, 2015, with effective dates of July 1, 2015, to June 30, 2017, for $2,097,600. This vendor was listed in the Professional Service Review Committee recommendation, dated July 30, 2015, under the section "34. y. Native Rights," as one of six service providers. The contract files did not include the Selection Committee documents such as (1) Memorandum to CEO to appoint the Selection Committee, (2) evidence that the Procurement Officer ensured the impartiality and independence of committee members, (3) the Selection Committee individual scoring sheets, (4) the Selection Committee Scoring Matrix, and (5) a Memorandum to the CEO recommending the top three ranked candidates with the CEO's approval.

   Although the first step in the procurement of professional services was documented within the Professional Services binder, where the list of qualified professionals is maintained, there was no documentation of the selection process.[152] The appropriate process would have been for an administrator to designate a Selection Committee, the Selection Committee evaluate the statements of qualifications of the qualified professionals on the approved list for the type of service needed, and the Selection Committee rank at a minimum three providers using the selection criteria. CLA discussed with the Procurement Manager about the review process and the selection process. The Procurement Manager stated that OHA had not been very consistent in the past, and the process at times was simply selecting a vendor from within the list of approved professional services providers.

[152] The Professional Services binder includes the listing of the qualified professionals for the year.

HRS §103D-304 – Procurement of Professional Services (criteria **[19]** through **[38]**)

a. All 14 contracts tested did not contain evidence of the published Notice to Providers of Professional Services (criteria **[12]**, **[22]**, **[44]**, **[45]**, **[46]**)[153]

   HRS §103-304(b) Procurement of Professional Services: Requires that at a minimum, before the beginning of each fiscal year, the head of each purchasing agency shall publish a notice inviting persons engaged in providing professional services, which the agency anticipates needing in the next fiscal year, to submit current statements of qualification and expressions of interest to the agency.[154] Although documentation exists showing that OHA prepared to publish notices to providers of professional services, there is no evidence in the professional services binder that the notice was published.[155] The Procurement Manager explained that although the publication is made annually, evidence of the publications is normally not included in the Professional Services binder for the year. For this reason, CLA can only determine that it appears that this process was followed; however, CLA was unable to verify this process for any of the 14 professional services contracts tested.

b. One contract file contained a Statement of Qualifications and Expression of Interest by the professional service provider for the prior year, but not for the year in which the contract was established (criteria **[12]**, **[22]**).

   K-28: A $2,097,600 contract with the Native Hawaiian Legal Corporation was executed on July 3, 2013, for services relating to Native Hawaiian rights. Based on the responses from applicants, it appears that this notice was published; however, the Statement of Qualifications and the Expression of Interest from this vendor included in the contract file appears to be responsive to the prior year's publication for consideration in the year 2012/13 and not for the year 2013/14, which is the year when the contract was actually awarded. Furthermore, no Selection Committee scoring matrix

[153] Criteria [44], [45], and [46] pertain to OHA's internal policy but are closely related to criteria [12] and [22] and for that reason are discussed in the same section.

[154] OHA policy requires that providers of professional services be solicited no later than May of each year prior to the beginning of the next fiscal year. Supplemental notices may be given if the response to the initial notice is inadequate, the response to the initial notice does not result in adequate representation of available sources, or if new needs for professional services arise.

[155] Evidence of OHA's preparation is the annual memorandum to all OHA programs requesting a listing of the professional services they anticipate needing in the following year, with a statement that the Notice to Providers of Professional Services will be published in the Honolulu Star and posted on the state Procurement Notices System (PNS) website before the deadline (before the beginning of the new fiscal year).

was provided for CLA's review even though the vendor was included on the list of professional service providers for both 2012/13 and 2013/14.

c. Documentation to verify the following criteria in accordance with HRS §103D-304 was not provided for six contracts (K-03, K-05, K-16, K-17, K-55, K-67), as the Selection Committee documentation was not included within the contract file:

   - Contract was awarded on basis of competence/qualifications to provide required services at fair and reasonable prices (criteria **[21]**).
   - The selection committee was of sufficient education/training/licensure designated to review the professional services providers (criteria **[23]**).
   - The names of individuals designated to the review committee were noted in the contract file (criteria **[25]**).
   - The selection committee's selection criteria was employed in descending order of importance by relevant experience, past performance or similar projects, and capacity (criteria **[26]**).
   - The selection committee rankings, as well as a summary of qualifications that make up the ranking, was provided to the head of purchasing (criteria **[27]**).

d. No evidence was provided for any of the tested contracts that steps were taken to ensure the Review Committee Members or the Selection Committee Members would be impartial and independent in their review of professional service providers.[156] (criteria **[24]**)

   HRS §103-304(c) and (d) requires that in designating the members of the Review committee and Selection Committee, the head of the purchasing agency shall ensure the impartiality and independence of committee members. CLA did not identify a document within the contract files to verify that this step was taken. OHA's template memorandum for the Review Committee Appointments of Professional Service Providers Evaluations states that persons who serve on the Review Committee or Selection Committee who are not employees of OHA would sign an affidavit:

[156] For six of the contracts tested there was no record of a Selection Committee. CLA identified these with DM (documents missing) in **Attachment 07**. For the eight contracts tested where a record existed of a Selection Committee, but no evidence of steps taken to ensure that the Selection Committee Members would be impartial, CLA marked with an observation tickmark (**C02**). Ultimately there was no evidence for any of the contracts tested that steps were taken to ensure impartiality and independence.

- Attesting to having no personal, business, or any other relationship that will influence their decision in the review or selection process;
- Agreeing not to disclose any information on the review or selection process; and
- Agreeing that their names will become public information upon award of the contract.

It is possible that because the template memorandum specifically states that persons who serve on the Review Committee or Selection Committee who are not employees of OHA must sign the affidavit, this process was not followed for OHA employees serving on a committee. The template memorandum is consistent with HRS §3-122-69, which has the requirements as outlined in the memorandum for those serving who are not employees of OHA. However, the requirements of HRS §103-304(c) and (d), which provides that the head of the purchasing agency ensure the impartiality and independence of committee members is not addressed in the memorandum and therefore it appears that this step if completed is not documented.[157] Per discussion with the Procurement Manager, documentation for the independence of selection committee members was not consistently done.

e. No evidence was provided that the contract was awarded to the first-ranked person for six contracts (K-03, K-05, K-16, K-17, K-55, K-67 - criteria **[28]**, **[30]**).

HRS §103-304(c) to (g) states that whenever during the course of the fiscal year the agency needs a particular professional service, the head of the purchasing agency shall designate a selection committee to evaluate the statements of qualification and performance data of those persons on the list prepared pursuant to subsection (cc) along with any other pertinent information, including references and reports. If other than the first-ranked person is selected, the documentation that supported the selection should be included in the contract file.

There are additional requirements for qualifications used by those on the Selection Committee regarding how the professional service providers must be evaluated. However, for these six contracts, there was more than one vendor on the approved listing for this category, and the selected vendor was not the first vendor listed; however, there was no review committee matrix included in the contract file to document the criteria used to select this vendor. The Procurement Manager informed CLA that the process to select a vendor from the list of approved vendors includes an evaluation of the original Statements of Qualifications obtained from the annual invitation to professional service providers. The evaluation is done to identify the provider

[157] HRS §103-304(c) and (d) does not specifically mandate the manner in which the impartiality and independence of committee members must be ensured.

most qualified for the work. The Procurement Manager stated that designating a Selection Committee may have not been consistently followed in previous years, or that the related documentation was not retained in the contract file. Therefore, no documentation of this assessment was available for these six contracts.

f. All 14 contracts were $5,000 or more. No evidence was provided to show that the contracts were posted electronically within seven days of the contract award by the chief procurement officer or designee and that the posting remained for at least one year.

   HRS §103D-304 includes additional requirements relating to the content of the electronic posting; however, because the electronic postings were not available for review, CLA was unable to test these additional requirements (criteria **[31]** to **[36]**).

g. Three contracts tested were under $100,000. No evidence was provided that these three contracts were reviewed by the head of the purchasing agency and at least two persons of the Selection Committee.[158] (K-10, K-17, and K-37 - criteria **[37]**)

HRS §103D-315 – Multi-Term Contracts (criteria **[39]** through **[43]**)

h. No documentation was provided for any of the 14 contracts that would have enabled CLA to determine whether the terms of the contract and conditions for renewal or extension were included in the solicitation as required by HRS §103D-315: Multi-term Contracts. (criteria **[39]**)

See recommendations 36, 37, 39, 40, 41, and 42.

3. Compliance with OHA Internal policies and procedures

   The internal policies and procedures identified by CLA that address the approval and execution of OHA contracts include a review of the Purchase Requisition, Procurement Document Checklist, Purchase Order, Tax Clearance and DCCA Verification submitted by the contractor, contract, and Request(s) for Payment on Contract. When a signature was required on a particular document, CLA verified the appropriate signature(s) were obtained based on the Operational Authority Delegation Hierarchy in effect at the time. See **Exhibit 03** for each delegation hierarchy in effect during the period covered by this engagement.

[158] Contract sample K-17 (OHA contract #2828) executed on September 7, 2012, with Mid-Continent Research for Education and Learning to provide consulting and advisement services relating to Kūkulu Hou assessment framework project (Mana Scale) Phase 1 of 3 year 1, was originally for $99,716; however, an amendment was executed that increased the contract amount to $349,527.

Included below is a summary of the observations for each of the documents reviewed as part of OHA's procurement process.

a. Purchase Requisition:

    i. One contract was missing the Purchase Requisition for the original contract. The contract amendment did contain this document (K-17).[159] A purchase requisition is completed for the purpose of ensuring funds are available, encumbering those funds, and creating a purchase order. Because the Accounting check list was also not provided for this contract, CLA is not able to verify that the Budget Analyst verified that funds were available for the original contract. (criteria **[47]** to **[51], [52b]**)

b. Accounting Checklist:

    i. Thirteen contracts did not contain the Accounting Checklist, which was supposed to be used by OHA to verify and certify the availability of funds. According to discussions with OHA, the Accounting Checklist has not been used in a long time, and the Procurement Document Checklist is used instead. The Budget Analyst verifies the availability of funds on the Purchase Requisition, and the CFO certifies the funds on the Purchase Order.[160] (criteria **[52]** and **[53])**

c. Tax Clearance and Department of Commerce and Consumer Affairs (DCCA) Verification:

    i. For two contracts OHA appears to not have obtained a Certificate of Vendor Compliance, which would have satisfied the requirement for the tax clearance and the DCCA verification (criteria **[54]** and **[56])**.

        a) K-35: Contract #2931 was executed on September 20, 2013 with 'Ōiwi Television Network for $1,000,000 to provide cable television language programming. The Procurement Package Checklist has a check mark in the box that indicates: compliance documents "not required for grants or for this payment if less than $25,000." However, this contract was for $1,000,000; therefore, it appears that this contract would have required this verification. The contract file

[159] Contract sample K-17 (OHA contract #2828) executed on September 7, 2012, with Mid-Continent Research for Education and Learning to provide consulting and advisement services relating to Kūkulu Hou assessment framework project (Mana Scale) Phase 1 of 3 year 1, was originally for $99,716; however, an amendment was executed that increased the contract amount to $349,527.

[160] The only contract file that contained an Accounting Checklist was contract selection K-01 contract #2449, which was executed on October 7, 2009. Therefore, the statement that the Accounting Checklist has not been used for a long time appears to be factually correct.

did have a Certificate of Vendor Compliance issued dated June 12, 2015, as required for the final payment.

b) K-56: Contract #3025 was executed on May 5, 2015, with Smith Reed LLC for $200,000 to provide legal advice regarding Native Hawaiian Self Governance and Hawaiian Language immersion education. The Procurement Package Checklist has a check mark in the box that indicates: compliance documents "not required for grants or for this payment if less than $25,000." Additionally, the Professional Service Provider Review Worksheets state that the vendor was not within the State of Hawai'i. However, under current Hawai'i law, any business entity intending to enter into (or bid on) a contract with an agency of the State is required to obtain a tax clearance certificate prior to entering into a State contract, as well as upon completion of the contract before the final payment is made.[161]

d. Procurement Document Checklist:

i. For two contracts (K-28, K-55) a Procurement Document Checklist was not included in the contract file. This document is used to identify the procurement method and to document that all forms and documents used are included in the procurement file for the purchase. It also documents the name of the preparer as well as review by legal counsel. (criteria **[55]**, **[59]**)

ii. For one contract (K-16) the Procurement Document Checklist was not appropriately completed.[162] OHA's Fiscal Procedures Manual, revised March 2, 2009, section 2.2.2.4 states that the Hale manager and senior staff attorney must sign the Procurement Document Check list. Although the Hale manager and senior staff attorney signed this document, the form was not completed with the procurement method used and other information required. The form only contained the purchaser's name, Division name, Name of vendor, description of purchase, and the signature of preparer and legal counsel. (criteria **[55]**, **[59])**

iii. For one contract (K-56) the Procurement Document Checklist provided contradictory information for the procurement process.[163] As mentioned

[161] CLA referred to Publication-1 (revised 2002) Attachment 220.2 as available at: https://www.hawaii.edu/policy/archives/apm/archives/a8200.201207/Attachments/Attach220.2-Pub1.pdf and also referred to https://vendors.ehawaii.gov/hce/splash/welcome.html.

[162] Contract K-16 was executed on June 29, 2012, with Davianna Pomaika'i McGregor (a sole proprietor) for $110,500 for the production of a detailed history of the Native Hawaiian People to be used in support of OHA governance initiatives and other purposes.

[163] Contract K-56 was executed on May 5, 2015, with Smith Reed LLC for $200,000 to provide legal advice regarding Native Hawaiian Self Governance and Hawaiian Language immersion education.

previously in section 2) b. i., the Procurement Document Checklists signed by legal counsel on December 16, 2014, appears to inappropriately describe this contract as an exempt purchase under 103D-102(b)(4)(J). (criteria **[55]**, **[59]**)

e. Contract:

i. Nine contracts included all required provisions of the Standard Long Contract form. (criteria **[58]**)

ii. One contract (K-01) had a complete Standard Long Contract form for the original contract; however, the contract file did not include the nine amendments that were made for this contract. (criteria **[58]**)

iii. Three contracts (K-05, K-16, K-67) did not include the insurance provision. (criteria **[58]**)

iv. One contract (K-35) did not include the Other Terms and Condition section. (criteria **[58]**)

v. Two contracts (K-16, K-41) did not contain the appropriate signatures based on the Operational Delegation Hierarchy in effect at the time as described below (criteria **[62]**).

a) K-16: The COO signed the contract stating he was signing on behalf of the CEO; however, no delegation of authority memorandum was included in the support for this contract.[164]

b) K-41: The Operational Authority Delegation Hierarchy updated December 12, 2012, and effective through May 18, 2015, stated that contract executions and amendments of up to $150,000 can have the final execution by the COO; however, contract executions of more than $150,000 must be executed by the CEO.[165]The original contract amount was under $150K, and the COO executed the contract, which was appropriate based on the delegation of authority. However, the amendments amounted to a total contract value of $209,426 and

[164] Contract K-16 was executed on June 29, 2012, with Davianna Pomaika'i McGregor (a sole proprietor) for $110,500 for the production of a detailed history of the Native Hawaiian People to be used in support of OHA governance initiatives and other purposes.

[165] Contract K-41 was executed on April 8, 2014, with Pencilhead Production LLC for $148,297 to produce a 45-60 minute animated educational video. The effective contract date was April 2, 2019. There were two amendments that increased the contract amount to $209,426.

exceeded the COO's delegated authority and should have been executed by the CEO.

f. Request for Contract Payment:

   i. Two contracts (K-01, K-03) were missing support (invoice and Request for Payment on Contract form) for one or more payments. Criteria **[66]**, **[69]**, **[72]**

   ii. One contract (K-56) states that the payment of a retainer ($112,500) does not release the contractor from the obligation to provide detailed statements for itemized costs and expenses.[166] This contract provision requires that detailed statements and itemized costs and expenses be submitted to OHA by the vendor; however, current OHA employees were able to locate only a draft of an invoice for $84,728.42 that was received from the vendor. No final invoice was located. On June 30, 2016, the contract was closed based on a Request to Close a Purchase Order form completed by Corporate Counsel indicating the services were no longer needed. No additional payments were processed. On May 31, 2017, OHA received from the vendor a refund check for $27,771.58, which according to the attached letter, represented the balance received as a retainer after $84,728.42 was applied to invoice #2771165.[167] Based on this information, it appears that OHA may have received a finalized invoice; however, CLA was unable to verify as it could not be located. (criteria **[66])**

g. Request for Check Issuance:

   i. Payments made for all contracts did not contain a stamp on the paid invoice indicating the check number. The OHA Fiscal Procedures Manual, in the Check Issuance and Distribution Process section (**Exhibit 02** page 114), states that invoices are to be stamped paid and marked with the check number. CLA noticed for the payments on all contracts that the actual process followed included applying the stamp on the Request for Payment on Contract form and no stamp was applied or check number recorded on the actual invoice.

See recommendations 43, 44, 47, and 48.

[166] Contract K-56 was executed on May 5, 2015, with Smith Reed LLC for $200,000 to provide legal advice regarding Native Hawaiian Self Governance and Hawaiian Language immersion education.

[167] Original payment $112,500 – draft invoice amount $84,728.42 = returned amount $27,771.58.

4. Deliverable was met by the contractor (criteria **[74]**)

    a. Nine contracts included documentation from the contractor to indicate that the contractor completed and provided to OHA the deliverables required by the contract terms (K-05, K-10, K-16, K-28, K-41, K-55, K-56, K-58, K-67). These are the contracts without observations for this criteria.

    b. One contract did not include documentation from the contractor to indicate that the contractor completed and provided to OHA the deliverables required by the contract terms (K-01). CLA is unable to assess whether the contractor did not complete the deliverable as required or if OHA could not locate the deliverable documents. The following items provide additional information for this contract.

        i. K-01 - OHA Contract #2499 - Oahu Publications, Inc.

            This contract was for the printing of Ka Wai Ola Newsletter. The OHA website contains a designated page for the Ka Wai Ola electronic publication. This page stated that "in addition to the printed copy, Ka Wai Ola, the newspaper of the Office of Hawaiian Affairs, is made available online." Based on this description, it appears likely that the vendor did provide the printing services as stated in the contract terms. The contract file did not contain any documentation relating to the newsletters that were likely printed as per the contract terms. Current OHA staff communicated that the vendor provided the services as described in the contract, but they were unable to locate the support for the printed newsletters.

    c. Three contracts contained only partial documentation providing evidence of a deliverable as indicated below:

        i. K-03: Contract #2683 with Papa Ola Lokahi executed on August 16, 2011, for $160,000 for support for designing healthy work sites. The contract stipulated that the contractor would submit nine written reports on its finding which were to be received by OHA no later than the dates listed in the contract.[168] The support provided to CLA included the written reports for only two of the nine required under the terms of the contract, the April 1, 2013, and July 1, 2013 reports. No other deliverables were provided to CLA.

        ii. K-35: Contract #2931 with 'Ōiwi Television Network was executed on September 20, 2013, for $1,000,000 for cable television Hawaiian language programming. The contract required delivery of reports prior to

[168] The dates as listed in the contract were as follows: year one 10/1/11, 1/1/12, 4/1/1, 7/1/12; year two: 10/1/12, 1/1/13, 4/1/13, 7/1/13; year three: 1/1/14.

payments two through five (four reports). Only three of the four reports were included in the support.

iii. K-37: Contract #2948 with McCorriston Miller Mukai MacKinnon, a Limited Liability Law Partnership LLP was executed on January 31, 2014, for $50,000 to render legal advice and assistance on real property matters. The contract listed specific types of professional services to be provided; however, the invoices submitted by the attorney in request for payment contained redactions applied by OHA's Corporate Counsel; therefore, CLA was unable to determine whether the services provided by the vendor were those services listed in the contract.[169]

d. One contract did not contain any documentation to determine if a deliverable was received. It appears that, for the original contract, no deliverable was received by OHA. The details relating to this contract are communicated below.

i. K-17: Contract #2828 was executed on September 7, 2012, with Mid-Continent Research for Education and Learning to provide consulting and advisement services relating to the Kūkulu Hou assessment framework project. The original contract, which totaled $99,716, provided for certain contract deliverables with each payment made, as follows:

- 1: Execution of contract (first payment of $19,943.20)
- 2: Corpus study report (second payment of $23,267.07)
- 3: Literature review report (third payment of $23,267.07)
- 4: Focus group report (Fourth payment of $23,267.07)
- 5: Annotated bibliography (fifth payment of $9,971.60)

Although the contract was executed on September 7, 2012, it was effective from May 11, 2012, through May 31, 2013. The first invoice was dated October 17, 2012, and was not processed for payment until February 27, 2013. There were no additional invoices or payments made through the end of the original contract period.

A contract amendment was executed on June 26, 2013, but effective June 1, 2013 (after the end date of original contract) through June 30, 2014. The scope of the contract was completely amended (given that the performance period had expired and no deliverable appears to have been

[169] According to discussions with OHA's current Corporate Counsel, Raina Gushiken, all documents were reviewed by her for attorney-client privileged information prior to providing the documents to CLA. If she deemed any communications to be attorney-client privileged, the information was redacted.

completed). The amendment to the contract included additional funds added to the original contract for a total contract amount of $349,527.

The first amendment #2828.01 provided the following:

- 1: Execution of amendment #2828.01 (first payment of $49,962.20)
- 2: Instrument facilitation guide (second payment of $58,289.23)
- 3: Assessment blue prints (third payment of $58,289.23)
- 4: Assessment pilot Tool (fourth payment of $58,289.23)
- 5: Report of phase II (final payment of $24,981).

There were two additional amendments that only extended the performance period to August 31, 2015. The full amount of $349,527 was paid to the vendor.

The contract file contained a June 24, 2013, email communication from the Procurement Manager to the CEO's Special Assistant regarding the first amendment. The CEO's Special Assistant forwarded that email to OHA's Corporate Counsel on June 25, 2013, one day before the contract amendment was executed; however, the email text from the CEO's Special Assistant to Corporate Counsel was redacted from the communication. The Corporate Counsel responded to the CEO's Special Assistant's email the next day, and the one line of text of the email from Corporate Counsel was also redacted.[170] This email communication may have contained details as to whether any of the work was completed by the vendor during the original contract period.

It appears to CLA, that none of the deliverables from the original contract were completed. CLA made this assessment based on the language of the original contract, the language of the first amendment, the lack of additional payments during the original contract period, the change in scope for the first amendment, and the additional payment due upon the execution of the first amendment. The deliverables for the contract amendment were not located.[171] Current OHA employees were unable to locate any deliverables related to this contract.

[170] According to discussions with OHA's current Corporate Counsel, Raina Gushiken, all documents were reviewed by her for attorney-client privileged information prior to providing the documents to CLA. If she deemed any communications to be attorney-client privileged, the information was redacted.

[171] On Tuesday, June 11, 2019, CLA requested a meeting with Dr. Crabbe for any time prior Friday, June 14, 2019, which was CLA's last testing day on site at OHA. A meeting with Dr. Crabbe was not scheduled while CLA was on site. Subsequently, CLA scheduled a call with Dr. Crabbe for Tuesday, June 25, 2019. CLA provided the conference call information and called into the number at the scheduled time. CLA waited for

See recommendation 31.

5. There was sufficient oversight of the project/work by the contract monitor/manager (criteria **[75]**)

    a. Two contracts included sufficient documentation from the contractor for CLA to be able to determine that there appeared to be sufficient oversight of the project/work by the contract manager (K-10, K-55). OHA's internal policies and procedures do not indicate the methods that must be used by the contract manager to provide oversight of the contractor's work. Therefore, CLA's assessment was based on whether there was evidence of deliverables from the contractor, invoices provided detail of the work performed, and/or CLA was able to speak with the contract manager to discuss the work performed.

    b. Five contracts were missing all deliverables or a portion of the deliverables; therefore, CLA is unable to assess whether the contract manager provided sufficient oversight (K-01, K-03, K-17, K-35, K-37). The fact that not all deliverables could be provided may be an indication that sufficient oversight was not provided. In addition, all six contracts had an effective date that preceded the contract execution date.

    c. Six contracts had an effective date that preceded the contract execution date and had additional observations pertaining to the procurement process, missing provisions in the contract, and/or missing an appropriate signature on the contract for example (K-05, K-16, K-28, K-41, K-56, K-67). Although there was documentation to provide evidence of a deliverable or work performed by the contractor, the contract execution and timing of the performance of work were not sufficiently managed.[172]

approximately 15 minutes, but Dr. Crabbe did not call in. CLA emailed Dr. Crabbe and OHA's current Corporate Counsel after approximately five minutes of waiting. CLA emailed them again after 18 minutes of waiting to let them know that CLA would disconnect from the call at that time. Dr. Crabbe responded to CLA's email approximately two hours later with an apology for missing the call and explaining that his assistant, who usually arranges or sets the conference calls for him, had been called away. He stated that he would discuss with Corporate Counsel for a possible reschedule. CLA sent a follow-up email to OHA's Corporate Counsel and Dr. Crabbe for a possible reschedule of the call and provided its availability. CLA did not receive a response on a new day/time. Therefore, CLA was unable to inquire regarding whether any work was performed under the original contract and whether the vendor provided OHA with the deliverables as stated in the first contract

[172] In total, there were 11 contracts that had an effective date that preceded the execution date (K-01, K-03, K-05, K-16, K-17, K-28, K-35, K-37, K-41, K-56, K-67).

d. One contract (K-58) had a matching execution and effective date; however, the first invoice reflected work that took place prior to the contract effective date.[173] Additional information is provided below relating to this contract.

   Contract #3031 with Peninsula Real Estate Partners, LLC was executed on June 9, 2015, for $240,000 to provide real estate financial advising. The contract was executed to be effective June 9, 2015; however, there were three charges that preceded the contract effective date as follows: attending committee meeting on May 28, 2015 for $385; 8 hours of review of documents on June 1, 2015 and June 2, 2015 for $1,120; and meeting with Trustee on June 3, 2015 for $175. These charges totaled $1,680 and were incurred before the contract effective date.

   OHA's Land and Property Director originally approved the payment on September 14, 2015, but the Controller questioned the services that predated the contract effective date. Documentation for the payment includes an email from OHA's Land and Property Director that confirms the charges for services prior to the contract effective date are legitimate and recommends to treat it as a procurement violation, and to proceed with payment.[174] The full payment was made to this vendor. Based on this information, the contract execution and timing of the performance of work were not sufficiently managed.

See recommendations 31 and 45.

6. There was no evidence of fraud, waste, or abuse (criteria **[76]**)

   A review of the documents for three of the contracts tested in this area identified red flags that indicate a possibility of fraud, waste, or abuse. The identification of a red flag or indicator does not, on its own, confirm that fraud, waste, or abuse did occur. This section simply identifies the observations made by CLA during the testing that can be indicators of fraud, waste, or abuse, and, therefore, CLA is not making a conclusion as to the existence of fraud, waste, or abuse. Additional investigation of each contract would be required, which was beyond the scope of this engagement.[175]

[173] This contract did not call for specific deliverables other than the presentation of invoices and satisfactory documentation of the financial advisory assistance provided. Based on the invoices provided, CLA was satisfied that the services were provided as per the terms of the contract, with the exception of the time charged that preceded the contract effective date.

[174] The contract file did not contain any evidence that a procurement violation report was documented.

[175] There were six contracts for which no indicator or red flags of waste, fraud, or abuse were identified, although the contract effective date preceded the contract execution date (K-05, K-10, K-28, K-41, K-58, K-67). Additionally, there were three contracts that has several observations that included incomplete or missing deliverables, failure to follow OHA established procedures, and incomplete evidence of an

There was also one contract for which CLA was unable to verify a deliverable, and, although the contract effective date preceded the contract execution date, this was not sufficient information for CLA to make an assessment on possible indicators of fraud, waste, or abuse (K-01).

Each of the three contracts for which CLA identified indicators or red flags of fraud, waste, or abuse is discussed below.

a. K-17 – OHA Contract #2828 – Mid-Continent Research for Education and Learning

   The contract with Mid-Continent Research for Education and Learning was executed by OHA on September 7, 2012 for $99,716. There was one amendment to the contract that extended the contract period and increased the total contract amount to $349,527. There were two additional amendments that further extended the contract period. OHA paid the full amount of this contract of $349,527.

   This contractor was retained by OHA to provide consulting and advisement services relating to the Kūkulu Hou assessment framework project. The following observations were made by CLA pertaining to this contract:

   i. As mentioned previously, the contract file did not contain the names of the selection committee members or a signed affidavit by the selection committee members confirming they had no personal, business, or any other relationship that would influence their decision.

   ii. No evidence was provided that the contract was awarded to the first-ranked contractor.

   iii. No evidence was provided to CLA that this contract, which was initially under $100,000, was reviewed by the head of the purchasing agency with at least two persons of the selection committee in accordance with HRS §103D-304.

   iv. The Purchase Requisition was missing for the original contract.

   v. There is no evidence that a deliverable was provided as per the terms of the original contract after OHA had paid the vendor $19,943 upon the execution of the contract. There is no evidence that any work was performed as the vendor never submitted invoices to OHA and no additional payments were made under the original contract. Nonetheless, an amendment was executed to extend the contract

appropriate procurement process. However, the totality of the observations do not appear to rise to the level of indicators or red flags of waste, fraud, or abuse (K-03, K-35, K37).

period, add additional funds for a total contract amount of $349,527, and revise the scope of work. In addition, an additional payment of $49,000 was processed upon the execution of the first amendment.

vi. The first contract amendment was made effective prior to the execution date. The amendment was executed on June 26, 2013, with an effective date of June 1, 2013.

vii. No deliverable was located by current OHA staff for the work of this vendor.

viii. The contract file contained a June 24, 2013, email communication from the Procurement Manager to the CEO's Special Assistant, regarding the first amendment. The CEO's Special Assistant forwarded that email to OHA's Corporate Counsel on June 25, 2013, one day before the contract amendment was executed; however the content of the email was redacted. The Corporate Counsel responded to the CEO's Special Assistant's email the next day, and the one line of text of the email from Corporate Counsel was also redacted.[176]

ix. The contract manager listed for this contract was the CEO, Dr. Crabbe. After several attempts, CLA was unsuccessful in getting an interview with Dr. Crabbe prior to his last day with OHA on June 30, 2019.

There is no documentation to show that OHA followed the proper procurement method when retaining this contractor to provide these services. Additionally, there is no evidence that a deliverable was ever provided by the contractor under either the original contract or the amendment. Combined with other observations noted above, such as the redacted email communication with Corporate Counsel, raises concern that the contract was not handled properly and that OHA did not receive the benefit for which it paid. This information is sufficient to indicate the possibility of fraud, waste, and/or abuse.

b. K-55 – OHA Contract #3022 – Stryker Winer & Yokota Public Relations, Inc.

The contract with Stryker Winer & Yokota Public Relations, Inc. was executed on April 1, 2015, for $256,000. One amendment was executed for this contract, which added an additional $37,969 for a total contract amount of $293,969. OHA paid a total of $215,969 during the period covered by the scope of this engagement. The contract extended through March 31, 2017.

[176] According to discussions with OHA's current Corporate Counsel, Raina Gushiken, all documents were reviewed by her for attorney-client privileged information prior to providing the documents to CLA. If she deemed any communications to be attorney-client privileged, the information was redacted.

Stryker Winer & Yokota Public Relations, Inc. was hired to provide services relating to an integrated marketing communications plan with the purpose of OHA having uniform communications and messaging highlighting OHA. There was sufficient evidence to indicate that the vendor performed the services under the contract; however, there were observations pertaining to the process for procurement of the services, and it appears that OHA ultimately did not use one of the elements of the product delivered by the vendor.

The following observations were made by CLA pertaining to the procurement of this contract:

i. Selection Committee documentation was not included within the contract file.

ii. No documentation was provided that would have enabled CLA to verify that the contract was awarded to the first-ranked person (vendor).

iii. The Procurement Document Checklist was not provided for this contract. This checklist, as mentioned, is used to identify the procurement method used, to document that all the forms and documents used are included in the procurement file, and to document the review by legal counsel.

The contractor was hired for a project named, "integrated marketing communications plan"; the Description of the project was "Uniform Communications and Messaging highlighting OHA." The intention of the integrated Marketing Plan ("IMCP") was to provide OHA a strategic plan to increase the positive image of OHA among the native Hawaiians and the general public.

A Beneficiary Advocacy and Empowerment (BAE) meeting on August 24, 2016 was held to approve the "One Voice, One Message" based on one aspect of the work performed by Stryker Weiner & Yokota Public Relations, Inc. The Action item was BAE 16-02 "To approve an OHA Board of Trustees Executive Communications Policy Plan called 'One Voice, One Message'" (**Exhibit 15**).[177]

[177] On November 27, 2019, after receiving CLA's Draft report, OHA staff communicated to CLA that while the Board of Trustees has not yet approved one aspect (One Voice One Message) of the integrated communication plans, OHA nevertheless actively uses the plans provided by the vendor to guide OHA's internal and external communications. Additionally, the plans provided by the vendor were adopted into OHA's Internal Communication Standard Operating Procedure and into its Strategic Communication Framework and Communication Plan (both of which were provide to CLA at this time), which are used for internal and external communications, especially major external and internal communication campaigns. The vendor also produced a "Community Issues & Perceptions" survey (also provided to CLA at this time), which OHA still uses to inform its internal and external messaging.

At this meeting, there was disagreement among the Trustees, and questions were raised regarding whether the proposed “One Voice, Once Message” was constitutional if required of the Board of Trustees. After discussion with the Board of Trustees, it was ultimately decided to table the item as they could not agree on a decision for the proposed action item. Additionally, the CEO stated during this meeting: "I think the discussion has raised a legal issue regarding the Constitutionality, which we did not look at, and we will get a legal perspective on it and look to revising this."

OHA communicated to CLA that as of October 2019, a revised "Integrated Marketing Communications Plan" had not been brought back to the Board of Trustees, and the Board of Trustees has never taken action on this item.

The objective of this contract, totaling $293,969 (including amendment), was to devise an "integrated Marketing Communications Plan" that in part involved the Board of Trustees; therefore, it would have been prudent to involve the Board of Trustees prior to entering into this contract. By waiting until the vendor had completed the work and deliverable to involve the Board of Trustees, a portion of the contract deliverable was ultimately unusable by OHA.

OHA ultimately never used a portion of the product produced by this vendor and paid for by OHA, which is an indication of possible waste of OHA's resources. If the objective, from the beginning, was to involve the Board of Trustees in the "Integrated Marketing Communications Plan," the contract manager should have discussed the potential contract with the Board of Trustees prior to beginning the procurement process to ensure all were in agreement on objective and scope.

c. K-56 – OHA Contract #3025 – Reed Smith LLP

The contract with Reed Smith LLP was executed by OHA on May 5, 2015, for $200,000 with an effective date of September 7, 2014. There were no amendments to the contract. During the scope period, this vendor was paid a retainer of $112,500, but a refund to OHA reduced the total payments to $84,728.

Reed Smith LLP was retained to provide legal advice regarding “Native Hawaiian Self Governance and Hawaiian Language immersion education.” The main provider of these services was Breann Nu'uhiwa, whose employment with OHA had ended on September 4, 2013 after a year and a half of employment. The following observations were made by CLA pertaining to this contract.

i. Ms. Nu’uhiwa performed work for OHA on a “pro-bono” basis within the first year after her departure from OHA. Shortly after the one year elapsed, Reed Smith LLP was awarded a contract by OHA. This raises a

concern of whether the work that was performed on a "pro-bono" basis by Ms. Nu'uhiwa within one year of separation from OHA was performed in exchange for receiving this contract once the year had elapsed. If so, it could be perceived that this is a form of consideration given by OHA, which is now allowed under HRS §84-18(c).

ii. Evidence was observed indicating that OHA employees may not have been independent and/or impartial during the selection process. Because Ms. Nu'uhiwa had been employed by OHA as the Chief Advocate, it is possible that the members of the Professional Services Selection Committee could not be impartial or remain independent being that they were employed by OHA at the same time as Ms. Nu'uhiwa.[178] Additionally, the CEO who approved the Selection Committee's recommendation of Reed Smith LLP, to be approved as a qualified professional services provided, and who executed the contract, was listed as the first reference within the Statement of Qualifications submitted by Reed Smith LLP.

iii. Based on the timeline of events as shown beginning in Table 9 beginning on page 103, there is evidence that the vendor began charging time to this contract as early as September 10, 2014, after the contract effective date of September 7, 2014, but before the first evidence of a procurement process for FY 2014-15 begins. The first evidence of the procurement process for FY 2014-15 begins with a memorandum of appointment of a Selection Committee dated September 15, 2014. Other documents related to this procurement indicate that the procurement process did not occur in the proper order. This information suggests that OHA had already made a decision to hire Reed Smith LLP prior to any of the procurement steps being undertaken for FY 2014-15.

iv. There was inconsistent documentation in the procurement file pertaining to the method of procurement. The Procurement Document Checklist indicated the contract with Reed Smith LLP was an exempt purchase; however, the listed exemption did not appear to apply to the services being provided by Reed Smith LLP (see Section 2.a. above).

v. Compliance documents were not obtained from this vendor. The Procurement Package Checklist has a check mark in the box that indicates compliance documents "not required for grants or for this payment if less than $25,000." This contract was for $200,000 and would have, therefore, required that the compliance documents be obtained prior to contract execution. Under current Hawaiian law, any business entity intending to enter into (or bid on) a contract with an

[178] Mr. Riley, who was on the Selection Committee was a direct report of Ms. Nu'uhiwa, prior to Ms. Nu'uhiwa's employment ending with OHA.

agency of the State is required to obtain a tax clearance certificate prior to entering into a State contract.[179]

Based on the totality of the above mentioned observations, it appears to CLA that there are red flags or indicators of possible fraud, waste, or abuse as it pertains to the procurement of this contract.

See recommendation 41.

[179] There were additional observations relating to this contract, which CLA has not included in this section. These are observations such as the failure to take steps to verify the independence of the selection committee and the internet posting of the selected contract within seven days of the contract being awarded. CLA did not add these observations here because they were observations that applied to all of the 14 contracts tested under the Professional Services procurement process.

d) Small Purchase Contracts

Only one of the contracts selected for testing was procured by OHA using the small purchases method. HRS §103D-305 Small Purchases, provides the circumstances under which the small purchasing method may be used. A copy of HRS §103D-305 is included in **Exhibit 16**.[180]

A detailed list of the applicable HRS rules and OHA policies and procedures identified by CLA to test the approval and execution of OHA small purchases is included in **Attachment 08**. It should be noted that the most current update to the OHA Fiscal Procedures Manual was made on March 2, 2009, and when the update was made, a page related to the procurement of Small Purchases, page 61, was seemingly replaced as this entire page was crossed out; however, the updated page was not included.[181] This was the most current version of the OHA Fiscal Procedures Manual and there was no other more recent version provided to CLA.[182] For this reason and because the process outlined by the page that was crossed out was the same as the procedure dictated by HRS §103D-305 effective in 2012, and the procedure described in the original June 2008 manual, CLA tested contracts procured under the Small Purchase method using the original June 2008 OHA Fiscal Procedures Manual.[183]

Included in Table 10 below is a summary of the results identifying for each criteria tested the number of contracts (1) with missing document(s), (2) with observations resulting from the test work, and (3) without observations.[184] Included below the table is a discussion of the more significant observations from CLA's testing, which were used to assess whether there were red flags or indicators of possible fraud, waste, or abuse. **Attachment 08** includes a table containing the results at the contract level and tickmarks explaining each contract with an observation.[185]

[180] The universal citation for this HRS is HI Rev Stat § 103D-305 (2012). In performing this testing CLA used the HRS in effect for the scope period.

[181] The OHA Fiscal Procedures Manual provided contains a date of June 2008 on the cover; however, the second page of this manual contains a list of effective changes which includes the latest change on March 2, 2009. For this reason, CLA refers to this manual's latest update, March 2, 2009, as the most recent version.

[182] CLA was originally provided with the OHA Fiscal Procedures Manual dated June 2008 that did not include any updates.

[183] OHA confirmed that the March 2009 copy of the Fiscal Procedures Manual provided to CLA was the most recent update that was available.

[184] The quantity of observations listed in the table correspond to the number of contracts with at least one observation. Some contracts may have more than one observation for a particular testing criteria; however, the contract will be counted only once. Therefore, the total number of observations discussed after the table for a particular criteria may sum to a total that is greater than what is listed in the table.

[185] Tickmarks serve as a reference and can be thought of as footnotes that provide additional detail. In **Attachment 08**, tickmarks for contracts tested for the Small Purchase procurement process are numbered with the letter "F" as the prefix to correspond to this section of the report and are included in red font to

Table 10: Summary of Results – OHA Small Purchase Contracts[186]

	Description of Criteria Tested	Contracts with Missing Documents	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §84: Standards of Conduct					
HRS §84-14: Conflicts of Interests					
[1]	Employees selecting the contractor did not have a financial interest.	0	0	1	1
[2]	Employees selecting the contractor were not engaged as legal counsel, advisor, consultant, representative, or any other agency capacity.	0	0	1	1
HRS §84-15: Contracts					
[3]	The contract was not with a legislator or employee who has controlling interest.	0	0	1	1
[4]	If the contract was with a legislator or employee who has controlling interest, alternative criteria were met.	0	0	1	1
[5]	The person or business entering into contract with OHA was not represented by a person employed by OHA in the preceding 2 years.	0	0	1	1
[6]	If the person or business entering into contract with OHA was represented by a person employed by OHA in the preceding 2 years, the person did not participate in the matter with which the contract is directly concerned.	0	0	1	1
HRS §103D: Hawaii Public Procurement Code					
HRS §103D-101(a): Requirements of Ethical Procurement					
[7]	No evidence was observed of OHA employee(s) not acting as a fiduciary of public funds.	0	0	1	1
[8]	No evidence was observed of OHA employee(s) not remaining independent of bidder, offeror, contractor, or business.	0	0	1	1
[9]	No evidence was observed of OHA employee(s) not acting only in the public interest.	0	0	1	1
[10]	No evidence was observed of disobedience to of statutes and administrative rules relating to public procurement.	0	0	1	1
[11]	No evidence was observed of inefficiencies in the public procurement process.	0	0	1	1
[12]	No evidence was observed that persons were not afforded an equal opportunity to compete in a fair environment.	0	0	1	1
[13]	No evidence was observed of intent or appearance of unethical behavior.	0	0	1	1
[14]	No evidence was observed of social interactions with actual/prospective bidder.	0	0	1	1
[15]	No evidence was observed of a failure to maintain confidentiality in a manner that ensures a fair procurement process.	0	0	1	1
[16]	No evidence was observed of a failure to remain impartial in dealings with actual or prospective bidders, offeror, contractor, business, or interested parties.	0	0	1	1

be easily identified. For example, observation **F01** is the first observation reference for the Small Purchase contracts tested.

[186] The quantity of observations listed in the table correspond to the number of contracts with at least one observation. Some contracts may have more than one observation for a particular testing criteria; however, the contract will be counted only once. Therefore, the total number of observations discussed after the table for a particular criteria may sum to a total that is greater than what is listed in the table.

	Description of Criteria Tested	Contracts with Missing Documents	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §103D-101(b) & (c): Requirements of Ethical Procurement					
[17]	No evidence was observed of a failure to identify and eliminate conflict of interests for this contract.	0	0	1	1
[18]	No evidence was observed that any party involved in the negotiation, performance, or administration of this contract did not act in good faith.	0	0	1	1
HRS §103D-305(a): Small Purchases					
[19]	Procurement was of less than $100,000 ($250,000 for construction projects) was made in accordance with the policy board that are designed to ensure administrative simplicity and as much competition as practicable.	0	0	1	1
[20]	Multiple expenditures were not created at the inception of the transaction or project so as to evade the requirements of 103D-305	0	0	1	1
HRS §103D-305(b): Small Purchases					
[21]	Security by performance and payment bonds was required for procurements relating to construction greater than $50,000 for construction projects.	0	0	1	1
HRS §103D-305(c): Small Purchases					
[22]	Procurement of $25,000 - $249,999 was made in accordance with small purchase procedures and through an electronic system (HePS)	0	0	1	1
P-10: OHA Purchase and Procurement Procedures, revised June 2008					
2.2.1.5: Small Purchases Procedures					
[23]	At least 3 verbal quotes were obtained.	0	0	1	1
[24]	Form SPO-10 Record of Procurement was prepared.	0	0	1	1
[25]	The purchaser completed the Procurement Check List (PCL).	0	0	1	1
[26]	Form SPO-10 was submitted to Hale Director for review and approval.	0	0	1	1
[27]	The purchaser completed the review process outlined in 2.2.4.4 Purchase Review Process for Contracts and Grants	0	0	1	1
[28]	A contract was prepared for purchase of services	0	0	1	1
[29]	Vendors were notified to register with HePS for procurements of $25,000 - $249,999.	0	0	1	1
[30]	A requisition/solicitation was created for procurements of $25,000 - $249,999.	0	0	1	1
[31]	The Hale Director submitted a solicitation notice and recommended names of bid review committee members for procurements of $25,000 - $249,999.	0	0	1	1
[32]	The solicitation notice and bid review committee members were approved by the Administrator/Division Manager for procurements of $25,000 - $249,999.	0	0	1	1
[33]	The solicitation was released through HePS with closing date indicated for procurements of $25,000 - $249,999.	0	0	1	1
[34]	An HePS PO Summary Report was prepared for procurements of $25,000 - $249,999.	0	0	1	1
2.2.1.10: Small Purchases Procedures- P Cards					
[35]	A request for issuance of a P-Card was transmitted by the Deputy Administrator or Hale Director, including the reason and need for the card, the people responsible for the card's use and security measures for the card.	0	0	1	1
[36]	The P-Card charge was reviewed and approved by the Administrator.	0	0	1	1

	Description of Criteria Tested	Contracts with Missing Documents	Contracts with Observations	Contracts without Observations	Total Contracts Tested
2.2.2.1: Purchases Requisition Procedures[187]					
[37]	The Purchase Requisition information was entered in the online Oracle Purchase Requisition form.	0	0	1	1
[38]	If funds are available, the Purchase Requisition was sent to the appropriate manager for review	0	0	1	1
[39]	The Purchase Requisition was approved	0	0	1	1
[40]	If not approved, the Purchase Requisition was appropriately cancelled	0	0	1	1
2.2.5: Purchase Orders[188]					
[43]	The Purchase Order was reviewed and signed by the Controller or the CFO, as applicable.	0	0	1	1
[44]	The Request for Contract Payment, signed by the Hale Director for contracts, or a receipt of goods/services was received.	0	0	1	1
2.2.5.2: Receiving on a Purchase Orders					
[47]	The payment was approved by the appropriate level based on Operational Authority Delegation Hierarchy revised 12/12/12, 5/19/15, and 10/21/15 as applicable.	0	0	1	1
2.2.7.5: Check Issuance and Distribution					
[48]	The invoice was stamped "paid" and marked with the check number.	0	1	0	1
Other Testing Results					
[49]	Deliverable was met by the contractor	0	0	1	1
[50]	There was sufficient oversight of project/work by the contract monitor/manager	0	0	1	1
[51]	There was no evidence of fraud, waste, or abuse.	0	0	1	1

Within each observation, CLA has listed the OHA contract sample number with that particular observation. The specific contract number and a more detailed discussion of the observation can be found by referring to **Attachment 08**. Each observation also includes a reference to the applicable criteria listed in the table above.

1. Compliance with HRS §84: Standards of Conduct (criteria **[1]** through **[6]**)

   CLA did not identify any evidence of non-compliance with HRS §84-14 or with HRS §84-15.

[187] Criteria [41] and [42] were also tested her but are excluded as they were used to document the name of the individual approving the Purchase Requisition and the date of the approval; however, this information is not necessary to report the final results of the testing.

[188] Criteria [45] and [46] were also tested her but are excluded as they were used to document the name of the Hale Director or Administrator (Deputy Administrator) and the date of receipt of services; however, this information is not necessary to report the final results of the testing.

2. Compliance with HRS §103D – Hawai'i Procurement Code (criteria **[7]** through **[22]**)

   The one contract selected for testing that was procured through the Small Purchases method was for recruitment assistance to permanently fill OHA's Land and Property Director vacancy. The contract was with Inkinen and Associates Inc. for a total amount of $24,998, which is under the threshold of $25,000 that would have required OHA to release the solicitation through an electronic system (HePS).

   Although eight separate payments totaling $125,757 were made to this vendor during the period of review, it was evident that the services provided were discrete and not part of a single project, nor were multiple projects created at the inception of the transaction so as to evade the requirements of HRS §103D-305. Therefore, CLA did not have observations relating to compliance with HRS §103D-305.

3. Compliance with OHA Internal policies and procedures (criteria **[23]** through **[48]**)

   As stated previously, the internal policies and procedures included in the most recent update of OHA's Fiscal Procedures Manual related to the procurement process for Small Purchases was crossed out. There was no other more recent update provided to CLA. For this reason, the version updated in January 2008 was used. The procurement process followed for this contract appeared consistent with the process outlined in the OHA Fiscal Procedures Manual; however, there was one observation made related to the payment process followed as explained below.

   a) Contract payment process

      The OHA Fiscal Procedures Manual, in the Check Issuance and Distribution Process section (**Exhibit 02**, page 114), states that invoices are to be stamped paid and marked with the check number. CLA noticed for the payment on this contract, and the payments on all other contracts, that the actual process followed included applying the stamp on the Request for Payment on Contract form and no stamp was applied or check number recorded on the actual invoice.

   See recommendations 47 and 48.

4. Deliverable was met by the contractor (criteria **[49]**)

   CLA verified that the deliverable was met by the contractor for the one contract tested for this procurement method.

5. Sufficiency of contract oversight (criteria **[50]**)

   The sufficiency of contract oversight appeared appropriate for the one contract tested for this procurement method.

6. No evidence of fraud, waste, or abuse (criteria **[51]**)

   CLA did not identify indications of fraud, waste, or abuse related to the one contract tested for this procurement method. The procurement records indicate that, although quotes were requested from three vendors (via email), only two vendors responded to the request. From the two vendors that responded to the request, the contract was not awarded to the lowest quoting vendor; however it was documented that due to the urgency of the request and the number of successful high profile COO and CEO replacements with OHA, the award was made to this vendor as "best value" to provide the most qualified and vetted candidate. The process and the documentation appeared appropriate to CLA for this procurement, and, therefore, CLA does not make an observation regarding fraud, waste, or abuse relating to this contract.

e) Exempt Contracts

Seventeen contracts were procured by OHA using the exempt contract method. HRS §103D-102, Application of this chapter, subsection (b) provides a specific list of good, services, and contract types that are exempt from the procurement requirements specified in HRS §103D. A copy of HRS §103D-102(b) is included in **Exhibit 17**. As referenced in OHA's Fiscal Procedures Manual, revised March 2, 2009, the Hawai'i Administrative Rules Section 3-120-4 – Exhibit A exempts additional items from Chapter 103D.[189]

A detailed list of the applicable HRS rules and OHA policies and procedures identified by CLA to test the approval and execution of OHA exempt contracts is included in **Attachment 09**. As part of this testing, criteria **[7]** through **[10]** were used by CLA to determine if the goods, services, or contract type appeared to qualify as exempt under the listed exemptions included in HRS §103D-102(b) or Hawai'i Administrative Rules Section 3-120-4 – Exhibit A. OHA's Fiscal Procedures Manual, revised March 2, 2009, Figure 2.2.1.3 identifies the process for procuring exempt goods or services (see **Exhibit 02**, page 56). Based on these procedures, OHA can identify a contractor from which to procure goods or services without obtaining any quotes or bids. The exempt procurement method requires various steps for internal review and approval, which were tested as part of CLA's procedures.

Included in Table 11 below is a summary of the results identifying for each criteria tested the number of contracts (1) with missing document(s), (2) with observations resulting from the test work, and (3) without observations.[190] Included below the table is a discussion of the more significant observations from CLA's testing, which were used to assess whether there were red flags or indicators of possible fraud, waste, or abuse. **Attachment 09** includes a table containing the results at the contract level and tickmarks explaining each observation for a contract.[191]

[189] **Exhibit 02** includes a copy of OHA's Fiscal Procedures Manual, revised March 2, 2009. Page 55 of the manual includes a list of exemptions under Hawai'i Administrative Rules Section 3-120-4 – Exhibit A.

[190] The quantity of observations listed in the table correspond to the number of contracts with at least one observation. Some contracts may have more than one observation for a particular testing criteria; however, the contract will be counted only once. Therefore, the total number of observations discussed after the table for a particular criteria may sum to a total that is greater than what is listed in the table.

[191] Tickmarks serve as a reference and can be thought of as footnotes that provide additional detail. In **Attachment 09**, tickmarks for exempt contracts tested are numbered with the letter "E" as the prefix to correspond to this section of the report and are included in red font to be easily identified. For example, observation **E01** is the first observation tickmark for OHA's exempt contracts.

Table 11: Summary of Results – OHA Exempt Contracts

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §84: Standards of Conduct					
HRS §84-14: Conflicts of Interest					
[1]	Employees selecting the contractor did not have a financial interest.	0	0	17	17
[2]	Employees selecting the contractor were not engaged as legal counsel, advisor, consultant, representative, or other agency capacity.	0	0	17	17
HRS §84-15: Contracts					
[3]	The contract was not with a legislator or employee who has controlling interest.	0	1	16	17
[4]	If the contract was with a legislator or employee who has controlling interest, alternative criteria were met.	0	1	16	17
[5]	The person or the business entering into contract with OHA was not represented by a person employed by OHA in the preceding 2 years.	0	0	17	17
[6]	If the person or business entering into contract with OHA was represented by a person employed by OHA in the preceding 2 years, the person did not participate in the matter with which the contract is directly concerned.	0	0	17	17
HRS §103D: Hawai'i Public Procurement Code					
HRS §103D-102(b): Application of this chapter					
[7]	The service or goods qualify as a listed exemption in 103D-102(b).	0	11	6	17
[8]	Document the specific exemption number.	0	11	6	17
P-10: OHA Fiscal Procedures Manual, revised March 2, 2009					
2.2.1.3: Exempt Procurements[192]					
[9]	If not qualified under the list of exemptions in 103D-102(b), the goods/service qualify as an exempt purchase under Exhibit A - Procurements Exempt from Chapter 103D, HRS.	0	11	6	17
[10]	Document the specific exemption number.	0	11	6	17
2.2.1.3: Exempt Purchase Procedure					
[11]	The need to create a Purchase Requisition was identified by a Hale Director or Deputy Administrator.	1	0	16	17
[12]	The Purchase Requisition complied with the OHA Procurement Policy (Attachment 19 to Fiscal Procedures Manual). Attachment 19 is a table that summarizes the value (amount) and type of good/service being purchased and the procurement method required. The testing of proper procurement method is documented in criteria [7] - [10] above.	1	11	5	17
[13]	The Purchase Requisition representative checked if funds were available for the procurement.	1	1	15	17
[14]	The Purchase Requisition was approved by the appropriate manager (see Operational Authority Delegation Hierarchy for appropriate approval levels).	1	1	15	17
[15]	For amounts under $2,500, identify the name of the Purchaser.	0	0	17	17
[16]	For amounts under $2,500, identify the name of person preparing the check request.	0	0	17	17
[17]	For amounts under $2,500, identify the name of the person(s) approving the check request.	0	0	17	17
[18]	For amounts equal to or greater than $2,500, the Purchaser completed the Procurement Check List (PCL). (See section 2.2.4 below)	0	1	16	17

[192] Criteria [7] and [8] were also tested as part of OHA Fiscal Procedures Manual (revised March 2, 2009) section 2.2.1.3. Exempt Procurements, but are not shown in this section to avoid duplication.

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
2.2.4: Grants, Procurement, and Contracts Review Process					
[19]	A complete Purchase Requisition was submitted by a designated Purchase Requisition Representative for the review process.	1	0	16	17
[20]	**[a]** An Accounting Checklist was submitted.	0	17	0	17
	[b] Funds were verified by the Budget Analyst.	1	1	15	17
	[c] Funds were certified by the CFO.	2	5	10	17
[21]	Unless not required by statute, the contractor submitted a Tax Clearance to OHA prior to entering into the contract.	0	1	16	17
[22]	A Procurement Document Checklist was submitted and signed by a Hale Manager.	0	4	13	17
[23]	The owner of the business, except for sole proprietorships, charitable organizations, unincorporated associations, and foreign insurance companies, submitted a DCCA Verification showing Proof of Good Standing with the State of Hawaii.	0	1	16	17
[24]	The Hale Manager submitted a Contract for Purchase of Services.	0	0	17	17
2.2.4.2: Purchase of Goods and Services Review Process					
[25]	For the purchase of services, staff used the standard contract and it include all required provisions.	0	8	9	17
2.2.4.3: Review Documentation					
[26]	The senior staff attorney signed the Procurement Check List.	0	0	17	17
[27]	The senior staff attorney signed the contract.	0	0	17	17
2.2.4.4: Purchase Review Process for Contracts[193]					
[28]	The Accounting Check List (ACL) was submitted to the Budget Analyst to ensure availability of funding, correct coding, and installment payments coincided with contract language.	0	17	0	17
[29]	**[a]** Appropriate signatures were obtained on the contract (see Operational Authority Delegation Hierarchy).	0	7	10	17
	[b] Services began after the contract was fully executed by OHA.	0	14	3	17
2.2.5: Purchase Orders					
[32]	The Purchase Order was reviewed and signed by the CFO.	2	5	10	17
2.2.5.2: Receiving on a Purchase Order Process[193]					
[33]	The "Request for Payment on Contract" was reviewed and signed by the Hale Director and Administrator, or Deputy Administrator, based on the table on page 108 of the Fiscal Procedures Manual.	0	10	7	17
2.2.7.3: Contract Payment Process[193, 194]					
[38]	The payment was approved by the appropriate level based on the delegation of authority.	0	2	15	17
[39]	The invoice was stamped paid and marked with the check number.	0	17	0	17
Other Testing Results					
[40]	Deliverable was met by the contractor.	5	6	6	17

[193] Criteria [30], [31], [34], [35], [36], and [37] are excluded as they were used by CLA to document information pertaining to the contract approval and execution, such as the name of the OHA staff that approved the Purchase Requisition; however, are not necessary to report the final results of the testing.

[194] Criteria [33] was also tested as part of OHA Fiscal Procedures Manual (revised March 2, 2009) section 2.2.7.3. Contract Payment Process, but is not shown in this section to avoid duplication.

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[41]	There was sufficient oversight of the project/work by the contract monitor/manager.	0	7	10	17
[42]	There was no evidence of fraud, waste or abuse.	0	10	7	17

Within each observation, CLA has listed the OHA contract sample number with that particular observation. The specific contract number and a more detailed discussion of the observation can be found by referring to **Attachment 09**. Each observation also includes a reference to the applicable criteria listed in the table above.

1. Compliance with HRS §84: Standards of Conduct

    a. HRS §84-14: Conflicts of Interest (criteria **[1]** and **[2]**)

    Based on the procedures performed and publicly available information, CLA did not identify information that provides evidence of a conflict as defined under HRS §84-14.

    b. HRS §84-15(a): Contract with a legislator (criteria **[3]** and **[4]**)

    One contract was identified by CLA as possibly not compliant with HRS §84-15(a), which states, "A state agency shall not enter into any contract to procure or dispose of goods or services, or for construction, with a legislator, an employee, or a business in which a legislator or an employee has a controlling interest, involving services or property of a value in excess of $10,000 unless" other procurement conditions are met by the agency.

        i. K-20 – OHA Contract #2879 – Kuauli Aina-Based Insights LLC

        Kamanamaikalani Beamer, Ph.D. is the listed owner of Kuauli Anina-Based Insights LLC. Based on an internet search, Mr. Beamer is a commissioner for the Hawai'i State Commission on Water Resource Management, currently serving his second term. The first term began on July 1, 2013 (**Exhibit 18**). Mr. Beamer was a commissioner during the term of the contract with OHA, which was fully executed on June 7, 2013.

        CLA is unable to make a conclusion as to whether a commissioner on the Hawai'i State Commission on Water Resources qualifies as a legislator according to the requirements of HRS §84-15(a), and only the State of Hawai'i can make a final determination on this. Additionally, the contract with OHA was fully executed prior to when Mr. Beamer began his first term as commissioner, and CLA was unable to determine the date that

Mr. Beamer was confirmed as a commissioner or when this information was initially made public.

If the commissioner position qualifies as a legislator, the contract exceeded $10,000 and OHA did not meet the other procurement conditions required, which would have required a competitive proposal process and the posting of a notice of the intent to award the contract.

c. HRS §84-15(b): Contract with a former employee (criteria **[5]** and **[6]**)

Based on the procedures performed and publicly available information, CLA did not identify any contracts where the person or business entering into contract with OHA was presented by a person employed by OHA in the preceding two years.

2. Compliance with HRS §103D – Hawai'i Procurement Code (criteria **[7]** through **[10], [12]**)

Based on the scope of work described in the contracts tested, 11 of the 17 exempt contracts tested are for services that do not appear consistent with the stated exemption identified by OHA or the other exemptions allowed under HRS §103D-102(b) and Hawai'i Administrative Rules Section 3-120-4 – Exhibit A.

The following contracts are those identified by CLA as possibly not compliant:

a. K-09 – OHA Contract #2721 – The Kalaimoku Group LLC

The scope of work from the contract indicated public relations and messaging services related to the proposed Kaka'ako Makai settlement. The specific exemption cited by OHA was Hawai'i Administrative Rule Section 3-120-4 exemption #1, which states, "Research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases."

The State Procurement Office issued a letter dated May 1, 2017 regarding a different OHA procurement (**Exhibit 19**). The letter stated on page 4, "The SPO notified OHA, on December 16, 2016, that Exemption #1 is used for already published research material and not for contracting a vendor to conduct research and create a report, which is a service."[195] The contract with The Kalaimoku Group LLC was also for a service and not for already published research material. CLA could not identify any other allowed exemption under which this particular service seemed to apply. Additionally, this contractor

[195] Although this letter was related to a different OHA contract and was issued after the period covered by this engagement, CLA used this letter to interpret the intent of exemption #1 under Hawai'i Administrative Rule Section 3-120-4 – Exhibit A.

was on the list of approved professional service providers under the category of "Community Planning" along with 20 other vendors. It appears that this contract should not have been processed as an exempt contract, and OHA should have used a different procurement method (e.g., Professional Services) to secure these services.

b. K-18 – OHA Contract #2857 – Native Hawaiian Education Association

According to the scope of the contract, Native Hawaiian Education Association (NHEA) was paid for the "production and facilitation of eighteen (18) scholarship 'aha for Native Hawaiian students." The specific exemption cited by OHA was Hawai'i Administrative Rule Section 3-120-4 exemption #3, which states, "Services of lecturers, speakers, trainers, facilitators and scriptwriters, when the provider possess specialized training methods, techniques or expertise in the subject matter."

The contract manager was no longer employed by OHA to interview; however, OHA did respond that this contract was exempt from procurement as it involved services of a facilitator. Although the scope of work included "facilitation," it appears that this was not a service provided directly to OHA but was a program to benefit Native Hawaiians, similar to a grant or sponsorship. NHEA's website lists 'aha dates for 2018-19, which may be an indication that this is an ongoing program of the organization and not a service to OHA. Additionally, OHA awarded grants to other organizations for a similar purpose.[196] Lastly, several invoices from NHEA indicate "OHA sponsorship."

It appears that this contract should not have been processed as an exempt contract, and OHA should have considered this funding as a grant or sponsorship based on the purpose of services performed by NHEA. Although grants are exempt from the procurement requirements of HRS §103D, there are specific requirements in HRS §10-17 related to awarding grants.

c. K-20 – OHA Contract #2879 – Kuauli Aina-Based Insights LLC

According to the scope of the contract, Kuauli Aina-Based Insights LLC (Kuauli) was paid to "examine the original source deeds of former Hawaiian Kingdom Government and Crown Lands sold" for the period 1845 through 1959 and "document each sale on an Excel spread sheet [sic]."[197] The specific exemption cited by OHA was Hawai'i Administrative Rule Section 3-120-4 exemption #1, which states, "Research, reference, and educational materials

[196] See CLA contract sample number K-42, OHA Contract #2962, awarded to Hawai'i Community Foundation for the purpose of carrying out the Higher Education Scholarship Program to assist Native Hawaiians.

[197] The contract and related amendments provided for additional detail related to the scope and the required deliverable from Kuauli. For the purpose of summarizing the nature of the work performed, CLA included only an excerpt from the scope.

including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases."

The State Procurement Office issued a letter dated May 1, 2017 regarding the procurement method used for this purchase (**Exhibit 19**). The letter stated on page 4, "The SPO notified OHA, on December 16, 2016, that Exemption #1 is used for already published research material and not for contracting a vendor to conduct research and create a report, which is a service. The subject contract's scope of work did not fit within the confines of this exemption and therefore the subject contract's award to Kuauli 'Aina-Based Insights does not comply with the Procurement Code." CLA could not identify any other allowed exemption under which this particular service seemed to apply. This contract should not have been processed as an exempt contract, and OHA should have used a different procurement method (e.g., Competitive Sealed Proposals or Professional Services) to secure these services.

d. K-21 – OHA Contract #2880 – DL Consulting Ltd.

According to the scope of the contract, DL Consulting Ltd. (DL Consulting) was paid to make specific updates to the Papakilo Database.[198] The contract and related amendments identify specific revisions to be made to the database by DL Consulting (i.e., “Implement a Native Hawaiian Questionnaire/Statistic Report”). The specific exemption cited by OHA was Hawai'i Administrative Rule Section 3-120-4 exemption #1, which states, "Research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases."

CLA interviewed the contract manager, who indicated that OHA went through an RFP process in 2007 to select the digital platform that would be used to create the Papakilo Database. DL Consulting was the selected vendor, and they have been working with OHA to continue updating and customizing the database. It was the understanding of the contract manager that this contract was processed as a sole source contract because the database had been customized to such a great extent.

Under HRS §103D-306, a sole source procurement requires that a different procurement method be followed, which includes posting a notice regarding the intent to award a contract as a sole source and a seven-day waiting period.[199] The FY 2018-19, 2019-20, and 2020-21 contracts awarded to DL Consulting by OHA related to the Papakilo Database appear to have been

[198] The Papakilo Database is an online repository of data pertaining to “historically and culturally significant places, events, and documents in Hawai'i’s history.” https://www.papakilodatabase.com/main/main.php

[199] http://spo.hawaii.gov/for-vendors/vendor-guide/methods-of-procurement/goods-services-construction/sole-source-procurement-method/

awarded under the sole source procurement method as OHA completed and posted a Notice & Request for Sole Source (**Exhibit 20**).

It appears that this contract should not have been processed as an exempt contract, and OHA should have used the sole source procurement method to award the work to DL Consulting.

e. K-44 – OHA Contract #2967 – Rider Levett Bucknall Ltd.

According to the scope of the contract, Rider Levett Bucknall Ltd. (RLB) was paid to "present the management and development framework on the Kaka'ako Makai land parcels to OHA leadership, project managers and other designated groups, as described in Contract No. 2865, the Contract between the Office of Hawaiian Affairs and Rider Levett Bucknall, Ltd., dated April 11, 2013." The specific exemption cited by OHA was HRS §103D-102(b)(4)(G), which is "Performances, including entertainment, speeches, and cultural and artistic presentations."

This does not seem to be an appropriate exemption for this contract as the listed exemption appears applicable to entertainment performances, speeches and other cultural and artistic works. Whereas, this contract was a presentation of the results of professional services previously provided to OHA. Additionally, this vendor had a previous contract with OHA (#2865) to perform the analysis and other work related to the Kaka'ako Makai lands. It seems more appropriate that this additional cost for a presentation would have been processed as an addendum to the original contract.

f. K-47 – OHA Contract #2979 – David Keanu Sai, PhD

According to the scope of the contract, David Keanu Sai, PhD (Dr. Sai) was paid to "conduct research to address strategies to support acknowledgement of the Kingdom of Hawaii's sovereignty under international law," draft memoranda, and provide lectures based on the memorandum developed. The specific exemption cited by OHA was Hawai'i Administrative Rule Section 3-120-4 exemption #3, which states, "Services of lecturers, speakers, trainers, facilitators and scriptwriters, when the provider possess specialized training methods, techniques or expertise in the subject matter."

OHA was unable to provide evidence that lectures were ever requested by OHA or provided by Dr. Sai. If lectures were not provided, it is not apparent that this would have been exempt under statute, as there is no exemption for research services. Additionally, it is unclear whether the original intention of this contract was to have Dr. Sai provide lectures as an email dated May 12, 2014 from OHA's Procurement Manager stated, "Regarding the Scope of Services, I added item #6, which meets the requirement for, [sic] exemption 3-120-4-3 HAR where upon we are utilizing lecture services from Dr. Sai."

The Professional Services procurement process includes a category for Legal Services - "Native Hawaiian Affairs." This includes two subcategories: "sovereignty" and "Native Hawaiian Rights and Entitlements," which had nine approved vendors for FY 2013-14 (the year this contract was signed). It is possible this contract should not have been processed as an exempt contract, and OHA should have used a different procurement method (e.g., Professional Services) to secure these services.

g. K-54 – OHA Contract #3019; K-69 – OHA Contract #3072; and K-70 – OHA Contract #3037 – McCorriston Miller Mukai MacKinnon LLP

Three contracts were executed with McCorriston Miller Mukai MacKinnon LLP (McCorriston Miller) using the exempt procurement method. All three contracts related to litigation of which OHA, its Board of Trustees (or certain members), and/or the former Chief Executive Officer were parties to. OHA indicated that the contracts were exempt under Hawai'i Administrative Rule Section 3-120-4 exemption #6, which states, "Insurance to include insurance broker services."[200]

According to OHA, its insurance broker helps it obtain appropriate insurance coverage for OHA's assets and activities. For OHA's Public Official/Employment Practices (POL/EPL) policy, the insurance carrier has an approved panel of counsel and/or OHA can obtain a Choice of Counsel endorsement. OHA opted for the Choice of Counsel endorsement and provided two firm names to the insurance carrier for approval. OHA then selected this firm from the two available on the endorsement.

The Professional Services procurement process includes a category for Legal Services, of which there are many subcategories based on the type of legal services/expertise needed. McCorriston Miller, along with several other law firms, were approved vendors for FY 2014-15 and 2015-16 (the years these contracts were signed). It is possible these contracts should not have been processed as exempt contracts, and OHA should have used a different procurement method (e.g., Professional Services) to secure these services.

h. K-73 – OHA Contract #3101 – Ayda Aukahi Austin Seabury

According to the scope of the contract, Ayda Aukahi Austin Seabury (Ms. Seabury) was paid to "provide transcription and facilitation services for use

[200] For contract #3019, the Procurement Document Checklist did not indicate the reason for the exemption; however, the document provided to CLA by OHA which listed the procurement methods used for each contract selected in CLA's sample indicated "exempt insurance appointed defense counsel." For contract #3072, the Procurement Document Checklist did not cite the specific exemption number, but stated "insurance appointed defense counsel." For contract #3037, the Procurement Document Checklist did not cite the specific exemption number, but stated "counsel appointed by BOT." Upon inquiry by CLA, OHA indicated this contract was exempt under Hawai'i Administrative Rule Section 3-120-4 exemption #6.

in focus group and interview settings with Native Hawaiian Practitioners as part of the research project for Kukulu Ola Project." The specific exemption cited by OHA was Hawai'i Administrative Rule Section 3-120-4 exemption #1, which states, "Research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases."

The State Procurement Office issued a letter dated May 1, 2017 regarding a different OHA procurement (**Exhibit 19**). The letter stated on page 4, "The SPO notified OHA, on December 16, 2016, that Exemption #1 is used for already published research material and not for contracting a vendor to conduct research and create a report, which is a service."[201] The contract with Ms. Seabury was also for a service and not for already published research material. CLA could not identify any other allowed exemption under which this particular service seemed to apply.

It appears that this contract should not have been processed as an exempt contract, and OHA should have used a different procurement method (e.g., Professional Services) to secure these services.

i. K-75 – OHA Contract #3110 – Raedeen M. Keahiolalo LLC

According to the scope of the contract, Raedeen M. Keahiolalo LLC (Raedeen) was paid to "finish the writing and editing of the documents created during this portion of the Kūkulu Hou Assessment Project." The specific exemption cited by OHA was Hawai'i Administrative Rule Section 3-120-4 exemption #1, which states, "Research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases."

The State Procurement Office issued a letter dated May 1, 2017 regarding a different OHA procurement (**Exhibit 19**). The letter stated on page 4, "The SPO notified OHA, on December 16, 2016, that Exemption #1 is used for already published research material and not for contracting a vendor to conduct research and create a report, which is a service."[202] The contract with Raedeen was also for a service (writing and editing) and not for already

[201] Although this letter was related to a different OHA contract and was issued after the period covered by this engagement, CLA used this letter to interpret the intent of exemption #1 under Hawai'i Administrative Rule Section 3-120-4 – Exhibit A.

[202] Although this letter was related to a different OHA contract and was issued after the period covered by this engagement, CLA used this letter to interpret the intent of exemption #1 under Hawai'i Administrative Rule Section 3-120-4 – Exhibit A.

published research material. CLA could not identify any other allowed exemption under which this particular service seemed to apply.

It appears that this contract should not have been processed as an exempt contract, and OHA should have used a different procurement method (e.g., Professional Services) to secure these services.

OHA's procurement procedures require that the purchaser complete a Procurement Document Checklist when the purchase is $2,500 or more. According to OHA's Fiscal Procedures Manual, one of the purposes of this form is to "validate the procurement method used" (see **Exhibit 02**, page 91). The purchaser indicates on the form the procurement method to be used (e.g., exempt purchase, small purchase, etc. (see **Exhibit 21** for an example)). On page 2 of the Procurement Document Checklist is a signature line for "LEGAL." For all exempt contracts listed above, the Procurement Document Checklist was signed by OHA's Corporate Counsel at the time. According to Figure 2.2.4.4 of the Fiscal Procedures Manual, the "senior staff attorney reviews the final form (not drafts) of contracts...If corrections are not required, the senior staff attorney will sign the contract and the Procurement Check List (PCL) and return to the responsible staff person."[203] The presence of OHA's Corporate Counsel's signature on the Procurement Document Checklist would indicate that he reviewed the listed exemption and services to be performed and concluded that the services qualified as exempt under HRS §103D-102(b) or Hawai'i Administrative Rules Section 3-120-4 – Exhibit A.

CLA's assessment of whether the services provided qualified as exempt was limited to a comparison of the services as stated in the scope section of the contract to the goods and services listed in HRS §103D-102(b) and Hawai'i Administrative Rules Section 3-120-4 – Exhibit A. CLA's assessment is not a legal analysis or conclusion. Whether the contracts reviewed by CLA qualify as exempt under the statutes would require a review and final determination by the State Procurement Office.

However, it is in the best interest of the trust for OHA to use a procurement method that includes some level of competition whenever possible. When a contract is processed as exempt, there is no requirement for OHA to obtain competitive quotes or bids unlike other procurement methods. Although OHA is not required to use a formal solicitation process to award contracts that qualify as exempt, HRS §103D-102(d) states that governmental bodies are "encouraged to adopt and use provisions of this chapter and its implementing rules as appropriate…" OHA's internal policies and procedures do not require it to perform a solicitation process or obtain quotes/bids prior to awarding an exempt contract. Therefore, when a contract is improperly awarded through the exempt

[203] The Procurement Check List is another name used by OHA for the Procurement Document Checklist. It has also been referred to as the Procurement Document Checklist.

procurement method, all forms of competition are removed from the procurement process. This removes any ability of OHA to ensure that it is awarding contracts fairly and is obtaining the best value for its money. Additionally, it makes it easier to direct work to specific organizations or individuals, which increases the risk of vendor favoritism or conflicts of interest.

See recommendations 49, 50, and 51.

3. Compliance with OHA internal policies and procedures (criteria **[11]** through **[39]**)

   The internal policies and procedures identified by CLA that address the approval and execution of OHA contracts include a review of the Purchase Requisition, Procurement Document Checklist, Purchase Order, Tax Clearance and DCCA Verification submitted by the contractor, contract, and Request(s) for Payment on Contract. When a signature was required on a particular document, CLA verified the appropriate signature(s) were obtained based on the Operational Authority Delegation Hierarchy in effect at the time. See **Exhibit 03** for each delegation hierarchy in effect during the period covered by this engagement.

   Included below is a summary of the observations for each of the documents reviewed as part of OHA's procurement process.

   a. Purchase Requisition:

      i. One contract was missing the Purchase Requisition (K-12 – criteria **[11]** through **[14], [19], [20b]**).

      ii. One Purchase Requisition was not signed by the Budget Analyst to verify the availability of funds as required for purchases over $2,500 (K-47 – criteria **[13]** and **[20b]**).

      iii. One Purchase Requisition did not have the appropriate approvals based on the delegation hierarchy (K-09 – criteria **[14]**).

   b. Accounting Checklist:

      i. All 17 contracts did not contain the Accounting Checklist, which was supposed to be used by OHA to verify and certify the availability of funds (criteria **[20a]** and **[28]**). According to discussions with OHA, the Accounting Checklist has not been used in a long time, and the Procurement Document Checklist is used instead. The Budget Analyst verifies the availability of funds on the Purchase Requisition, and the CFO certifies the funds on the Purchase Order.

   c. Procurement Document Checklist:

      i. One Purchase Document Checklist was completed, reviewed, and signed after the Purchase Requisition was approved and the contract was signed

by OHA (K-70 – criteria **[18]**). The Purchase Document Checklist should be reviewed and approved prior to creating and approving a Purchase Requisition and the contract.

ii. Four Procurement Document Checklists were not initialed by the Procurement Manager, which was used to document that the checklist was reviewed and went through the Purchasing Department (K-09, K-21, K-69, K-70 – criteria **[22]**).[204]

d. Purchase Order:

i. Two contracts were missing the Purchase Order (K-02, K-12 – criteria **[20c]** and **[32]**).

ii. Five Purchase Orders were signed by the Controller on behalf of the CFO; however, there was no documentation that the Controller was given signing authority by the CFO (K18, K-20, K-21, K72, K73 – criteria **[20c]** and **[32]**). When the CFO signs the Purchase Order, he is certifying to the availability of funds.

e. Tax Clearance and DCCA Verification:

i. One contract was approved and signed prior to OHA obtaining a copy of the Certificate of Vendor Compliance, which documents the tax clearance and DCCA verification (K-70 – criteria **[21]** and **[23]**).

f. Contract:

i. Eight contracts did not include all required provisions of the standard contract, as described further below (criteria **[25]**).

1. Three contractor agreements were documented on a OHA Cooperative Agreement (OHA Form CAG-1), which did not include the required contract provisions of the standard contract template provided by OHA's legal office (K-02, K-12, K59).[205]

[204] OHA's Fiscal Procedures Manual (revised March 2, 2009), section 2.2.4 – Grants, Procurement, and Contracts Review Process, indicates in the table on page 91 that the Hale Manager (i.e., Department Manager) signs the Procurement Document Checklist. According to Phyllis Ono-Evangelista, OHA Procurement Manager, the checklist requires only the identification of the preparer in Purchasing, approval by Corporate Counsel, and the initials of the Procurement Manager. The Hale Manager does not have to sign the checklist. This is the way that Ms. Ono-Evangelista was trained when she became the Procurement Manager. CLA's review of the checklist verified that the preparer was identified, the signature of Corporate counsel, and the initials of Ms. Ono-Evangelista (or her predecessor, Emmit Ford Jr.). In these four instances, the initials of the Procurement Manager were not on the checklist.

[205] Page 93 of OHA's Fiscal Procedures Manual provides a complete list of the provisions required to be in each contract (**Exhibit 02**).

2. Five contracts did not include all of the required contract provisions of the standard contract template provided by OHA's legal office (K-44, K-49, K-54, K-69, K-75). The missing contract provisions included, but were not limited to, Insurance, Dispute, Severability, and Termination of Agreement.

ii. Seven contracts did not contain the appropriate signatures based on the Operational Delegation Hierarchy in effect at the time, as described further below (criteria **[29a]**).

1. Two contracts were executed under the Operational Authority Delegation Hierarchy dated February 9, 2010 (K-02, K-12). The delegation hierarchy did not list the required signatures for contracts.

2. Five contracts did not contain the appropriate signatures based on the Operational Authority Delegation Hierarchy in effect at the time (K-44, K-47, K-69, K-70, K-72). These contracts were missing one of the required signatures of the CEO, COO, or CFO when the delegation hierarchy indicated that one or more of these individuals should have signed the contract (based on contract type and amount).

iii. Fourteen contracts included a Time of Performance (TOP) beginning date that preceded the date the contract was fully executed by OHA (criteria **[29b]**).[206] The TOP beginning date represents the effective date of the contract and when the contractor can begin services.

1. Five contracts did not include sufficient information on the invoices to identify when the contractor actually began performing services (K-02, K-09, K-20, K-49, K-59).

2. Eight contracts included information on the invoices or other documentation provided that indicated the contractor began performing the services prior to when OHA fully executed the contract (K-18, K-44, K-47, K-54, K-69, K-70, K-73, K-74).[207]

[206] The 14 contracts include: K-02, K-09, K-18, K-20, K-44, K-47, K-49, K-54, K-59, K-69, K-70, K-73, K-74, K-75.

[207] For the three contracts with McCorriston Miller Mukai MacKinnon LLP (K-54, K-69, K-70), the effective date of the contracts were prior to when they were executed and services began close to or on the effective date. For Contract #3072 (K-69), OHA indicated that the intention was for McCorriston Miller to bill OHA under "the then active Board Counsel contract. However, due to substantial time and legal fees expended on the case during August, 2015, the Board Counsel contract would be rapidly depleted. Hence, a new contract was necessary and adequate time was required for negotiations of the contract terms and for drafting, finalizing, and executing a new contract." For Contracts #3019 (K-54) and #3037 (K-70), legal services began prior to having a contract in place as McCorriston Miller began providing legal services when

3. One contract did not provide a TOP beginning date in the contract; however, the invoice from the contractor was dated one day prior to when the contract was fully executed by OHA (K-75).

g. Request(s) for Payment on Contract:

i. Ten contracts included payments for which the Request for Payment on Contract was not signed by the Administrator (CEO) or Deputy Administrator (COO) as designated by the table on page 108 of OHA's Fiscal Procedures Manual (**Exhibit 02**) (criteria **[33]**).[208, 209]

ii. Two contracts included payments for which the Request for Payment on Contract was not signed by the appropriate level based on the Operational Authority Delegation Hierarchy in effect at the time (K-49, K-73 – criteria **[38]**). According to OHA, both contracts were approved by the CEO and were considered CEO contracts. Therefore, the CEO would be considered the LOB Director. The delegation hierarchy identifies the required signatures based on the contract type and/or amount. For example, the delegation hierarchy effective as of May 19, 2015, which was applicable for the payment on contract K-49, indicates that contract payments up to $100,000 must be approved by the Program Manager and LOB Director. Because the CEO would have been the LOB Director for this particular contract, he should have signed as such. Similar circumstances apply for contract K-73, the payments of which were approved under the delegation hierarchy effective as of October 21, 2015.

iii. The Operational Authority Delegation Hierarchy identifies the appropriate approvers using titles such as Program Manager and LOB Director. OHA provided to CLA a listing of the Program Managers and LOB Directors in place during the time period covered by this engagement (see **Exhibit 22**). In most instances, CLA was able to easily identify the Program Manager or LOB Director based on the division indicated on the Procurement Document Checklist. However, there were some instances in which the division (or LOB) was not obvious from the documentation provided or the division was not shown on the listing provided by OHA.

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the legal matters arose, but adequate time was needed to negotiate the contract terms, draft, finalize and execute the contract.

[208] The table on page 108 of OHA's Fiscal Procedures Manual identifies when the Administrator or Deputy Administrator must review and approve a contract payment based on the Hale. According to discussions with OHA staff, a Hale is the department in OHA, the Administrator is the CEO, and the Deputy Administrator is the COO. Although the table identifies a Deputy Administrator for Operations and one for BAE, OHA indicated that there is only one Deputy Administrator, the COO. Depending on the department under which the contract resided, CLA verified whether the Administrator (CEO) or Deputy Administrator (COO) signed the Request for Payment on Contract.

[209] The ten contracts include: K-12, K-18, K-20, K-21, K-44, K-49, K-59, K-72, K-73, K-74.

This made identifying the appropriate approvers difficult and CLA had to inquire with OHA regarding who the appropriate approvers should be.

iv. Seventeen contracts included paid invoices that were not stamped paid or marked with the check number (criteria **[39]**). Rather than the invoice, the Request for Payment on Contract form is stamped paid and marked with the check number.

See recommendations 52, 53, and 54.

4. Deliverable was met by the contractor (criteria **[40]**)

   a. Six contracts included documentation from the contractor to indicate that the contractor completed and provided to OHA the deliverables required by the contract terms (K-09, K-12, K-21, K-59, K-72, K-74). These are the contracts without observations in this area.

   b. Five contracts did not include documentation from the contractor to indicate that the contractor completed and provided to OHA the deliverables required by the contract terms (K-18, K-44, K-49, K-73, K-75). CLA is unable to assess whether the contractor did not complete the deliverable as required or if OHA could not locate the deliverable documents. The following bullets provide additional information for each contract.

      i. K-18: Reports and other communications required of the contractor were not provided to CLA. OHA indicated that staff with firsthand knowledge of the contract were no longer employed by OHA.

      ii. K-44: Contract scope required a presentation to OHA management. CLA requested the date(s) of the presentation(s) and any presentation materials (i.e., agenda, presentation, list of attendees, etc.). OHA did not provide any of this documentation and indicated that staff with firsthand knowledge of the contract were no longer employed by OHA.

      iii. K-49: The payments tested by CLA required the contractor provide a copy of the press release of proof thereof acknowledging OHA's funding support and a written mid-year report. OHA indicated that it was unable to locate the documents.

      iv. K-73: The contract required the contractor to provide to OHA completed transcripts in electronic format in Word and PDF. Two of the payments tested by CLA required that the contractor provide transcripts for interviews conducted from January 15, 2016 through February 29, 2016. OHA did not provide the transcripts related to these invoices/payments and indicated that staff with firsthand knowledge of the contract were no longer employed by OHA.

v. K-75: The contract required the contractor to delivery of a manuscript, and payment would be based on submittal and approval of a draft and final manuscript. OHA did not provide the draft or final manuscript and indicated that staff with firsthand knowledge of the contract were no longer employed by OHA.

c. Three contracts included invoices from the law firm related to legal services performed; however, the descriptions on the invoices were redacted by OHA's Corporate Counsel (K-54, K-69, K-70).[210] The unredacted portion of the invoices displayed the law firm's employee name, date and hours worked, and the extended cost. The contracts did not require a deliverable beyond providing the legal services needed and submitting detailed invoices. The level of detail on the invoices appears to be adequate; however, CLA cannot verify without the descriptions that the services provided relate to the scope of work per the contract. These contracts make up three of the six with observations in this area.

d. Three contracts included only partial documentation from the contractor to indicate that the contractor completed and provided to OHA the deliverables required by the contract terms (K-02, K-20, K-47). These contracts make up three of the six with observations in this area. CLA is unable to assess whether the contractor did not complete all deliverable as required or if OHA could not locate all the deliverable documents. The following bullets provide additional information for each contract.

i. K-02 – OHA Contract #2659 – University of Hawai'i

Amendment 1 to the contract indicated in section 1.a. of the Scope of Services that the contractor shall "research, write, edit, publish, and distribute one legal primer that summarizes quiet title and partition law in the State of Hawai'i and one additional primer on a topic approved by OHA's Contract Monitor."[211] OHA provided to CLA a copy of the legal primer on quiet title and partition law published in April 2013. However, a second legal primer was not provided. A report from the contractor dated June 29, 2013 stated that "Due to: (1) the unforeseen delays in the publication of the quiet title and partition primer, and (2) the importance of having Sheryl Nicholson review it, we consulted with OHA and collectively decided not to complete a second primer." See **Exhibit 23** for a copy of the report. Therefore, it appears that the contractor never published a second primer as originally required by Amendment 1. The

[210] According to discussions with OHA's current Corporate Counsel, Raina Gushiken, all documents were reviewed by her for attorney-client privileged information prior to providing the documents to CLA. If she deemed any communications to be attorney-client privileged, the information was redacted.

[211] The copy of Amendment 1 (OHA Contract #2659.01) provided to CLA did not include the Scope of Services section. CLA obtained the Scope of Services for Amendment 1 by reviewing the Scope of Services section in Amendment 2 (OHA Contract #2659.02), which included the language from Amendment 1.

total cost of Amendment 1 was $125,000, which included $10,000 for researching, drafting, and editing the primer (see **Exhibit 24**). It does not appear that the contract price was reduced to account for the decision not to proceed with a second primer.

ii. K-20 – OHA Contract #2879 – Kuauli Aina-Based Insights LLC

According to the contract and four amendments, the contractor was to provide the following materials to OHA upon their completion:

- Excel data sheets for the sale of Hawaiian Kingdom Government and Crown Lands from the years 1845 through 1959
- A report which analyzes the sales and highlights the most relevant portions of the data and provides a breakdown of the percentage of acreage sold by island
- Digital copies of the original source materials and other relevant source materials
- Complete a report that: (1) explains the methodology for the data collection, compilation and presentation of information; (2) contains an analysis of data gaps, an explanation of how the inventory should be used and how it should not be used; and (3) will propose additional research for understanding the History of Hawaii's land tenure.
- Submission of geo-reference maps to OHA

OHA did not provide the Excel data sheets for the sale of Hawaiian Kingdom Government and Crown Lands for the period from 1845 through 1892. The content of the reports listed above were included in a PowerPoint presentation that OHA provided to CLA. Additionally, OHA provided to CLA files that were represented to contain the digitized information (geo-reference maps); however, the files require a specific GIS software to view, which CLA does not have.

iii. K-47 – OHA Contract #2979 – David Keanu Sai, Ph.D.

According to the contract, the contractor was to "conduct research to address strategies to support acknowledgement of the Kingdom of Hawaii's sovereignty under international law," draft memoranda, and provide lectures based on the memorandum developed. The invoices submitted by the contractor indicate that one letter was drafted and one memorandum was drafted. CLA was provided a copy of the memorandum; however, a copy of the letter was not provided. The invoice indicates that the letter drafted was dated May 5, 2014 and was to United States Secretary of State John Kerry. Through an internet

search, CLA identified several articles that referenced the letter; therefore, it appears that the letter was prepared.

Because the contract indicated that the contractor would also provide lectures, CLA requested that OHA provide the dates and locations of the lectures conducted. OHA did not provide this information; therefore, it is unknown whether the contractor provided said lectures.

See recommendation 55.

5. There was sufficient oversight of the project/work by the contract monitor/manager (criteria **[41]**)

    a. Ten contracts included sufficient documentation from the contractor for CLA to assess that there appeared to be sufficient oversight of the project/work by the contract manager (K-02, K-09, K-12, K-21, K-54, K-59, K-69, K-70, K-72, K-74). OHA's internal policies and procedures do not indicate the methods that must be used by the contract manager to provide oversight of the contractor's work. Therefore, CLA's assessment was based on whether there was evidence of deliverables from the contractor, invoices provided detail of the work performed, and/or CLA was able to speak with the contract manager to discuss the work performed.

    b. Six contracts were missing all deliverables or a portion of the deliverables; therefore, CLA is unable to assess whether the contract manager provided sufficient oversight (K-18, K-20, K-47, K-49, K-73, K-75). These contracts make up six of the seven contracts with observations in this area. The fact that not all deliverables could be provided may be an indication that sufficient oversight was not provided.

        i. For four of the contracts, the contract manager was no longer employed by OHA; therefore, CLA could not make inquiries to assess the appropriateness of the oversight (K-18, K-20, K-73, K-75).

        ii. For two of the contracts, the contract was a CEO level contract approved by the former CEO, Crabbe (K-47, K-49). CLA attempted to meet with Dr. Crabbe prior to his last day at OHA, which was June 30, 2019. CLA scheduled a call with Dr. Crabbe for Tuesday, June 25, 2019. CLA provided the conference call information and called into the number at the scheduled time. CLA waited for approximately 15 minutes, but Dr. Crabbe did not call in. CLA sent a follow-up email to Raina Gushiken, Corporate Counsel, and Dr. Crabbe for a possible reschedule of the call and provided its availability. CLA did not get a response on a new day/time.

c. One contract (K-44) provided for additional services to be provided related to work performed under a separate contract.[212] The original scope of work provided by the contractor was included in OHA Contract #2865, which was selected by CLA as OHA contract sample K-19. This contract was processed as a Competitive Sealed Proposal Contract and the results of that testing are included in Section VI.D.1.b. beginning on page 76. This is the seventh of the seven contracts with observations in this area.

6. There was no evidence of fraud, waste, or abuse (criteria **[42]**)

A review of the documents for ten of the contracts tested in this area identified red flags or indicators that indicate a possibility of fraud, waste, or abuse. The identification of a red flag or indicator does not, on its own, confirm that fraud, waste, or abuse did occur. This section simply identifies the observations made by CLA during the testing that can be indicators of fraud, waste, or abuse, and, therefore, CLA is not making a conclusion as to the existence of fraud, waste, or abuse. Additional investigation of each contract would be required, which was beyond the scope of this engagement. Each of the ten contracts is discussed further below.

a. K-09 – OHA Contract #2721 – The Kalaimoku Group LLC

The contract with The Kalaimoku Group LLC was executed by OHA on December 30, 2011 for $50,000. There were no amendments to this contract. During the period covered by the scope of this engagement (FY 2011-12 through 2015-16), OHA paid $38,931.93 toward this contract.

The Kalaimoku Group LLC was retained by OHA to provide public relations and messaging services related to the proposed Kaka'ako Makai settlement. The following observations were made by CLA pertaining to this contract:

- As discussed previously, it appears that this contract should not have been processed as an exempt contract, and OHA should have used a different procurement method to secure these services.
- Based on an internet search, the vendor was established in 2011, the same year as the contract with OHA, which was executed on December 30, 2011 (**Exhibit 25**).
- The effective date of the contract was December 1, 2011, which was prior to when the contract was executed by OHA.

[212] K-44 is OHA Contract #2967 with Rider Levett Bucknall, LTD. The services covered by contract #2967 related to a presentation to OHA leadership of the management and development framework on the Kaka'ako Makai land parcels. The original services provided by this contractor were covered by OHA Contract #2865.

- The invoices submitted are sequentially numbered; however, they are dated approximately six weeks apart (**Exhibit 26**).

Because the contract was processed as an exempt contract when it possibly should not have been, OHA did not go through a process to obtain competitive quotes or bids to obtain these services. Therefore, it is unknown whether OHA paid a fair price for the services. This could be an indication of possible waste.

Additionally, the fact that the contractor was formed in the same year that the contract was executed with OHA and the invoices are sequentially numbered, indicates that OHA may be (or was) its only customer/client. This could be an indication that the company was formed solely to provide services to OHA. Combined with the possible inappropriate use of the exempt contract procurement method, this raises the question of whether this contract was handled properly, which could be an indication of possible favoritism to this particular vendor. Any mishandling of contracts or vendor favoritism poses a risk to OHA of possible fraud, waste, or abuse.

b. K-18 – OHA Contract #2857 – Native Hawaiian Education Association

The original contract with Native Hawaiian Education Association (NHEA) was executed by OHA on February 14, 2013 for $59,600. One amendment was approved that expanded the scope and increased the total contract value to $99,600. OHA paid the full $99,600 toward this contract.

NHEA was retained by OHA for the production and facilitation of 36 scholarship ‘aha for Native Hawaiian students. The following observations were made by CLA pertaining to this contract:

i. As discussed previously, it appears that this contract should not have been processed as an exempt contract, and OHA should have considered this funding as a grant or sponsorship based on the type of activity performed by NHEA.

ii. OHA was unable to provide any documentation to support that NHEA provided the documentation or reports required by the contract.

iii. The contract was executed by OHA on February 14, 2013; however, the effective date of the contract is December 3, 2012. A schedule attached to the contract provides the Scholarship ‘Aha dates for 2012-13, which begin on November 27, 2012 and go through January 24, 2013. All dates are prior to when the contract was executed by OHA. This indicates that the activities of NHEA may have occurred prior to when the contract was approved and executed.

iv. The scope indicated that 36 scholarships of no more than $500 each were to be awarded at each ‘aha, which would have been awarded

during calendar years 2013 and 2014. CLA reviewed the 990 tax returns filed by NHEA for both years. The 2013 990 tax return (Schedule I) indicated that 18 scholarships were awarded; however, the 2014 990 tax return did not include a Schedule I (**Exhibit 27**). A majority of the expenses for 2014 were for conferences, conventions, and meetings. This calls into question whether the full scope of the contract and amendment was fulfilled.

v. Through the grant testing, CLA tested a grant issued to another organization for a similar activity.[213] This raises the question of whether NHEA applied for a grant for the 2012-13 year that was not approved or if NHEA missed the deadline for submission of a grant application, and the exempt procurement method was used instead to award funds to NHEA.

If the funds for this activity had been awarded through the grant process, OHA would have had additional oversight measures in place that could have been used to monitor the overall performance and activity of NHEA. Because the funding for this activity was possibly not awarded properly, and OHA could not provide the deliverables required by the contract, it appears that there was not sufficient oversight of the activities. Combined with the fact that NHEA did not report any scholarship costs in their 990s for 2013 and 2014, these factors could be an indication of possible waste or abuse. Indicators of possible waste are the lack of documentation to support that NHEA performed the activities identified in the contract. If the contract was knowingly processed as an exempt contract when it likely should have been processed as a grant, this may be an indicator of possible abuse.

c. K-20 – OHA Contract #2879 – Kuauli Aina-Based Insights LLC

The original contract with Kuauli Aina-Based Insights LLC (Kuauli) was executed by OHA on June 7, 2013 for $150,000. Four amendments were approved that expanded the scope and increased the total contract value to $435,000. During the period covered by the scope of this engagement (FY 2011-12 through 2015-16), OHA paid $250,000 toward this contract.

Based on the scope of work in the original contract and amendments, Kuauli was retained by OHA to "examine the original source deeds of former Hawaiian Kingdom Government and Crown Lands sold" for the period 1845 through 1959 and "document each sale on an Excel spread sheet [sic]." Kuauli was also required to produce certain other deliverables that were discussed above.

[213] See CLA contract sample number K-42, OHA Contract #2962, awarded to Hawai'i Community Foundation for the purpose of carrying out the Higher Education Scholarship Program to assist Native Hawaiians.

The following observations were made by CLA pertaining to this contract:

- As previously discussed, this contract should not have been processed as an exempt contract, and OHA should have used a different procurement method to secure these services.

- Only partial evidence was provided to show that Kuauli completed the work required under the scope of the contract and amendments.

- Several of the invoices were numbered sequentially but were dated months apart (for example: invoice #0011 dated September 2, 2013; invoice #0012 dated January 16, 2014; invoice #0013 dated May 16, 2014).

- Based on an internet search, Kuauli has a filing date of February 4, 2013 (**Exhibit 28**), which was approximately four months prior to when the contract was executed by OHA.

- A "Petition of Support for CEO Dr. Crabbe" was posted on hawaiiankingdom.org on May 10, 2014 and lists Kamana Beamer as a supporter (**Exhibit 29**). Kamana Beamer is the listed owner of Kuauli (**Exhibit 28**). This petition was posted while work was being performed by Kuauli.

Because the contract was processed as an exempt contract, OHA did not go through a process to obtain competitive quotes or bids to obtain these services. Therefore, it is unknown whether OHA paid a fair price for the services. This could be an indication of possible waste.

Additionally, the fact that the contractor was formed in the same year that the contract was executed with OHA and the invoices are sequentially numbered, indicates that OHA may be (or was) its only customer/client. This could be an indication that the company was formed solely to provide services to OHA. The online petition in support of Dr. Crabbe may indicate a close personal relationship between the contractor and Dr. Crabbe. Combined with the possible inappropriate use of the exempt contract procurement method, this information raises the question of whether this contract was handled properly and could be an indication of possible favoritism to this particular vendor. Any mishandling of contracts or vendor favoritism could pose a risk to OHA of possible fraud, waste, or abuse.

d. K-44 – OHA Contract #2967 – Rider Levett Bucknall, LTD.

This contract with Rider Levett Bucknall, LTD (Rider Levett) was executed by OHA on April 28, 2014 for $10,000. There were no amendments on this contract, and OHA paid the full $10,000. Based on the scope of work in this contract, Rider Levett was retained by OHA to "present the management and

development framework on the Kaka'ako Makai land parcels to OHA leadership, project managers and other designated groups…"

The following observations were made by CLA pertaining to this contract:

- Item #7 in the scope of services of the original contract with Rider Levett (OHA Contract #2865 and tested by CLA as contract sample #K-19), included the contractor presenting "these findings to OHA project managers and decision-makers upon request." The scope that was included with the previous contract with Rider Levett appears duplicative or similar to the scope covered by this contract.

- The invoice related to this contract identified the $10,000 as "additional fees" for a total of $160,000 (including billings under OHA Contract #2865).

- CLA requested the dates of the presentations by Rider Levett and the presentation materials; however, OHA did not provide this information.

There is a close similarity in the services to be provided by Rider Levett as covered by the initial contract (OHA Contract #2865) and this contract, and there is no indication as to why this contract was processed as a new, exempt contract rather than an amendment to the initial contract. OHA informed CLA that there were no staff at OHA with firsthand knowledge of this contract to answer CLA's questions. The additional payment for similar services could be an indication of possible waste.

e. K-47 – OHA Contract #2979 – David Keanu Sai, Ph.D.

The contract with David Keanu Sai, Ph.D. (Dr. Sai) was executed by OHA on June 23, 2014 for $25,000. There were no amendments to the contract. During the period covered by the scope of this engagement (FY 2011-12 through 2015-16), OHA paid the full $25,000 toward this contract.

Dr. Sai was retained by OHA to "conduct research to address strategies to support acknowledgement of the Kingdom of Hawaii's sovereignty under international law," draft memoranda, and provide lectures based on the memorandum developed.

The following observations were made by CLA pertaining to this contract:

- As previously discussed, it is possible that this contract should not have been processed as an exempt contract, and OHA should have used a different procurement method to secure these services.

- OHA was unable to provide CLA with any evidence that lectures were ever requested by OHA or provided by Dr. Sai. Additionally, it is

unclear whether the original intention of this contract was to have Dr. Sai provide lectures as an email dated May 12, 2014 from OHA's Procurement Manager stated, "Regarding the Scope of Services, I added item #6, which meets the requirement for, [sic] exemption 3-120-4-3 HAR where upon we are utilizing lecture services from Dr. Sai." Other email communications included in the documentation provided to CLA were redacted.

- The contract was executed by OHA on June 23, 2014; however, the effective date of the contract was May 1, 2014. The invoice was dated June 26, 2014, only three days after the contract was executed.

- According to the description included on the invoice, the letter was dated May 5, 2014 and the memorandum was dated May 27, 2014, both were before the Purchase Order was approved and the contract was executed. There is no indication on the invoice that Dr. Sai provided any lectures.

- CLA located a copy of Dr. Sai's curriculum vitae (CV) through an internet search (**Exhibit 30**). According to his CV, he is faculty and a lecturer on Hawaiian studies at the University of Hawai'i. Providing lectures was already a part of his work through the University.

Based on the timing of the letter and memorandum produced by Dr. Sai and when the contract was actually executed by OHA, Dr. Sai had performed the services covered by this contract prior to being retained by OHA. Additionally, is appears that the scope of work included "lectures" as a means to get this contract processed and approved, but it may not have been the intention to have Dr. Sai perform lectures and there is no evidence that he ever did provide lectures at the request of OHA. Combined with the possible inappropriate use of the exempt contract procurement method, this information raises the question of whether this contract was handled properly and could be an indication of possible favoritism to this particular vendor. Any mishandling of contracts or vendor favoritism could pose a risk to OHA of possible fraud, waste, or abuse.

f. K-54 – OHA Contract #3019; K-69 – OHA Contract #3072; and K-70 – OHA Contract #3037 – McCorriston Miller Mukai MacKinnon LLP

Three contracts were executed with McCorriston Miller Mukai MacKinnon LLP (McCorriston Miller) to provide legal services to OHA related to various litigation matters. The following bullets provide additional details on each contract:

- Contract #3019 was executed by OHA on February 25, 2015 for $150,000. There were no amendments to the contract. During the period covered by the scope of this engagement (FY 2011-12 through 2015-16), OHA paid $23,161.90 toward this contract.

- Contract #3072 was executed by OHA on October 5, 2015 for $250,000. There were no amendments to the contract. During the period covered by the scope of this engagement (FY 2011-12 through 2015-16), OHA paid $126,081.27 toward this contract.

- Contract #3037 was executed by OHA on October 5, 2015 for $80,000. There was one amendment to the contract, which brought the total contract value to $179,500. During the period covered by the scope of this engagement (FY 2011-12 through 2015-16), OHA paid $70,910.75 toward this contract.

These contracts are included in this category primarily because they were processed as exempt contracts when they do not appear to qualify as exempt procurements. As discussed previously, when a contract is improperly awarded through the exempt procurement method, all forms of competition are removed from the procurement process. This removes any ability of OHA to ensure that it is awarding contracts fairly and is obtaining the best value for its money. Additionally, it makes it easier to direct work to specific organizations or individuals, which increases the risk of vendor favoritism or conflicts of interest.

g. K-73 – OHA Contract #3101 – Ayda Aukahi Austin Seabury

The contract with Ayda Aukahi Austin Seabury (Ms. Seabury) was executed by OHA on January 26, 2016 for $25,000. There was one amendment to the contract that provided an extension of time and increased the total contract value to $30,062.50. During the period covered by the scope of this engagement (FY 2011-12 through 2015-16), OHA paid $15,187.50 toward this contract.

Ms. Seabury was retained by OHA to "provide transcription and facilitation services for use in focus group and interview settings with Native Hawaiian Practitioners as part of the research project for Kukulu Ola Project."

The following observations were made by CLA pertaining to this contract:

- As previously discussed, it appears this contract should not have been processed as an exempt contract, and OHA should have used a different procurement method to secure these services.

- Two of the payments made required Ms. Seabury to provide specific deliverables, which OHA did not provide to CLA. Therefore, there is no evidence that Ms. Seabury performed or completed the work required under the contract.

- The contract was executed by OHA on January 26, 2016; however, the effective date was January 15, 2016. Based on the timing of interviews indicated in the contract, it appears that services were

supposed to begin on January 15, 2016, prior to when the contract was executed.

Because the contract was processed as an exempt contract, OHA did not go through a process to obtain competitive quotes or bids to obtain these services. Therefore, it is unknown whether OHA paid a fair price for the services. Combined with the fact that there is no evidence of deliverables being provided as required by the contract, these are red flags or indicators of possible fraud, waste, or abuse.

h. K-75 – OHA Contract #3110 – Raedeen M. Keahiolalo LLC

The contract with Raedeen M. Keahiolalo LLC (Raedeen) was executed by OHA on March 8, 2016 for $45,000. There were no amendments to the contract. During the period covered by the scope of this engagement (FY 2011-12 through 2015-16), OHA paid the full $45,000 toward this contract. Raedeen was retained by OHA to "finish writing and editing of the documents created during this portion of the Kūkulu Hou Assessment Project."

The following observations were made by CLA pertaining to this contract:

- As discussed previously, it appears that this contract should not have been processed as an exempt contract, and OHA should have used a different procurement method to secure these services.

- OHA did not provide CLA with any evidence of deliverables required by the contract.

Because the contract was processed as an exempt contract when it possibly should not have been, OHA did not go through a process to obtain competitive quotes or bids to obtain these services. Therefore, it is unknown whether OHA paid a fair price for the services. Combined with the fact that there is no evidence of deliverables being provided as required by the contract, these are red flags or indicators of possible fraud, waste, or abuse.

See recommendations 49, 50, and 51.

2) Disbursement Testing

CLA tested a total of 50 OHA disbursements that, once selected, were determined to be within different subcategories, as follows:[214]

- Ten disbursements were CEO Sponsorships, which were awarded using the grant methodology.[215] HRS §10-17 Grants; conditions and qualifications provides a set of criteria in which OHA's grant awards must comply. The results for these disbursements are discussed in section f) included below.

- Thirty disbursements were procured by OHA using the exempt disbursement method. HRS §103D-102, Application of this chapter, subsection (b) provides a specific list of good, services, and contract types that are exempt from the procurement requirements specified in HRS §103D. A copy of HRS §103D-102(b) is included in **Exhibit 17**. As referenced in OHA's Fiscal Procedures Manual, revised March 2, 2009, the Hawai'i Administrative Rules Section 3-120-4 – Exhibit A exempts additional items from Chapter 103D. The results for these disbursements are discussed in section g) included below.

- Four disbursements were procured by OHA using the small purchase method. The small purchase method is described in OHA's Fiscal Procedures Manual, revised March 2, 2009, section 2.2.1.5. The results for these disbursements are also discussed in section g) included below.

- Five disbursements were procured by OHA using the Purchasing Card (pCard) method. The procurement method for pCard is described in OHA's Fiscal Procedures Manual, updated March 2, 2009, and OHA's Purchasing Card Program Internal Guidelines and Procedures, July 2016. The results for these disbursements are discussed in section h) included below.

- One disbursement did not indicate the procurement method used by OHA. The disbursement was for a lease guaranty, so CLA tested the disbursement using the

[214] All fifty disbursements consisted of payments paid on a single check. In some cases, the payments consisted of multiple line items, such as the multiple charges to the Procurement Card. When there were multiple line items, CLA tested a sample of the line items.

[215] CEO Sponsorships are one-time awards to community organizations for events or projects. CLA tested CEO Sponsorships under the scope of work for disbursements because OHA's policies and procedures for awarding CEO Sponsorship do not require a signed contract for the award. Awards are made through an administrative review process, and, unlike the formal grant application process, CEO Sponsorships do not involve a solicitation process.

exempt disbursement method.[216] The results for this disbursement are also discussed in section i) included below.

Each of the respective subcategories of disbursements that CLA tested are provided in their own sections for discussion.

f) CEO Sponsorships

Ten disbursements tested were CEO Sponsorships and were awarded using the grant methodology.[217] HRS §103D-102, Application of this chapter, subsection (b) specifically exempts grants from the procurement requirements in HRS §103D. CLA utilized HRS §10-17 Grant; conditions and qualifications, which provides requirements for OHA's grant awards and contracts. The statute regulates OHA's process for accepting qualified applications, executing grant contracts, and monitoring grantee. A copy of HRS §10-17 is included in **Exhibit 05**.

A detailed list of the applicable HRS rules and OHA policies and procedures identified by CLA to test the approval and award of CEO Sponsorships is included in **Attachment 10**. OHA's Fiscal Procedures Manual, revised March 2, 2009, Figure 2.2.4.4 identifies the process for reviewing procurement documents for grant applications approved by the Board of Trustees (**Exhibit 02**, page 95).

Included in Table 12 below is a summary of the results of identifying for each criteria tested the number of CEO Sponsorships (1) with missing document(s), (2) with observations resulting from the test work, and (3) without observations.[218] Included below the table is a discussion of the more significant observations from CLA's testing, which were used to assess whether there were red flags or indicators or possible fraud, waste, or abuse. **Attachment 10** includes a table containing the results at the disbursement level and tickmarks explain each disbursement with an observation.[219]

[216] OHA exempts the leases of real property and office rentals from HRS §103D. The exemption is based upon corporate counsel's interpretation of the definition of "goods," "services," and "construction" in HRS §103D, which excludes leases of real property and office rentals.

[217] Throughout this section, CLA may refer to CEO Sponsorships as sponsorships or grants.

[218] The quantity of observations listed in the table correspond to the number of contracts with at least one observation. Some contracts may have more than one observation for a particular testing criteria; however, the contract will be counted only once. Therefore, the total number of observations discussed after the table for a particular criteria may sum to a total that is greater than what is listed in the table.

[219] Tickmarks serve as a reference and can be thought of as footnotes that provide additional detail. In **Attachment 10**, tickmarks for CEO Sponsorship disbursements tested are numbered with the letter "F" as the prefix to correspond to this section of the report and are included in red font to be easily identified. For example, observation **F01** is the first observation tickmark for CEO Sponsorships.

Table 12: Summary of Results – OHA Disbursements – CEO Sponsorships

Description of Criteria Tested		Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §84: Standards of Conduct					
HRS §84-14: Conflicts of Interest					
[1]	Employees selecting the contractor did not have a financial interest.	0	2	8	10
[2]	Employees selecting the contractor were not engaged as legal counsel, advisor, consultant, representative, or other agency capacity.	0	2	8	10
HRS §84-15(a): Contracts					
[3]	The contract was not with a legislator or employee who has controlling interest.	0	0	10	10
[4]	If the contract was with a legislator or employee who has controlling interest, alternative criteria were met.	0	0	10	10
HRS §84-15(b): Contracts					
[5]	The person or the business entering into contract with OHA was not represented by a person employed by OHA in the preceding 2 years.	0	0	10	10
[6]	If the person or business entering into contract with OHA was represented by a person employed by OHA in the preceding 2 years, the person did not participate in the matter with which the contract is directly concerned.	0	0	10	10
HRS §10: Office of Hawaiian Affairs					
HRS §10-17(a): Grants; conditions and qualifications					
[7]	The Office of Hawaiian Affairs received an application for the grant.	6	0	4	10
[8-12]	The application met the minimum qualifications detailed in HRS §10-17(a).	6	1	3	10
[13]	The activities of the grant were consistent with HRS §10-17.	6	1	3	10
HRS §10-17(b): Grants; conditions and qualifications					
[14]	The applicant applied for or received all licenses and permits, when required to conduct the activities.	6	4	0	10
[15]	The applicant agreed to comply with federal, state, and county laws.	6	4	0	10
[16]	The grant was not used for entertainment or perquisites.	6	1	3	10
[17]	The applicant agreed to comply with federal, state, and county statutes and ordinances, including building code and agency rules.	6	4	0	10
[18]	The applicant indemnified OHA.	6	4	0	10
[19]	The applicant procured insurance if requested by OHA.	6	4	0	10
HRS §10-17(c): Grants; conditions and qualifications					
[20-23]	Based on the grant application, the applicant was an eligible organization as defined by HRS §10-17(c).	0	0	10	10
[24]	If the applicant was a nonprofit organization,				
	[a] the governing board members have no material interest and serve without compensation,	0	10	0	10
	[b] has bylaws regarding nepotism and conflict of interests, and	0	10	0	10
	[c] employs no more than two or more family members.	0	10	0	10
[25]	The applicant made all records relating to its operation of the activity available to OHA.	0	10	0	10
[26]	The applicant satisfied OHA that sufficient funds were available for its operation or the grant activity.	0	10	0	10
HRS §10-17(d): Grants; conditions and qualifications					
[83]	The monitoring requirements defined under HRS §10-17(d) were tested concurrently with the criteria at [83].	10	0	0	10

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
OHA Fiscal Procedures Manual, revised March 2, 2009					
2.2.4.1: Grants Review Process					
[27]	Staff completed the sections for scope of work, compensation/payment and reporting requirements.	0	1	9	10
[28]	No sections of the forms were altered.	0	1	9	10
[29-31]	The grant was documented and completed on the appropriate form for the type of grant.	0	0	10	10
[32]	The proof of award was submitted, including the grant award letter, Board minutes, or the approved Administrative Memo.	6	4	0	10
[33]	If the award was over $2,500, the senior staff attorney signed the Procurement Document Checklist (PCL).	2	0	8	10
[34]	If the award was over $2,500, the award was submitted with the Procurement Document Checklist (PCL).	6	4	0	10
2.2.4.3: Review Documentation[220]					
[35]	A completed Purchase Requisition (PR) was submitted by a PR Representative.	0	0	10	10
[36]	For grants using the OHA Long Contract,				
	[a] an Accounting Checklist was submitted,	0	10	0	10
	[b] funds were verified by the Budget Analyst, and	0	0	10	10
	[c] funds were certified by the CFO.	10	0	0	10
[37]	For grants using the OHA Long Contract, a PCL was submitted and signed by a Hale Director.	0	0	10	10
[38-41]	The legal relationship was documented on the appropriate form for the type of grant.[221, 222, 223, 224]	0	0	10	10
OHA Operational Authority Delegation Hierarchy issued by the Chief Executive Officer on Interoffice Memorandum					
Issued February 9, 2010 and revised December 12, 2012, May 19, 2015, October 21, 2015					
[42-45]	Purchase Requisition had appropriate approvals based on the Operational Authority Delegation Hierarchy.	0	1	9	10
OHA Fiscal Procedures Manual, revised March 2, 2009					
2.2.4.4: Purchase Review Process for Contracts and Grants					
[46]	For grants over $2,500 the AP Supervisor approved the Procurement Document Checklist (PCL).	2	0	8	10
[47]	The Budget Analyst verified the availability of funding and correct coding.	0	0	10	10
[48]	A Purchase Order (PO) was issued by the Treasury and Other Services (TOS) to the preparer.	10	0	0	10

[220] The testing of criteria [36] and [39] also satisfied the requirements of the Fiscal Procedures Manual, Section 2.2.6: Grants Contract Funding Certification.

[221] Grant Agreement Form GA-1 is used for Kaiaulu grants up to $100,000, CBED grants up to $50,000, and Kauhale grants up to $24,999.

[222] Grant Agreement Form CGA-1 is used for University of Hawai'i grants.

[223] 'Ahahui Agreement Form is used for 'Ahahui grants up to $10,000.

[224] Small Governance Award Letter is used for Hawaiian Governance grants.

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
2.2.7.4: Grants Payment Processing[225]					
[49]	Payments were processed appropriately based on the type of Grantee Requirements and Grant Monitor Requirements.	0	0	10	10
[50]	The Grant Monitor reviewed and approved the required grant reports within 5 working days.	10	0	0	10
OHA Operational Authority Delegation Hierarchy issued by the Chief Executive Officer on Interoffice Memorandum					
Issued February 9, 2010 and revised December 12, 2012, May 19, 2015, October 21, 2015					
[54-57]	Request for Check Issuance had appropriate approvals based on the Operational Authority Delegation Hierarchy.	0	4	6	10
OHA Grants Program Standard Operating Procedures, revised July 1, 2015[226, 227]					
III. Procedures: (C) Sponsorships					
[80]	The formal letter of request includes the information required by the Grants Program Standard Operating Procedures.	6	3	1	10
[81]	The CEO approved the final award.	5	3	2	10
[82]	OHA documented evidence that the applicant received the Notice of Award, either via email or a letter signed by the Transitional Assistance Program (TAP) Manager.	9	1	0	10
[83]	OHA documented evidence that it received participation and/or recognition benefits.	9	1	0	10
Other Testing Results					
[84]	Compliance with budget restrictions.	0	3	7	10
[85]	No fraudulent or wasteful disbursements were made.	0	5	5	10

Within each observation, CLA has listed the OHA disbursement sample number with that particular observation. The specific disbursement number and a more detailed discussion of the observation can be found by referring to **Attachment 10**. Each observation also includes a reference to the applicable criteria listed in the table above.

1) Compliance with HRS §84-14: Conflicts of Interest

Two disbursements were identified by CLA as possibly not compliant with HRS §84-14(a), which states, "No employee shall take any official action directly affecting: (1) A business or other undertaking in which the employee has a

[225] Criteria [51] through [53] refer to the Fiscal Procedures Manual, Section 2.2.7.4: Grants Payment Processing. The criteria applied to the Request for Payment on Contract, which CLA determined was not applicable, since CEO Sponsorships were paid with the Request for Check Issuance form.

[226] Criteria [58] through [79] relate to Grants Program Standard Operating Procedures for CEO Sponsorships and results for these criteria are included in the Grants Contract Testing section.

[227] The Grants Program Standard Operating Procedures are applicable only to grants awarded after July 1, 2015.

substantial financial interest; or (2) A private undertaking in which the employee is engaged as legal counsel, advisor, consultant, representative, or other agency capacity" (criteria **[1]**, **[2]**).

a. D-03 – Hi'ipaka LLC

The purpose of the CEO Sponsorship awarded to Hi'ipaka was to cover 'Aha 'Aina related costs and entertainment for the Association of Hawaiian Civics Clubs at Waimea Valley on October 29, 2011. When the OHA CEO awarded the grant to Hi'ipaka, the CEO took an official action directly affecting a business in which the CEO was already engaged in an agency capacity. As both the CEO of OHA and one of the LLC Managers of Hi'ipaka, Mr. Nāmu'o approved the use of OHA funds to cover costs for an event that Hi'ipaka incurred. CLA could not determine in which capacity the CEO was exercising his fiduciary duties to safeguard and manage the funds of OHA or Hi'ipaka. Likewise, the Hi'ipaka Managers are comprised of OHA executives that have a direct material conflict of interest because they receive compensation for their roles and responsibilities in managing the LLCs. Since the OHA CEO is one of the LLC Managers of Hi'ipaka, this arrangement creates an inherent conflict of interest any time the CEO can exercise authority to award grants (or other disbursements) to Hi'ipaka.

b. D-08 – Hi'ilei Aloha LLC

The purpose of the "Administrative Grant" awarded to Hi'ilei Aloha was to conduct due diligence relating to the Maritime Museum as a potential new office location. There is no guidance in OHA's Fiscal Procedures Manual or Grants Program Internal Guidelines and Procedures identifying and describing an "Administrative Grant" or how it is processed. The disbursement does not contain a grant application, but there is an email dated February 6, 2012, from the CFO to the COO and Transitional Assistance Program Manager that indicated the Interim CEO requested an "Administrative Grant" and to "please reallocate funding and prepare all necessary paperwork for the issuance of this administrative grant no later than 02/15/12."

When the Interim OHA CEO requested the grant for Hi'ilei Aloha the Interim CEO took an official action directly affecting a business in which the Interim CEO was already engaged in an agency capacity. As both the Interim CEO of OHA and one of the LLC Managers of Hi'ilei Aloha, the Interim CEO approved the use of OHA funds to cover costs that Hi'ilei Aloha incurred. CLA could not determine in which capacity the Interim CEO was exercising his fiduciary duties to safeguard and manage the funds of OHA or Hi'ilei Aloha. Likewise, the Hi'ilei Aloha Managers are comprised of OHA executives that have a direct material conflict of interest because they receive compensation for their roles

and responsibilities in managing the LLCs.[228] Since the OHA CEO is one of the LLC Managers of Hi'ilei Aloha this arrangement creates an inherent conflict of interest any time the CEO can exercise authority to award grants (or other disbursements) to Hi'ilei Aloha.

See recommendation 56.

2) Compliance with HRS §10: Office of Hawaiian Affairs

The statute requirements identified by CLA that address the acceptance of qualified applications, executing CEO Sponsorships, and monitoring grantees include a review of the grant application, cover sheet, or letter; grant agreement; proof of license, permits, and insurance; and monitoring and evaluation reports. When documentation was missing, CLA reviewed the procurement forms for evidence that OHA performed procedures to ensure compliance with HRS §10.

Included below is a summary of the observations for each of the requirements reviewed as part of the statute:

a. HRS §10-17(a): Grant applications

i. One CEO Sponsorship included a formal letter requesting funding for Supporting the Language of Kauai, which contained enough information to identify the name of the organization, the purpose of the grant, the service to be supported by the grant, and the cost of the grant (D-19 – criteria **[8]** through **[13]**).[229] However, the letter was missing key elements required by HRS §10-17, namely: 1) the target group to be benefitted; 2) that the grant would be used for activities consistent with the purposes of HRS §10; 3) the grantee had applied or received all applicable licenses and permits; 4) that the grantee would comply with federal, state, and local law; 5) that the grantee would indemnify OHA; and 6) that the grantee would procure sufficient insurance to indemnify OHA, if requested to do so by OHA. In addition, the letter referred to a "confidential Business Plan" that was not provided to CLA, which inferred that additional information was withheld from the request letter.

ii. Six CEO Sponsorships did not contain documentation or evidence that the grant was requested through an application or a formal letter, as required

[228] CLA reviewed a sample of the IRS Form 990s for Hi'ilei Aloha filed for fiscal year 2015 and 2016. Although these forms did not cover the year in which this grant occurred, both forms indicated the OHA CEO received an "estimated amount of other compensation from the organization and related organizations."

[229] HRS §10-17(a) refers only to applications for grants; however, OHA's Grants SOP provides further clarification of CEO Sponsorship applications. It states, "Sponsorships do not require that a formal application be submitted in response to a solicitation. Interested applicants submit a formal letter of request."

by HRS §10-17(a) and HRS §10-17(b) (D-03, D-08, D-09, D-29, D-40, D-43 – criteria **[7]** through **[13]**).

b. HRS §10-17(b): Conditions for awarding grants

The same observations noted in regards to HRS §10-17(a) also applied to HRS §10-17(b). HRS §10-17(b) requires the applicant has applied or received all applicable licenses and permits, agreed to comply with applicable federal, state, and county laws, agreed the grant would not be used for entertainment or perquisites, agreed to comply with all applicable federal, state, and county statues and ordinances, and would indemnify OHA and procure sufficient insurance if requested by OHA. As such, CLA was unable to determine that the same seven grantees had applied for all applicable licenses and permits, agreed to comply with applicable federal, state, and county laws, agreed the grant would not be used for entertainment or perquisites, agreed to comply with all applicable federal, state, and county statues and ordinances, and would indemnify OHA and procure sufficient insurance if requested by OHA (criteria **[14]** through **[19]**).[230]

i. Four CEO Sponsorships had copies of formal letters requesting funding; however, the letters did not contain sufficient information to demonstrate that the grantee met the minimum qualifications of HRS §10-17(b) (D-19, D-30, D-31, D-32 – criteria **[14]** through **[19]**).[231]

c. HRS §10-17(c): Conditions for applicants

i. Two CEO Sponsorships were awarded to OHA's LLCs (Hi'ipaka and Hi'ilei Aloha), which conflicted with the conditions set forth in HRS §10-17(c) for nonprofit organizations (D-03, D-08 – criteria **[24]**). HRS §10-17(c) requires that nonprofit organizations have governing boards whose members have no material conflict of interest and serve without compensation. The governing board of both Hi'ipaka and Hi'ilei Aloha are comprised of OHA's CEO, COO, and CFO, and all have a direct material conflict of interest because they are compensated for their roles as managers of the LLCs.

ii. Four CEO Sponsorships were not documented on either a formal letter prepared by the applicant or a Sponsorship Review form prepared by OHA (D-03, D-08, D-09, D-29 – criteria **[24]**, **[25]**, **[26]**). Consequently, there is no documentation or evidence that the applicants agreed to make available to OHA all records the applicants had relating to their activity, business, or enterprise operations nor that the applicants would

[230] The seven CEO Sponsorships were: D-03, D-08, D-09, D-19, D-29, D-40, D-43.

[231] Three of these four CEO Sponsorships (D-30, D-31, D-32) included language in the grant agreement that the grantee would not use the funds for entertainment or perquisite purposes; therefore, criteria [16] includes only one observation (D-19).

establish that sufficient funds were available for the effective operation of the activity, business, or enterprise for which the grant was awarded. Two of these CEO Sponsorships also did not contain information regarding the composition of the nonprofits governing board (D-09, D-29). CLA could not determine if these two organizations were comprised of governing members that did not have a conflict of interest and served without compensation, and if the governing board had policies regarding nepotism, management of conflict of interests, or employing family members.

iii. Four CEO Sponsorships had copies of formal letters requesting funding; however, the letters did not contain sufficient information to demonstrate that the grantee met the minimum qualifications of HRS §10-17(c) (D-19, D-30, D-31, D-32 – criteria **[24]**, **[25]**, **[26]**).

iv. Two CEO Sponsorships were missing documentation that the applicant submitted a funding request letter; however, there was a Sponsorship Review Form prepared by OHA, which indicated that OHA received something on which to base their review (D-40, D-43 – Criteria **[24]**, **[25]**, **[26]**).

d. HRS §10-17(d): Grant monitoring and evaluation

i. All ten CEO Sponsorships did not contain documentation or evidence that OHA monitored the grant to ensure compliance with HRS §10-17 or evaluated the grants annually to determine whether the grant attained the intended results (criteria **[83]**).[232]

See recommendations 07, 08, 10, and 26.

3) Compliance with OHA's applicable internal policies and procedures

The internal policies and procedures identified by CLA that address the approval and execution of CEO Sponsorships include a review of the grant approval, Purchase Requisition, Procurement Document Checklist, Purchase Order, Tax Clearance and DCCA Verification submitted by the applicant, grant agreement, and Request(s) for Check Issuance. When a signature was required on a particular document, CLA verified the appropriate signature(s) were obtained based on the Operational Authority Delegation Hierarchy in effect at the time. See **Exhibit 03** for each delegation hierarchy in effect during the period covered by this engagement.

Included below is a summary of the observations for each of the documents reviewed as part of OHA's CEO Sponsorship review and approval process:

[232] The ten CEO Sponsorships were: D-03, D-08, D-09, D-19, D-29, D-30, D-31, D-32, D-40, D-43.

a. Sponsorship Review Form:

   i. One CEO Sponsorship contained a Sponsorship Review Form that was inconsistent with the applicant's information (D-32 – criteria **[27]**, **[28]**). The information recorded on the Sponsorship Review Form contained additional information that was not on the formal letter requesting the CEO Sponsorship. Specifically, the Sponsorship Review Form includes the Event Date, Strategic Result, Benefit to Hawaiians, Budget, and Recognition Benefit for OHA -- all of which are not included on the applicant's formal letter request for CEO Sponsorship funds. According to the Grants SOP, the applicants should submit a formal letter of request that includes: the organization information; description of alignment with OHA's vision and Strategic Plan; description of benefit to Hawaiian Community; funding request and event overview; recognition benefits offered to OHA; and, funding information/budget.

b. Proof of Award:

   i. Four CEO Sponsorships contained either an Interoffice Memorandum or Sponsorship Review form demonstrating that the CEO Sponsorship award was approved. However, there is no evidence that a proof of award, including a grant award letter, Board minutes, approved Administrative Memo (or email as detailed in the Grants SOP), was sent to notify the applicant that their organization received the award (D-31, D-32, D-40, D-43 – criteria **[32]** and **[34]**).

   ii. Six CEO Sponsorships were missing the CEO Sponsorship proof of award, including a grant award letter, BOT minutes, or an approved Administrative Memo (D-03, D-08, D-09, D-19, D-29, D-30 – criteria **[32]** and **[34]**).

c. Procurement Document Checklist:

   i. Two CEO Sponsorships were missing the Procurement Document Checklist (PCL) (D-40, D-43 – criteria **[33]** and **[46]**).

d. Purchase Order:

   i. All ten CEO Sponsorships were missing a Purchase Order (criteria **[36c]** and **[48]**).[233] As a result, there is no evidence that the CFO certified the availability of funds.[234]

[233] The ten CEO Sponsorships were: D-03, D-08, D-09, D-19, D-29, D-30, D-31, D032, D-40, D-43.

[234] OHA's Fiscal Procedures Manual, revised March 2, 2009, Figure 2.2.4.4 identifies that the Purchase Requisition for a grant is converted to a Purchase Order.

e. Grant Monitor approval:

i. All ten CEO Sponsorships were missing documentation that the grant event was attended by OHA Staff and that OHA received recognition benefits (criteria **[50]**).[235] As a result, there is no evidence that the Grant Monitor reviewed and approved any grant reports associated with the event within five working days.

f. Request for Check Issuance:[236]

i. Two CEO Sponsorships contained a Request for Check Issuance that was not properly approved (D-29, D-30 – criteria **[54]** through **[57]**). Both sponsorships' highest level of approval was the manager.[237] According to the OHA Operational Authority Delegation Hierarchy in effect at the time, and based on the amount of the disbursement, the CEO was required to approve the Request for Check Issuance form; however, the CEO did not approve the form.

ii. One CEO Sponsorship contained a Request for Check Issuance that was not properly approved (D-43 – criteria **[54]** through **[57]**). The highest level of approval was the LOB Director. According to the OHA Operational Authority Delegation Hierarchy in effect at the time, and based on the amount of the disbursement, the COO was required to approve the Request for Check Issuance form; however, the COO did not approve the form.

See recommendations 26, 57, and 58.

4) Compliance with OHA Grants Program Standard Operating Procedures

a. Application/Funding Request:

i. One CEO Sponsorship was categorized as an "Other – Administrative Grant" (D-08 – criteria **[80]**). OHA's Fiscal Procedures Manual and Grants Program Standard Operating Procedures do not address how an "administrative grant" is solicited, reviewed, recommended, or approved. The "administrative grant" contains a Procurement Document Checklist, Purchase Requisition, Procurement Package Checklist, Exempt Purchases Checklist, and Request for Check Issuance. There is also an email indicating that the Interim CEO was requesting the "administrative

[235] The ten CEO Sponsorships were: D-03, D-08, D-09, D-19, D-29, D-30, D-31, D032, D-40, D-43.

[236] Sample number D-09 is marked as an observation under criteria [42] through [45] and [54] through [57] and is discussed in section "6) No fraudulent or wasteful disbursements." It is not shown in this section to avoid duplication.

[237] The individual who signed as the manager was the WDC Bureau Chief.

grant" for Hi'ilei Aloha for the purpose of due diligence relating to the Maritime Museum. There is no indication that Hi'ilei Aloha submitted an application or funding request; that the request was reviewed, recommended, and approved by the CEO; or monitored by a Grants Specialist. As such, this CEO Sponsorship did not adhere to criteria established for CEO Sponsorships in OHA's Grants Program Standard Operating Procedures.

ii. Two CEO Sponsorships indicated that the funding was for programmatic purposes (D-31, D-32 – criteria **[80]**). Per OHA's Grants SOP, CEO Sponsorships are for events that provide OHA with event participation or recognition benefits. Allowing a CEO Sponsorship award for programmatic services allows an organization to bypass the competitive grants process for programmatic service funding.

iii. As discussed in the observations related to HRS §10-17, there were six CEO Sponsorships that did not contain a grant application or funding request (D-03, D-08, D-09, D-29, D-40, D-43 – crtieria **[80]**).

b. Recommendation by CEO:

i. Five CEO Sponsorships did not contain documentation or evidence that the CEO approved the CEO Sponsorship on either a Sponsorship Review Form, Interoffice Memorandum, or Administrative Memorandum (D-03, D-09, D-19, D-29, D-30 – criteria **[81]**).

ii. One CEO sponsorship was classified as an "Other – Administrative Grant" (D-08 – criteria **[81]**). CLA was unable to determine if this grant type was required to have the CEO's recommendation since it is a grant type that is not defined or covered by the OHA Grants Program Standard Operating Procedures.

iii. One CEO sponsorship included the Proof of Award, but it was not signed by the CEO; therefore, there is no documentation of the CEO's approval (D-31 – criteria **[81]**).

iv. One CEO sponsorship included the Sponsorship Review Form, but it was not signed by the CEO; therefore, there is no documentation of the CEO's approval (D-40 – criteria **[81]**).

c. Notice of Award:

i. Nine CEO sponsorships were missing documentation that the CEO Sponsorship applicant was notified of the award via email or an award letter signed by the TAP Manager (criteria **[82]**).[238]

ii. One CEO sponsorship was classified as an "Other – Administrative Grant" (D-08 – criteria **[81]**). CLA was unable to determine if this grant type was required to issue a Notice of Award since it is a grant type that is not defined or covered by the OHA Grants Program Standard Operating Procedures.

d. OHA Event Attendance/Participation/Community Engagement

i. Nine CEO Sponsorships did not contain any documentation or evidence, including the Sponsorship Review Form, that the grant event was attended by OHA Staff, OHA Grants Program Standard Operating Procedures, and the purposes and intent of the grants (criteria **[83]**).[239] There were no OHA Staff Attendance Reports Forms included with the sponsorships or evidence that OHA event attendance, participation, or community engagement occurred.

ii. One CEO sponsorship was classified as an "Other – Administrative Grant" (D-08 – criteria **[83]**). CLA was unable to determine if this grant type was required to be attended by OHA staff since the Grants Standard Operating Procedures do not address this grant type.

See recommendations 13, 47, 59, and 60.

5) Compliance with budget restrictions

Based on our discussion with a former OHA Grants Specialist, CEO Sponsorship have a maximum award amount of $25,000.

a. Two CEO Sponsorships contained Budget Adjustment Request Forms that reallocated funds from other accounts to fund the CEO Sponsorship award (D-31, D-43). Both budget adjustment forms appear to be properly approved by the Budget Analyst, Controller, and CFO. One form also includes the approval of the CEO (D-31). One sponsorship required the adjustment of 11 different accounts in order to fund the award for $25,000 (D-43). This same sponsorship included an email between the CEO's Executive Assistant and the Procurement Manager that the award was "a RUSH at KP's request."[240] CLA

[238] The nine CEO Sponsorships were: D-03, D-09, D-19, D-29, D-30, D-31, D-32, D-40, D-43.

[239] The nine CEO Sponsorships were: D-03, D-09, D-19, D-29, D-30, D-31, D-32, D-40, D-43.

[240] The "KP" mentioned in the email is referring to the Ka Pouhana, Dr. Crabbe, OHA's former CEO.

was unable to determine if the use of the Budget Adjustment Request Form constituted a violation of any budget restrictions.[241]

b. One CEO Sponsorship contained an email between the Controller and Executive Assistant to the CEO that indicated the award amount was approved for $25,000 but that a portion, $12,000, was not available without a Budget Realignment approved by the BOT (D-30). There is no indication that the Budget Realignment was approved by the BOT before the grant award was approved by the CEO and paid.

See recommendation 61.

6) No fraudulent or wasteful disbursements

A review of the documents for five of the sponsorships tested in this area identified red flags or indicators that indicate a possibility of fraud, waste, or abuse. The identification of a red flag or indicator does not, on its own, confirm that fraud, waste, or abuse did occur. This section simply identifies the observations made by CLA during the testing that can be indicators of fraud, waste, or abuse, and, therefore, CLA is not making a conclusion as to the existence of fraud, waste, or abuse. Additional investigation of each CEO Sponsorship would be required, which was beyond the scope of this engagement. Each of the five sponsorships is discussed further below.

a. D-09 – University of Hawai'i, Office of Research Services[242]

The University of Hawai'i, Office of Research Services was awarded a CEO Sponsorship of $30,000 to sponsor the GEAR-UP Hawai'i Program. This CEO Sponsorship award appears to have been split to avoid restrictions on the maximum award amount of CEO Sponsorships. The award is split into two components: $24,950 for "Grants in Aid" and $5,050 for "Services on a Fee Basis." According to the OHA Operational Authority Delegation Hierarchy effective at the time of the award, dated February 9, 2010, the maximum CEO Sponsorship was $24,999. The entire amount was paid to the grantee on a single check for $30,000. In addition, the grantee's proposal shows they requested $28,500; the Procurement Package Checklist indicates the award amount was $30,000; and, the Grantee Invoices indicate the award amount was $30,000. It appears the award was split to circumvent the sponsorship award dollar restriction. This sponsorship raises the question of whether it

[241] CLA's testing of budget restrictions was limited to confirming whether or not the Budget Analyst verified the request was in accordance with BOT approval of the Program's operating budget. CLA did not review the operating budget or any restrictions that may have been imposed on the Program's operating budget.

[242] This observation is relevant to criteria [42-45], [54-57], and [85] in **Attachment 10**.

was handled properly, which could be an indication of possible abuse of the grant award process to benefit the grantee.

b. D-19 – Supporting the Language of Kaua'i

Supporting the Language of Kaua'i, Inc. (SLK) was awarded a CEO Sponsorship of $25,000 to “help cover operational start-up costs.” The request was dated December 26, 2012. On December 31, 2012, Hi'ipoi transferred the poi mill and all its assets to SLK. It appears that the intention of this sponsorship was to provide SLK with the poi mill and funds to operate the mill.

The funding request letter from Supporting the Language of Kauai, Inc. states, "as mentioned in our confidential Business Plan that was recently submitted and approved by the managers of Hi'ipoi, we are requesting support from OHA in the amount of $25,000.” CLA requested the confidential business plan; however, OHA did not provide a copy of the business plan or the LLC Managers’ approval of that plan. In addition, there are notes within the procurement documents that indicate the award was a “rush” request.

All of these factors could be an indication of possible waste or abuse. Indicators of possible waste are the lack of documentation to support that the confidential business plan was properly reviewed and approved. This sponsorship raises the question of whether it was handled properly, which could be an indication of possible abuse of the grant award process to benefit the grantee.

c. D-30 – Smithsonian National Museum of the American Indian

The Purchase Requisition, Procurement Package Checklist, and Procurement Document Checklist indicate that the OHA Forms were not completed in chronological order. There are duplicates of all three documents in the file, which indicates that a simultaneous procurement and disbursement process was taking place. The order is as such:

- February 10, 2014: Date of the funding request letter
- April 2, 2014: Email between OHA Controller and the CEO’s Executive Assistant requesting a budget realignment to increase funding from $13,000 to $25,000
- May 12, 2014: Purchase Requisition #1 is approved by the CEO
- May 20, 2014: Purchase Requisition #2 is approved by the CEO
- May 12, 2014: Procurement Document Checklist #1 is approved by Senior Staff Attorney on May 12, 2014
- June 10, 2014: Procurement Document Checklist #2 is approved by Senior Staff Attorney

- May 13, 2013: Procurement Package Checklist #1 is approved by the Accounting Manager for $13,000 but scratched out and written over as $25,000
- June 16, 2014: Procurement Package Checklist #2 is approved by the Controller for $25,000
- April 28, 2014: Request for Check Issuance is approved for $25,000
- May 19, 2014: Check issued for $25,000

There is no indication why there were duplicate forms created and issued for different dates, some of which show the procurement process was not properly followed. For instance, the Request for Check Issuance was approved before any of the other documents. Procurement Document Checklist #2 and Procurement Package Check #2 were approved after the check was issued. In addition, a sticky note attached to the documents included the words, "Why duplicate docs?" CLA reviewed the OHA check register and determined that only one check was issued for this event, so there does not appear to be a reason why an additional set of procurement documents were completed for this CEO sponsorship. The combination of these duplicate documents, anachronisms in the preparation of the documents, and OHA's internal notes question the existing of duplicate documents are red flags or indicators of possible abuse of the procurement process.

d. D-31 – The Nature Conservancy

All of the documentation that preceded the Purchase Requisition indicated that OHA knew the purpose of the sponsorship was to support a programmatic service.[243] CEO Sponsorships are intended to be used for one-day events that provide OHA with recognition benefits. This grant did not meet that intended use. This grant should have been submitted under the competitive grant process for programmatic services, such as the Community Grant or Kūlia Initiative program. This sponsorship raises the question of whether it was handled properly, which could be an indication of possible abuse of the grant award process to benefit the grantee.

[243] According to the OHA Grants SOP, grants for programmatic services fall into two categories: Community Grants and Kūlia Initiative grants. The OHA grant solicitation documents define these two grant categories. Community Grants are two-year grants designed for programs that specifically address narrow focus areas aligned with OHA's Strategic Plan. Kūlia Grants are for one-year grants designed for the foregoing broad Strategic Priorities. Examples of eligible Kūlia Grant requests include projects for capacity building and capital improvement projects (CIP).

e. D-43 – The Edith Kanaka'ole Foundation

As discussed in the preceding section, this CEO Sponsorship contained an email that implicated that the award was a rush at the request of the CEO. In addition, it appears that the CFO approved the Request for Check Issuance before the Purchase Requisition was approved. CLA could not determine if the "RUSH at KP's request" resulted in the CFO preparing the Request for Check Issuance before the Purchase Requisition.

CLA also observed that this grant was missing a formal funding request letter or application and Procurement Document Checklist, which are required by the Grants SOP and Fiscal Procedures Manual, respectively. The grant did include the Procurement Package Authorization Checklist, which listed the payment method as "Purchase Order, which is required by the Fiscal Procedures Manual. However, the grant was missing a copy of the Purchase Order. These documents show proof of the original applicant's information and grant intentions, that the documentation was reviewed and approved by the Senior Staff Attorney, and that the proper procurement procedures were followed.

Regardless, the evidence that the CEO directed staff to rush the award may have resulted in circumventing the Grants Program Standard Operating Procedures. Combined with the Budget Adjustment Request Form that used 11 accounts to fund the award, this sponsorship raises the question of whether it was handled properly, which could be an indication of possible favoritism to this particular grantee.

See recommendations 26, 40, 60, and 62.

g) Exempt (Non-Grant) and Small Purchase Disbursements[244]

Thirty-four disbursements were processed as exempt (non-grant) and small purchase.[245] A detailed list of the applicable HRS rules and OHA policies and procedures identified by CLA to test the approval and execution of OHA exempt, small purchase, and other disbursements is included in **Attachment 11**. As part of this testing, CLA sought to determine if the goods, services, or disbursement type appeared to qualify as exempt under the listed exemptions included in HRS §103D-102(b) or Hawai'i Administrative Rules Section 3-120-4 – Exhibit A. OHA's Fiscal Procedures Manual, revised March 2, 2009, Figure 2.2.1.3 identifies the process for procuring exempt goods or services (see **Exhibit 02**, page 56). Based on these procedures, OHA can identify a vendor from which to procure goods or services without obtaining any quotes or bids. The exempt procurement method requires various steps for internal review and approval, which were tested as part of CLA's procedures.

Included in Table 13 below is a summary of the results identifying for each criteria tested the number of disbursements (1) with missing document(s), (2) with observations resulting from the test work, and (3) without observations.[246] Included below the tables is a discussion of the more significant observations from CLA's testing, which were used to assess whether there were red flags or indicators of possible fraud, waste, or abuse. **Attachment 11** includes a table containing the results at the disbursement level and tickmarks explaining each disbursement with an observation.[247]

[244] CLA tested the exempt and small purchases within the same table because the criteria for these purchases were similar. Instances where the criteria did not apply to either an exempt or small purchase were marked with "N/A" for not applicable.

[245] The 34 disbursements are: D-01, D-02, D-04, D-05, D-06, D-10, D-11, D-13, D-14, D-15, D-16, D-17, D-18, D-20, D-21, D-22, D-24, D-25, D-26, D-27, D-28, D-33, D-34, D-36, D-37, D-38, D-41, D-42, D-44, D-45, D-46, D-47, D-48, D-50.

[246] The quantity of observations listed in the table correspond to the number of contracts with at least one observation. Some contracts may have more than one observation for a particular testing criteria; however, the contract will be counted only once. Therefore, the total number of observations discussed after the table for a particular criteria may sum to a total that is greater than what is listed in the table.

[247] Tickmarks serve as a reference and can be thought of as footnotes that provide additional detail. In **Attachment 11**, tickmarks for exempt (non-grant), small purchase, and other disbursements tested are numbered with the letter "G" as the prefix to correspond to this section of the report and are included in red font to be easily identified. For example, observation "**G01**" is the first observation tickmark for this section of disbursements.

Table 13: Summary of Results – Exempt (Non-Grant) and Small Purchase Disbursements

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §84: Standards of Conduct					
HRS §84-14: Conflicts of Interest					
[1]	Employees selecting the contractor did not have a financial interest.	0	0	34	34
[2]	Employees selecting the contractor were not engaged as legal counsel, advisor, consultant, representative, or in any other agency capacity.	0	0	34	34
HRS §103D: Hawai'i Public Procurement Code					
HRS §103D-102(b): Application of this chapter					
[3]	The service or goods qualify as a listed exemption in 103D-102(b).	0	1	33	34
[4]	Document the specific exemption number.	0	1	33	34
OHA Fiscal Procedures Manual, revised March 2, 2009					
2.2.1.3: Exempt Procurements					
[5]	If not qualified under the list of exemptions in 103D-102(b), the service or good qualifies as an exempt purchase under Hawai'i Administrative Rules Section 3-120-4 – Exhibit A.	0	10	24	34
[6]	Document the specific exemption number.	0	10	24	34
2.2.2.1: Purchase Requisition Procedure[248]					
[8]	The Budget Analyst verified that funds were available for the procurement and sent the Purchase Requisition to management for review.	7	2	25	34
OHA Operational Authority Delegation Hierarchy issued by the Chief Executive Officer on Interoffice Memorandum					
Issued February 9, 2019 and revised December 12, 2012, May 19, 2015, October 21, 2015					
[11-14]	The Purchase Requisition had appropriate approvals based on the Operational Authority Delegation Hierarchy.	7	6	21	34
OHA Fiscal Procedures Manual, revised March 2, 2009					
2.2.4: Grants, Procurement, and Contracts Review Process					
[15]	Funds were verified by the Budget Analyst and certified by the CFO using the Accounting Checklist.	0	29	5	34
[16]	Unless not required by statute, the contractor submitted a Tax Clearance to OHA prior to entering into the contract.	14	0	20	34
[17]	The Procurement Document Checklist was signed by the Hale Manager.	13	0	21	34
[18]	The owner of the business, except for sole proprietorships, charitable organizations, unincorporated associations, and foreign insurance companies, submitted a DCCA Verification showing Proof of Good Standing with the State of Hawai'i.	15	0	19	34
2.2.4.3: Review Documentation[249]					
[23]	The senior staff attorney signed the PCL to ensure compliance with State Procurement Laws for the purchase if was for more than $2,500.	13	0	21	34
2.2.5: Purchase Orders					
[24]	The Purchase Order was reviewed and signed by the CFO.	4	2	28	34

[248] Criteria [7], [9], and [10] are excluded as they were used by CLA to document information pertaining to the Purchase Requisition, including the names of the individuals preparing and approving the form. CLA determined these criteria are not necessary to report the final results of testing.

[249] Criteria [19] through [22] pertain to the forms used to document grants. CLA determined these criteria are not necessary to report the final results of testing.

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
2.2.7.1.a: Request for Check Issuance[250]					
[26]	For amounts under $2,500, receipts and/or invoices were included as supporting documentation.	0	0	34	34
2.2.7.1.b: Request for Reimbursement Payment Process[251]					
[28]	The staff member obtained approval from the appropriate manager to make the purchase.	0	0	34	34
[32]	Original receipts and/or invoices were included as supporting documentation.	0	0	34	34
2.2.7.2 Purchase Order Payments					
[33]	For amounts over $2,500, the goods or services were marked as received on the original invoice.	5	1	28	34
[34]	For amounts over $2,500, receipts and/or invoices were included as supporting documentation and match the Purchase Order.	5	0	29	34
2.2.7.5 Check Issuance and Distribution					
[35]	The invoice was stamped "Paid" and marked with the check number.	0	0	34	34
OHA Operational Authority Delegation Hierarchy issued by the Chief Executive Officer on Interoffice Memorandum					
Issued February 9, 2019 and revised December 12, 2012, May 19, 2015, October 21, 2015					
[36-39]	Request for Check Issuance or Request for Reimbursement had appropriate approvals based on the Operational Authority Delegation Hierarchy.	12	5	17	34
Other Testing Results					
[40]	Compliance with budget restrictions.	6	2	26	34
[41]	No fraudulent or wasteful disbursements were made.	0	7	27	34

Within each observation, CLA has listed the OHA disbursement sample number with that particular observation. The specific disbursement number and a more detailed discussion of the observation can be found by referring to **Attachment 11**. Each observation also includes a reference to the applicable criteria listed in the table above.

1) Compliance with HRS §84-14: Standard of Conduct

   Based on the procedures performed and publicly available information, CLA did not identify information that provides evidence of a conflict of interest as defined under HRS §84-14 (criteria **[1]** and **[2]**).

[250] Criteria [25] and [27] are excluded as they were used by CLA to document information pertaining to the Request for Check Issuance form, including the names of the individuals preparing and approving the form. CLA determined these criteria are not necessary to report the final results of testing.

[251] Criteria [29] through [31] are excluded as they were used by CLA to document information pertaining to the Request for Reimbursement, including the names of the individuals preparing and approving the form. CLA determined these criteria are not necessary to report the final results of testing.

2) Compliance with HRS §103D: Hawai'i Public Procurement Code

Based on the scope of work described in the disbursements tested, 11 of the 34 disbursements tested are for services that do not appear consistent with the stated exemption identified by OHA or the other exemptions allowed under HRS §103D-102(b) and Hawai'i Administrative Rules Section 3-120-4 – Exhibit A (criteria **[3]**, **[4]**, **[5]**, **[6]**. When a disbursement is processed as exempt, there is no requirement for OHA to obtain competitive quotes or bids as there are under other procurement methods.

The following disbursements are those identified by CLA as possibly not compliant:

a. D-28 – Kalihi-Palama Culture & Arts Society, Inc.

According to the scope of work, Kalihi-Palama Culture & Arts Society, Inc. was paid $30,000 for a television sponsorship of the Queen Liliuokalani Keiki Hula Competition in July 2015. OHA cited Hawai'i Administrative Rules §3-120-4 exemption #14, "Procurement of repair services when dismantling is required to assess the extent of repairs."

OHA was the sponsor that helped this event to be televised so that more Hawaiian residents could appreciate and value Native Hawaiian history and culture. Per the exemption cited on the Purchase Order, it appears it was miscategorized by OHA as an exempt purchase under Hawai'i Administrative Rules §3-120-4 exemption #14. It is likely that OHA meant to document exemption #16, which is for radio and television airtime. However, OHA paid the nonprofit organization as a television sponsorship rather than directly to the television station for airtime specifically for OHA.[252] CLA was unable to review the exemption cited and approved by the Senior Staff Attorney on the Procurement Document Checklist because the form was missing.

The Procurement Package Checklist indicated the type of purchase as "exempt," while Kalihi-Palama Culture & Arts Society, Inc.'s letter requesting the funding noted the funds were an "OHA Media Grant," and the Purchase Order noted the purchase was a "television sponsorship." It appears that this contract should not have been processed as an exempt contract, and OHA should have considered this funding as a grant or sponsorship based on the purpose of the funds disbursed. Although grants are exempt from the procurement requirements of HRS §103D, there are specific requirements in HRS §10-17 related to awarding grants.

[252] HAR §3-120-4(16) exempts radio and television airtime when the selection of the station is based on the targeted audience.

b. D-33 – The Kālaimoku Group, LLC

According to the scope of work, the Kālaimoku Group, LLC was paid $28,115 for the production of the Native Hawaiian Roll Commission Kana'iolowalu Concert Series on August 31, 2013 at Maili Beach Park on Oahu. Using the Procurement Document Checklist, OHA categorized the purchase as exempt under Hawai'i Administrative Rules §3-120-4 exemption #8, "New or used items which are advantageous and available on short notice through an auction, bankruptcy, foreclosure, etc."

This conflicts with the type of procurement that OHA selected on the Purchase Requisition. The Purchase Requisition indicates that the procurement was "Purchasing of Services – Professional." CLA determined that this disbursement was miscategorized and treated as an exempt purchase when it should have been subject to the professional services procurement method.

c. D-36 – Marimed Foundation for Island Health Care Training

According to the scope of work, Marimed Foundation for Island Health Care Training was paid $49,000 for the chartering of the 96' triple masted schooner, *Makani Olu*, two 12' launches, tools, equipment, with a maximum capacity of 14 sail trainees for voyage to Nihoa and Mokumanamana islands. It was categorized by OHA as exempt under Hawai'i Administrative Rules §3-120-4 exemption #1, "Research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases."

The State Procurement Office issued a letter dated May 1, 2017 regarding a different OHA procurement (**Exhibit 19**). The letter stated on page 4, "The SPO notified OHA, on December 16, 2016, that Exemption #1 is used for already published research material and not for contracting a vendor to conduct research and create a report, which is a service."[253] This disbursement to the Marimed Foundation for Island Health Care Training was also for a service and not for already published research material. CLA could not identify any other allowed exemption under which this particular service seemed to apply.

In addition, the payment was made directly to the Marimed Foundation; however, an Interoffice Memorandum, the Purchase Requisition, and the Contract Routing form all indicate that the purpose of the procurement is to

[253] Although this letter was related to a different OHA contract and was issued after the period covered by this engagement, CLA used this letter to interpret the intent of exemption #1 under Hawai'i Administrative Rule Section 3-120-4 – Exhibit A.

charter the voyage for the Edith Kanaka'ole Foundation and the University of Hawai'i, Manoa, Center for Hawaiian Studies. The Interoffice Memorandum suggests that if OHA cannot execute the contract, than "two separate OHA contracts with the organizations (the Edith Kanaka'ole Foundation and the University of Hawai'i, Manoa, Center for Hawaiian Studies)…may have to be executed." The intention of the purchase appears to be to provide a charter vessel for two nonprofits to conduct their activities. This arrangement appears to align with the intentions of OHA's grant program. It appears that this disbursement should not have been processed as an exempt disbursement, and OHA should have considered this funding as a grant or sponsorship based on the purpose of arrangement between OHA and the Edith Kanaka'ole Foundation and the University of Hawai'i, Manoa, Center for Hawaiian Studies.

d. D-38 – Windows Catering Company

According to the scope of work, Windows Catering Company was paid $24,986 to provide catering services for the Kamehameha Day Reception at the U.S. Botanical Gardens. OHA categorized the purchase as an exempt purchase citing Hawai'i Administrative Rules §3-120-4 exemption #8 "New or used items which are advantageous and available on short notice through an auction, bankruptcy, foreclosure, etc."

CLA determined that the exemption cited is not applicable to catering services nor is there an applicable exception in HRS §103D. It appears that this disbursement should not have been processed as an exempt purchase, and OHA should have used a different procurement method (e.g., Professional Services) to secure these services.

e. D-42 – Hale Kealoha – 'Ai Pono Catering Services, LLC

According to the scope of work, Hale Kealoha - 'Ai Pono Catering Services LLC was paid $15,000 to provide food catering services for 300 people for the Kalani'opu'u Cape Presentation on March 17, 2016. OHA categorized the purchase as an exempt purchase, citing Hawai'i Administrative Rules §3-120-4 exemption #1 "Research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases."

The State Procurement Office issued a letter dated May 1, 2017 regarding a different OHA procurement (**Exhibit 19**). The letter stated on page 4, "The SPO notified OHA, on December 16, 2016, that Exemption #1 is used for already published research material and not for contracting a vendor to

conduct research and create a report, which is a service."[254] This disbursement to the Marimed Foundation for Island Health Care Training was also for a service and not for already published research material. CLA could not identify any other allowed exemption under which this particular service seemed to apply.

CLA determined that the exemption cited is not applicable to catering services nor is there an applicable exception in HRS §103D. It appears that this disbursement should not have been processed as an exempt purchase, and OHA should have used a different procurement method (e.g., Professional Services) to secure these services.

f. D-44 – Makaha Studios, LLC

According to the scope of work, Makaha Studios, LLC was paid $20,000 to provide videography services of 29 candidates for political races. OHA categorized the purchase as an exempt purchase, citing Hawai'i Administrative Rules §3-120-4 exemption #1 "Research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases."

The State Procurement Office issued a letter dated May 1, 2017 regarding a different OHA procurement (**Exhibit 19**). The letter stated on page 4, "The SPO notified OHA, on December 16, 2016, that Exemption #1 is used for already published research material and not for contracting a vendor to conduct research and create a report, which is a service."[255] This disbursement to the Makaha Studios, LLC was also for a service and not for already published research material. CLA could not identify any other allowed exemption under which this particular service seemed to apply.

CLA determined that the exemption cited is not applicable to political campaigns, nor is there an applicable exception in HRS §103D. It appears that this disbursement should not have been processed as an exempt purchase, and OHA should have used a different procurement method (e.g., Professional Services) to secure these services.

[254] Although this letter was related to a different OHA contract and was issued after the period covered by this engagement, CLA used this letter to interpret the intent of exemption #1 under Hawai'i Administrative Rule Section 3-120-4 – Exhibit A.

[255] Although this letter was related to a different OHA contract and was issued after the period covered by this engagement, CLA used this letter to interpret the intent of exemption #1 under Hawai'i Administrative Rule Section 3-120-4 – Exhibit A.

g. D-45 – Fields Masonry

According to the scope of work, Fields Masonry was paid $14,250 to help finish the reinternment of the 146 po'o arriving from England.[256] OHA categorized the purchase as an exempt purchase, citing Hawai'i Administrative Rules §3-120-4 exemption #13 "Interpreter services." CLA determined that the exemption cited is not appropriate; however, Hawai'i Administrative Rules §3-120-4 exemption #15 "Burial services consisting of mortuary, crematory, cemetery, and other essential services for deceased indigent persons or unclaimed corpses" appears to be the correct citation.

This would be a qualified exempt purchase had the other supporting documents in the disbursement file indicated that this was a service that OHA procured itself rather than a request by another organization. This type of arrangement should disqualify OHA's use of the exemption procurement method. The issue is not that the payment was made to the vendor Fields Masonry but that the disbursement contains a letter from the Executive Director of Hui Mālama I Nā Kūpuna O Hawai'i Nei (Group Catering for the Ancestors of Hawai'i) requesting OHA to review the budget for the reburial site. The letter includes a document prepared by Hui Mālama I Nā Kūpuna O Hawai'i Nei titled "Waipao Reburial Site - Phase I" with a cost breakdown for the burial site. The letter also states "Hui Mālama and Fields Masonry respectfully requests OHA to contribute $14,250 toward this effort."

It appears that Hui Mālama requested Field Masonry to provide a cost estimate and in turn requested OHA to pay for the service. When CLA inquired about the procurement method chosen, OHA responded that the disbursement was in fact a grant; however, none of the documentation indicates that the procurement underwent the grant review process. This arrangement appears to align with the intentions of OHA's grant program. It appears that this disbursement should not have been processed as an exempt disbursement, and OHA should have considered this funding as a grant or sponsorship based on the purpose of arrangement between OHA, Hui Mālama, and Fields Masonry.

h. D-46 – Marilyn L. Khan

According to the scope of work, Marilyn "Leimomi" Khan was paid $10,000 to be the Project Manager for the Native Hawaiian Roll Commission's Huli-A-Mahi event at the 'Iolani Palace on January 20, 2013. OHA categorized the purchase as exempt, citing on the Procurement Document Checklist Hawai'i Administrative Rules §3-120-4 exemption #3, "Services of lecturers, speakers,

[256] Po'o is Hawaiian for heads, but in this context OHA is referring to *iwi po'o*, human skulls.

trainers, facilitators and scriptwriters, when the provider possesses specialized training methods, techniques or expertise in the subject matter."

However, the Purchase Requisition marked the procurement method as "Purchase of Service(s) – Professional." In addition, Ms. Khan's responsibilities are defined in a Native Hawaiian Roll Commission document titled "Roles and Responsibilities" and they do not include lecturing or providing learning materials, but instead she was responsible for planning, organizing, and supervising the execution of all aspects of the event. Furthermore, flyers for the Huli-A-Mahi event describe "Live Performances," "Cultural Exhibits," "Keiki Activities," and "Ono Food," but no mention of lectures or training. Ms. Khan was not responsible for providing training or learning materials; therefore, the citation for the exempt purchase method does not appear to be appropriate. It appears that this disbursement should not have been processed as an exempt purchase, and OHA should have used a different procurement method (e.g., Professional Services) to secure these services.

i. D-47 – Kualoa Ranch Hawaii, Inc.

According to the scope of work, Kualoa Ranch Hawaii, Inc. was paid $9,199 for "facility fees OHA Meeting." OHA categorized the purchase as exempt, citing Hawai'i Administrative Rules §3-120-4 exemption #10, "Facility costs for conference, meetings, and training sessions."

The disbursement did not contain a meeting agenda, schedule, or documentation of the purpose of the meeting. The invoice listed "Secret Island Fees" (quantity 207), "Adult Signature Ranch Buffets" (quantity 150), "Child Signature Ranch Buffets" (quantity 57), "BBQ Grill Station" (quantity 1) and two lifeguards. The Kualoa Ranch Hawaii invoice also includes complimentary admission for eight children under three years old. CLA determined that the facility costs do not appear to be for an official OHA conference, meeting, or training session, but rather an opportunity for OHA employees to visit a tourist attraction at a private nature reserve. Therefore, the citation for the exempt purchase method does not appear to be appropriate. It appears that this disbursement should not have been processed as an exempt purchase, and OHA should have used a different procurement method (e.g., Professional Services) to secure these services.

j. D-48 – Wet 'N' Wild Hawaii

According to the scope of work, Wet 'N' Wild Hawaii was paid $8,483 for "OHA-NA Day" on August 17, 2013.[257] Wet 'N' Wild Hawaii is a water theme park on Oahu. OHA categorized the purchase as exempt, citing Hawai'i Administrative Rules §3-120-4 exemption #10, "Facility costs for conference, meetings, and training sessions."

The disbursement did not contain a meeting agenda, schedule, or documentation of the purpose of the meeting. According to the Procurement Document Checklist, the purpose of the procurement was to "provide meeting facilities for OHA staff and families." The Wet 'N' Wild Hawaii invoice charged for OHA "Package A" admissions and lunch (quantity 242) and "Lunch Wristbands" for Season Pass Holders (quantity 20). These costs do not appear to be for a conference, meeting, or training session, but rather a family entertainment day for OHA employees. Therefore, the citation for the exempt purchase method does not appear to be appropriate. It appears that this disbursement should not have been processed as an exempt purchase, and OHA should have used a different procurement method (e.g., Professional Services) to secure these services.

k. D-50 – McCorriston, Miller, Mukai, Mackinnon

According to the scope of work, McCorriston, Miller, Mukai, Mackinnon LLP (McCorriston Miller) was paid $5,541 for legal services rendered to the Asset and Resource Management Committee between February 4, 2015 and February 24, 2015. The disbursement did not contain a Procurement Document Checklist, so there was no citation for the emption method used.

The only exemption in HRS §103D-102(b) is for "services of attorneys employed or retained to advise…the State or any of its agencies, on matters arising under laws of another state or foreign country." Hawai'i Administrative Rules §3-120-4 exemption #14 is for "services of legal counsel…when required by court order." However, none of these exemptions are referenced or cited in the supporting document, and the purpose of the services provided by McCorriston Miller do not appear to meet the allowable exemptions.

The disbursement contains a letter from Chairperson Robert Lindsey that stated, "I am exempting the Committee on Asset and Resource Management's one-time arrangement with Mr. McCorriston from the regular procurement method and directing our Chief Executive Officer and

[257] "OHA-NA Day" is not defined in the procurement documents but appears to play on the word *'ohana*, Hawaiian for family. Furthermore, a sticky note in the file read, "OHA ohana day." CLA interpreted this word play as "OHA family day."

Corporation's Counsel to take the appropriate steps to ensure that expenses accrued from Mr. McCorriston's legal services are paid." There is no language in HRS §103D that allows the Chairperson of OHA's BOT to authorize the CEO or staff to exempt a purchase from the required procurement methods.

In addition, the Purchase Order is dated March 18, 2015 and the invoice is dated March 24, 2015 for services between February 4, 2015 and February 24, 2015; however, the Chairperson's letter is dated May 7, 2015. This indicates the procurement documents and the Chairperson's letter were prepared after the law firm provided the services. Therefore, the citation for the exempt purchase method does not appear to be appropriate. It appears that this disbursement should not have been processed as an exempt purchase, and OHA should have used a different procurement method (e.g., Professional Services) to secure these services.

See recommendations 49 and 50.

3) Compliance with OHA's applicable internal policies and procedures

The internal policies and procedures identified by CLA that are applicable to the processing of disbursements include a review of the Procurement Document Checklist, Purchase Requisition, Tax Clearance and DCCA Verification submitted by the contractor, Purchase Order, vendor invoice, and Request for Check Issuance. When a signature was required on a particular document, CLA verified the appropriate signature(s) were obtained based on the Operational Authority Delegation Hierarchy in effect at the time. See **Exhibit 03** for each delegation hierarchy in effect during the period covered by this engagement.

Included below is a summary of the observations for each of the documents reviewed as part of OHA's disbursement process. Within each observation, CLA has listed the OHA disbursement sample number with that particular observation. Specific information about the disbursement and a more detailed discussion of the observation can be found by referring to **Attachment 11**.

a. Procurement Document Checklist:

i. Thirteen disbursements were missing the Procurement Document Checklist (criteria **[17]** and **[23]**).[258]

[258] The 13 disbursements were: D-04, D-11, D-13, D-15, D-17, D-22, D-26, D-28, D-34, D-38, D-41, D-47, D-50.

b. Purchase Requisitions:

i. One disbursement contained a Purchase Requisition that was not signed by the Budget Analyst (D-10 – criteria **[8]**).

ii. One disbursement contained a Purchase Requisition that was approved by a person with insufficient approval level required for the type and amount of the disbursement, according to the Operational Authority Delegation Hierarchy in effect at the time (D-04 – criteria **[11]** through **[14]**). CLA observed that the disbursement file contained a Purchase Requisition dated May 27, 2010 for $75,000 for "lease guarantee for Waikiki Beach Walk," and another Purchase Requisition dated January 24, 2011 for $75,000 for "additional funds to be encumbered for lease guarantee." The total payment was $150,000 but the Purchase Requisition created near the time the check was issued was only for an amount of $75,000, not the entire amount of $150,000. The amount of $150,000 appears to be split into two Purchase Requisitions of $75,000 each. Therefore, when each Purchase Requisition was approved, it required the approval of only the LOB Director. Had the Purchase Requisition included the full amount of $150,000, the Operational Authority Delegation Hierarchy would have required the CFO's approval.

iii. Two disbursements contained Purchase Requisitions that were completed and approved by individuals not directly employed by OHA (D-33, D-46 – criteria **[11]** through **[14]**). The Purchase Requisitions were requested by the Native Hawaiian Roll Commission Staff and approved by the Native Hawaiian Roll Commission Executive Director, OHA's former CEO, who were both employees at Kana'iolowalu, the organization operating the Native Hawaiian Roll Commission. The Executive Director was not listed as an employee in OHA's Organizational Chart for the fiscal year and, therefore, would not be authorized to sign according to the Operational Authority Delegation Hierarchy in effect at the time.

iv. Two disbursements contained Purchase Requisitions that were completed and approved after the services were already rendered (D-41, D-46 – criteria **[11]** through **[14]**).

v. One disbursement contained a Purchase Requisition that was approved for $6,000, but there was a request to increase it to $8,500 by an internal email (D-48 - criteria **[11]** through **[14]**). The Purchase Requisition did not contain evidence that the CEO approved the increase.

vi. One disbursement was missing the Purchase Requisition; however, there is a Board of Trustees ARM/BAE action item that was approved for the acquisition of the Galbraith Estate land (criteria **[8]**, **[11]** through **[14]**). Action Item ARM/BAE 11-07 indicated that the BOT approved the

purchase of the land for $3,000,000 (D-17). The procurement appears to be properly approved but was not documented on a Purchase Requisition.

vii. Seven disbursements were missing the Purchase Requisition (criteria **[8]**, **[11]** through **[14]**).[259]

c. Budget Verification and Certification:

i. Twenty-nine disbursements did not contain the Accounting Checklist, which was supposed to be used by OHA to verify and certify the availability of funds.[260] According to discussions with OHA, the Accounting Checklist has not been used in a long time, and the Procurement Document Checklist is used instead. The Budget Analyst verifies the availability of funds on the Purchase Requisition, and the CFO certifies the funds on the Purchase Order (criteria **[15]**).

d. Tax Clearance:

ii. Fourteen disbursements were missing the Tax Clearance certificate (criteria **[16]**).[261]

e. DCCA Verification:

i. Fifteen disbursements were missing the DCCA Verification showing Proof of Good Standing with the State of Hawai'i (criteria **[18]**).[262]

f. Purchase Order:

i. Two disbursements contained Purchase Orders that were completed and approved after the service was performed or after OHA received the vendor invoice (D-33, D-50 – criteria **[24]**).

ii. Four disbursements were missing the Purchase Order (D-13, D-15, D-17, D-22 – criteria **[24]** and **[34]**).

[259] The seven disbursements were: D-11, D-17, D-22, D-26, D-28, D-34, D-38, D-47.

[260] The 29 disbursements were: D-02, D-04, D-10, D-11, D-13, D-14, D-15, D-17, D-18, D-20, D-21, D-22, D-24, D-25, D-26, D-27, D-28, D-33, D-34, D-36, D-38, D-41, D-42, D-44, D-45, D-46, D-47, D-48, D-50.

[261] The 14 disbursements were: D-02, D-04, D-14, D-17, D-28, D-33, D-36, D-38, D-44, D-45, D-46, D-47, D-48, D-50.

[262] The 15 disbursements were: D-02, D-04, D-17, D-22, D-28, D-33, D-36, D-38, D-42, D-44, D-45, D-46, D-47, D-48, D-50.

g. Vendor Invoice:

   i. One disbursement contained a vendor invoice that was dated before the vendor rendered services (D-33 – criteria **[33]**). In addition, the invoice does not contain a cost breakdown of the services performed.

   ii. Five disbursements were missing an invoice from the vendor (D-04, D-10, D-22, D-28, D-45 – criteria **[33]**, **[34]**).

h. Request for Check Issuance:

   i. One disbursement contained a Request for Check Issuance that did not have the appropriate approvals for the type and amount of the disbursement based on the delegation hierarchy in effect at the time (D-20 – criteria **[36]** through **[39]**). The Request for Check Issuance contained an electronically printed amount of $50,000, but a second copy of the form included a handwritten amount of $100,000. The Communications Manager approved the Request for Check Issuance for $100,000, and, ultimately, the disbursement was made for $100,000.

   According to the Operational Authority Delegation Hierarchy in effect at the time, the Request for Check Issuance required the "Appropriate Budget Authority" to approve the form. It is unclear who qualifies as the Appropriate Budget Authority.[263] OHA's response was that they treat the "check request as an invoice to refill postage account; prior approvals received during procurement process when PO is generated." OHA did not provide examples of the prior approvals for the Request for Check Issuance for postage invoices. According to the Operational Authority Delegation Hierarchy in effect at the time, Requests for Payment on Contracts for $100,000 required the COO approval, which may be a more appropriate person to approve a Request for Check Issuance of this size.

   ii. One disbursement contained a Request for Check Issuance where the Appropriate Budget Authority did not date his approval of the form (D-22 – criteria **[36]** through **[39]**).

[263] The Operational Authority Delegation Hierarchies provided to CLA include a section for disbursement authorizations. The section for "Requests for Check Issuance (any amount)" state the required approvals are "Appropriate budget authority." This is unlike other types of disbursements listed, which include the title or level of the required approvals. Based on our discussion with the Procurement Manager on June 10, 2019, CLA learned that there is no listing of who the "appropriate budget authority" individuals are or what criteria CLA could use to determine who is qualified as an "appropriate budget authority." As a result, CLA accepted the signature of any OHA employee at the time as an "appropriate budget authority," within reason. For example, disbursements over $100,000 should have at least an LOB Director signing the approval.

iii. One disbursement did not contain all of the Request for Check Issuance forms equal to the amount of the total disbursement (D-24 – criteria **[36]** through **[39]**). The disbursement file contained a single Request for Check Issuance for $163,516.44; however the total amount paid was $190,711.44. OHA's response was, "no check request [for the unaccounted for amount], invoice paid with PO."

iv. Two disbursements contained Request for Check Issuance forms that were completed and approved by individuals not directly employed by OHA (D-33, D-46 – criteria **[36]** through **[39]**). The Request for Check Issuance forms were requested by the Native Hawaiian Roll Commission Staff and approved by the Native Hawaiian Roll Commission Executive Director, OHA's former CEO, who were both employees at Kana'iolowalu, the organization operating the Native Hawaiian Roll Commission. The Executive Director was not listed as an employee in the Organizational Chart for the fiscal year and, therefore, would not be authorized to sign according to the Operational Authority Delegation Hierarchy in effect at the time of the disbursement.

v. Twelve disbursements were missing the Request for Check Issuance (criteria **[36]** through **[39]**).[264]

See recommendations 14, 33, 40, 63, 64, 65, 66, and 67.

4) Compliance with budget restrictions

a. Purchase Requisitions

i. Six disbursements were missing the Purchase Requisition (criteria **[40]**).[265] Therefore, CLA could not determine the amount certified by the Budget Analyst, if the amount was in accordance with the BOT's approval of the program's operating budget, and that the amount would not exceed the BOT approved program budget for the fiscal year.

b. Disbursements that Exceeded Approved Budget

Two disbursements were identified that exceeded the approved budget amount, as follows (criteria **[40]**):

i. D-15 – Hi'ilei Aloha LLC

The disbursement was for $200,000, which consisted of $150,000 already approved by the BOT for FY 2013 and an adjustment funding of $50,000

[264] The 12 disbursements were: D-02, D-14, D-18, D-25, D-26, D-36, D-41, D-42, D-44, D-47, D-48, D-50.

[265] The six disbursements were: D-17, D-22, D-28, D-34, D-38, D-47.

for "interim Makaweli Poi operations while the organization transitions its assets and operations to an appropriate community-based nonprofit organization." The $50,000 adjustment was approved through a budget realignment during an ARM Committee meeting. Although the budget adjustment was properly approved, the operations of the poi mill exceeded the budget for the year, and, by year end, Hi'ipoi transferred the asset to a nonprofit organization. It appears that the poi mill had exceeded its operating budget, and the BOT approved additional funds to maintain its operation. However, CLA could not determine if there were any budget restrictions that were violated when the $50,000 budget adjustment was approved.[266]

ii. D-25 – Pacific Park Plaza

This disbursement on January 30, 2014 for $177,601.26 paid to Pacific Park Plaza was to cover Common Area Maintenance (CAM) fees for OHA for the period December 16, 2013 to February 1, 2014. The Purchase Requisition, Procurement Package Checklist, and Purchase Order indicate that the original amount requested was $81,328.65; however, the total amount billed on the invoices and paid to the vendor was $177,601.26. The amount paid appears to be the result of the vendor billing for two months at $88,800.63 per month. The amount invoiced, $88,800.63, is greater than the original amount requested, $81,328.65. There is no documentation that shows the increase was approved or a budget realignment was requested to offset the increase in the billing.

See recommendation 63.

5) No fraudulent or wasteful disbursements were made

A review of the documents for seven of the disbursements tested in this area identified red flags or indicators that indicate a possibility of fraud, waste, or abuse. The identification of a red flag or indicator does not, on its own, confirm that fraud, waste, or abuse did occur. This section simply identifies the observations made by CLA during the testing that can be indicators of fraud, waste, or abuse, and, therefore, CLA is not making a conclusion as to the existence of fraud, waste, or abuse. Additional investigation of each disbursement would be required, which was beyond the scope of this engagement. Each of the nine disbursements is discussed further below.[267]

[266] CLA's testing of budget restrictions was limited to confirming whether or not the Budget Analyst verified the request was in accordance with BOT approval of the Program's operating budget. CLA did not review the operating budget or any restrictions that may have been imposed on the Program's operating budget.

[267] The disbursements in this section include instances in which there is no evidence that OHA received the services or goods that it paid for. These scope of work did not include a requirement to test that the

a. D-02 – David R. Sanborn

The disbursement on June 17, 2013 for $5,000 paid to David Sanborn was procured using the exempt procurement method. The scope of work was for David R. Sanborn to develop a Native Hawaiian Organization consultation policy development handbook. Mr. Sanborn was paid for the entire amount that he invoiced OHA. The disbursement documentation provided to CLA was missing the Native Hawaiian Organization consultation policy handbook or the date it was received, so CLA was unable to determine if the handbook was ever finished or if it was delivered on time. When CLA inquired, OHA could not locate the deliverable document. This could be an indication of possible waste.

b. D-04 – ABW Holdings, LLC

The purpose of the disbursement was to pay ABW Holdings, LLC for a lease guaranty OHA had signed on behalf of Kauhale, LLC, a Native Hawaiian private corporation that defaulted on its commercial lease at the Waikiki Beach Walk. As previously discussed, this disbursement did not receive the appropriate approvals on the Purchase Requisition, which was processed for only $75,000. The following observations were made by CLA in regard to this disbursement:

- The first Purchase Requisition, dated May 27, 2010, was for $75,000 for “lease guarantee for Waikiki Beach Walk.”
- The second Purchase Requisition, dated January 24, 2011, was for $75,000 for “additional funds to be encumbered for lease guarantee…previous $75,000 already encumbered on PO #110004 from CEO's budget. Please add funding to this PO #110004.”
- CLA did not observe a Purchase Requisition for the amount of $150,000.
- CLA observed a Purchase Order for $150,000 was properly approved by the CFO.

This split the amount of $150,000 into two amounts of $75,000. Therefore, when the Purchase Requisition was approved, it only required the LOB Director to approve it. Had the full amount of $150,000 been indicated on the Purchase Requisition, the Operational Authority Delegation Hierarchy would have required the CFO to approve the Purchase Requisition. The disbursement did not contain the Procurement Document Checklist because it was not required; therefore, there is no evidence that legal counsel reviewed the disbursement before the payment was issued. The

deliverable was met by the contractor; however, CLA has identified these instances as they can be in indication of possible fraud, waste, or abuse.

disbursement did not contain the vendor's invoice in the amount of $150,000 or any evidence that indicated that Kauhale, LLC had defaulted on its lease obligation. Lastly, there remains a question as to why OHA was involved in guarantying commercial leases for a for-profit business. Because the disbursement lacked a singular Purchase Requisition for the total amount disbursed, and the file is missing a Procurement Document Checklist, there was not sufficient transparency of the activities. Combined with the fact that OHA did not retain a copy of the vendor invoice or file an explanation as to why it was in the business of providing a lease guaranty, these factors could be an indication of possible waste or abuse.

c. D-22 – Hu'ena Power, Inc.

This $600,000 disbursement was an investment purchase of 500 limited partnership units (5%) in Hu'ena Power, LLP, a consortium that submitted a proposal to Hawaiian Electric Light Company to develop two 25MW geothermal power stations on the island of Hawai'i.[268] The disbursement file does not contain a Purchase Requisition, Accounting Checklist, Tax Clearance, DCCA verification, CFO Funding verification, Procurement Document Checklist, Procurement Package Checklist, Purchase Order, or an invoice, which are all required for exempt purchases. The file does contain a Term Sheet (Purchase Agreement) that is signed by Hu'ena Power, Inc., Innovations Development Group, Inc., and OHA's former CEO.[269] The following observations were made by CLA in regard to this disbursement:

- There is a BOT Agenda that indicates that there was a BOT Action, ARM #13-02, in Executive Session where the BOT considered the investment in Hu'ena Power. CLA requested a copy of the Action Item and OHA responded that "the Action Item ARM #13-02 and discussion of the Hu'ena investment was conducted in Executive Session and remain confidential unless and until reviewed by Board Counsel to release if the basis for confidentiality no longer exists." CLA was not provided with evidence of a public vote by the BOT that approved the investment.[270]

[268] Despite there being no Procurement Document Checklist, OHA confirmed that the investment was procured using the exemption method. OHA cited HRS §103D-102(b)(2)(F): "For deposit, investment, or safekeeping, including expenses related to their deposit, investment, or safekeeping."

[269] The Term Sheet stipulates, "These funds (payments to Hu'ena Power, LLP) will be provided in five installments associated with project milestones…the first installment of $600,000 will be made 60 days after signing this term sheet." The term sheet does not provide any additional details as to what milestones will be achieve with the first installment payment of $600,000.

[270] HRS §92-5(a)(4) states, "To consult with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities." And HRS §92-5(b) states, "In no instance shall the board make a decision or deliberate toward a decision in an executive meeting on matters not directly

- The Peninsula Preliminary Due Diligence Evaluation Report states, "Should HP (Hu'ena Power) not get selected as a Final Award Group, $600,000 of the investment would have been expended and no further funds will be required."[271] Public records indicate that Hu'ena Power was not selected by HELCO to develop the geothermal stations (**Exhibit 31**). As a result, OHA did not recover its investment of $600,000 in the venture.

The structure of this investment agreement required that OHA provide $600,000 of funding with no guarantee that Hu'ena Power would be selected for the contract, which put all of OHA's investment funds at risk. Additionally, there is no information within the documentation that indicates what the $600,000 was used for or why such a significant investment was needed when the contract had not yet been secured. This was a highly risky investment from which OHA received no return, and OHA lost all of its initial investment. These factors indicate a waste of funds and the possibility of fraud as CLA does not know what the funds were used for.

d. D-33 – The Kālaimoku Group, LLC

The purpose of the disbursement was for Kālaimoku Group to produce the Native Hawaiian Roll Commission Kana'iolowalu Concert Series on August 31, 2013 at Maili Beach Park on Oahu. There were several inconsistencies regarding the dates on the procurement documents. The following inconsistencies were observed by CLA in regard to this disbursement:

- The invoice for the concert production was dated on August 12, 2013, which was 19 days before the concert on August 31, 2013. OHA could not provide an explanation as to why the vendor invoiced OHA before they had completed the services they were hired to provide.

- The Purchase Order was issued by OHA and dated September 9, 2013, which was nine days after the concert. OHA could not provide an explanation why it created the Purchase Order after services were rendered.

- The check was issued on September 9, 2013, the same day that OHA prepared the Purchase Order; however, the Request for Check Issuance was dated September 6, 2013, three days before the Purchase Order was created.

related to the purposes specified in subsection (a) [Exceptions]." CLA did not assess whether the Executive Meeting session was in accordance with the cited HRS.

[271] Peninsula Preliminary Due Diligence Evaluation Report 032513.pdf, pg. 9

- Lastly, OHA cited Hawai'i Administrative Rules §3-120-4 exemption #8, "New or used items which are advantageous and available on short notice through an auction, bankruptcy, foreclosure, etc." This is not an applicable exemption and there is no applicable exemption with HRS §103-102(b) or Hawai'i Administrative Rules §3-120-4 – Exhibit A.[272] Therefore, CLA determined this disbursement did not qualify as an exempt procurement.

Because the contract was processed as an exempt contract when it possibly should not have been, OHA did not go through a process to obtain competitive quotes or bids to obtain these services. Therefore, it is unknown whether OHA paid a fair price for the services. This could be an indication of possible waste. The various inconsistencies with the timing of the documentation indicates that the procurement of these services were not handled properly, which could be an indication of possible favoritism to this particular vendor.

e. D-34 – Hi'ilei Aloha LLC

The purpose of this disbursement was to fulfill Hi'ilei Aloha's funding request for $50,000 to hire a Grant Writer for Hi'ilei Aloha. There was no documentation that the grant writer position was advertised or filled. CLA requested evidence that Hi'ilei Aloha advertised or filled the position. OHA did not provide any documentation to answer this request. Without documentation or other proof that Hi'ilei Aloha hired a Grant Writer, OHA was unable to demonstrate that the purpose of this disbursement met its intended use. The fact that there is no evidence of deliverables being provided as required by the funding request, this is a red flag or indicator of possible fraud, waste, or abuse.

f. D-47 – Kualoa Ranch Hawaii, Inc.

As identified in the preceding section, this disbursement was used to rent facilities to entertain OHA staff and their families at a tourist attraction. This is an indication of possible use of public funds for entertainment and could be considered a wasteful use of funds. The HRS §103D statute may broadly apply because it prohibits the unethical use of State funds. HRS §103D-101(a) states, "All public employees shall conduct and participate in public procurement in an ethical manner. In conducting and participating in procurement, public employees shall (1) act as a fiduciary and trustee of public moneys…[and] (7) avoid the intent and appearance of unethical

[272] HRS §103-102(b)(4)(G) allows an exemption for "Performance, including entertainment, speeches, and cultural and artistic presentations." This sample is not a disbursement for a performance, it is a disbursement to hire a production company to host a concert.

behavior." The use of public funds for a private function limited to OHA's employees and families has the appearance of unethical behavior.

The other statute that may be applicable is within HRS §84. HRS §84-13 Fair treatment, states, "No legislator or employee shall use or attempt to use the legislator's or employee's official position to secure or grant unwarranted privileges, exemptions, advantages, contracts, or treatment, for oneself or others; including but not limited to the following:..(2) Accepting, receiving, or soliciting compensation or other consideration for the performance of the legislator's or employee's official duties or responsibilities except as provided by law." CLA interpreted this statute to mean that no OHA employee can use their position to grant unwarranted privileges to others. In this case, it appears that the former OHA COO agreed to use the trust's funds to grant an unwarranted privilege, i.e., an OHA trip to a tourist attraction, to other OHA employees.

The combination of using the exemption procurement method for an unqualified expenditure and the use of the trust's funds to provide entertainment to OHA employees, could be an indication of waste or abuse. Indicators of possible waste are the lack of documentation to support that the activities undertaken qualified as an exempt disbursement. If the disbursement was knowingly processed as an exempt disbursement when it likely should not have been processed at all, this may be an indicator of possible abuse. Whether this is an appropriate use of the trust's funds would require a further legal analysis or assessment by the State.

g. D-48 – Wet 'N' Wild Hawaii

As identified in the preceding section, this disbursement was used for the entertainment of OHA staff and their families at a water theme park. This is an indication of possible use of public funds for entertainment and could be considered a wasteful use of funds. The HRS §103D statute may broadly apply because it prohibits the unethical use of State funds. HRS §103D-101(a) states, "All public employees shall conduct and participate in public procurement in an ethical manner. In conducting and participating in procurement, public employees shall (1) act as a fiduciary and trustee of public moneys…[and] (7) avoid the intent and appearance of unethical behavior." The use of public funds for a private function limited to OHA's employees and families has the appearance of unethical behavior.

The other statute that may be applicable is within HRS §84. HRS §84-13 Fair treatment, states, "No legislator or employee shall use or attempt to use the legislator's or employee's official position to secure or grant unwarranted privileges, exemptions, advantages, contracts, or treatment, for oneself or others; including but not limited to the following:..(2) Accepting, receiving, or soliciting compensation or other consideration for the performance of the legislator's or employee's official duties or responsibilities except as provided

by law." CLA interpreted this statute to mean that no OHA employee can use their position to grant unwarranted privileges to others. In this case, it appears that the former OHA COO agreed to use the trust's funds to grant an unwarranted privilege, i.e., an OHA trip to a tourist attraction, to other OHA employees.

The combination of the using the exemption procurement method for an unqualified expenditure and the use of the trust's funds to provide entertainment to OHA employees, could be an indication of possible waste or abuse. Indicators of possible waste are the lack of documentation to support that the activities undertaken qualified as an exempt disbursement. If the disbursement was knowingly processed as an exempt disbursement when it likely should not have been processed at all, this may be an indicator of possible abuse. Whether this is an appropriate use of the trust's funds would require a further legal analysis or assessment by the State.

See recommendations 31, 40, 50, 51, 64, 65, and 70.

h) Procurement Card (pCard) Disbursements

Five disbursements tested were processed as pCard disbursements. A detailed list of the applicable HRS rules and OHA policies and procedures identified by CLA to test the approval and use of OHA's Procurement Cards (Pcard) is included in **Attachment 12**. As part of this testing, CLA sought to determine if the goods or services met the expected use of the pCard as defined in OHA's Purchasing Card Program Internal Guidelines and Procedures, June 2016. These guidelines also include a list of use expectations and examples of unauthorized or inappropriate card use. OHA's Fiscal Procedures Manual, revised March 2, 2009, Section 2.2.8.1, 2.2.8.2., and 2.2.8.3 identifies the process for use of the pCard to book travel arrangements. Based on these procedures, OHA can use the pCard to procure goods or services without obtaining any quotes, bids, or entering into a contract. The use of a pCard requires various steps for internal review and approval, which were tested as part of CLA's procedures.

Included in Table 14 below is a summary of the results identifying for each criteria tested the number of disbursements (1) with missing document(s), (2) with observations resulting from the test work, and (3) without observations.[273] For each pCard disbursement, CLA selected only a sample of pCard charges related to each disbursement. Thus, some of the pCard disbursements contain multiple observations because there were one or more pCard charges that did not comply with OHA's internal policies and procedures. Included below the table is a discussion of the more significant observations from CLA's testing, which were used to assess whether there were red flags or indicators of possible fraud, waste, or abuse. **Attachment 12** includes a table containing the results at the disbursement level and tickmarks explaining each disbursement with an observation.[274]

Table 14: Summary of Results – OHA Procurement Card Disbursements

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §84: Standards of Conduct					
HRS §84-14: Conflicts of Interest					
[1]	Employees selecting the contractor did not have a financial interest.	0	0	5	5

[273] The quantity of observations listed in the table correspond to the number of contracts with at least one observation. Some contracts may have more than one observation for a particular testing criteria; however, the contract will be counted only once. Therefore, the total number of observations discussed after the table for a particular criteria may sum to a total that is greater than what is listed in the table.

[274] Tickmarks serve as a reference and can be thought of as footnotes that provide additional detail. In **Attachment 12**, tickmarks for pCard disbursements tested are numbered with the letter "H" as the prefix to correspond to this section of the report and are included in red font to be easily identified. For example, observation **H01** is the first observation tickmark for pCard disbursements.

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[2]	Employees selecting the contractor were not engaged as legal counsel, advisor, consultant, representative, or other agency capacity.	0	0	5	5
HRS §103D: Hawai'i Public Procurement Code					
HRS §103D-102(b): Application of this chapter					
[3]	The service or good qualifies as a listed exemption in 103D-102(b).	0	0	5	5
[4]	Document the specific exemption number.	0	0	5	5
P-10: OHA Purchase and Procurement Procedures, revised March 2, 2009					
2.2.1.3: Exempt Procurements[275]					
[6]	If not qualified under the list of exemptions in 103D-102(b), the service or good qualifies as an exempt purchase under Hawai'i Administrative Rules Section 3-120-4 – Exhibit A.	0	0	5	5
[7]	Document the specific exemption number.	0	0	5	5
OHA's Purchasing Card Program Internal Guidelines and Procedures, effective June 2016					
3. Use Expectations					
[8]	The purchase met the expected use of a pCard.	0	0	5	5
[9]	The pCard holder is qualified to have a pCard.	0	0	5	5
4. Unauthorized and/or Inappropriate Card Use[276]					
[10]	The purchase is not an unauthorized or inappropriate use of the pCard, including the state of Hawai'i's Restricted Purchases and Block Merchant Category Codes.[2]	0	0	5	5
[11]	If the purchase appears to be unauthorized or inappropriate, there is sufficient justification or extenuating circumstances to grant an exception.	0	0	5	5
[12]	The cardholder is the person utilizing the pCard for the purchase.	0	0	5	5
7. Forms[277]					
[14]	If the purchase was initiated by a person other than the cardholder, authorization was obtained to use the pCard prior to the purchase.	0	4	1	5
[15]	An appropriate person approved the Request for Use of Purchase Card form.	0	0	5	5
[16]	If the receipt(s) were missing, a Missing Purchase Card Documentation Form was submitted.	1	0	4	5

[275] Criteria [5] is excluded as it was used by CLA to document information pertaining to use of the pCard including the cardholder, date, and amount charged along with testing of criteria [8] and [9] in section 3. Use Expectations. CLA determined that this criteria is not necessary to report the final results of the testing.

[276] The State of Hawai'i's Purchasing Card Program and Procedures, revised October 2004, categorized Restricted Purchases as: 1) any purchase over an amount established by the agency; 2) automotive gasoline; 3) cash; and 4) goods and services for personal use. It defines Blocked Merchant Category Codes as: 1) Entertainment/Recreation; 2) Financial services; 3) Food; 4) Hotels; 5) Laundry/Cleaning Services; and 6) Entertainment.

[277] Criteria [13] was excluded because it was used by CLA to document the name of the person who used the pCard but was not the cardholder. CLA determined that this criteria is not necessary to report the final results of the testing.

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
OHA Fiscal Procedures Manual, revised March 2, 2009[278]					
2.2.8: Travel					
[30]	The travel request form was submitted to the Travel Services Units in a timely manner. (In-State: 10 or more days; Out-of-State: 30 or more days)	0	4	1	5
[31]	There is supporting documentation that justifies the travel.	2	0	3	5
[32]	Other allowable travel expenses are properly supported.	0	0	5	5
2.2.8.1: OHA Trustee Travel Procedures					
[33]	The Trustee or designated staff person transmits a Travel Allowance Authorization (TAA) form and completed Travel Order (TO) for each travel arrangement.	0	0	5	5
[34]	The Travel Services Unit obtains estimated costs for the travel.	0	0	5	5
[35]	The TAA was approved by the Chair or Administrator.	0	0	5	5
[36]	A signed Statement of Completed Travel with original receipts was submitted to the Administrator within 5 days.	0	2	3	5
2.2.8.2: OHA Employee Travel Procedures					
[37]	The Trustee or designated staff person transmits a Travel Allowance Authorization (TAA) form and completed Travel Order (TO) for each travel arrangement.	0	0	5	5
[38]	The Travel Services Unit obtains estimated costs for the travel.	0	0	5	5
[39]	The TAA was approved by the Hale Director.	0	0	5	5
[40]	The TAA was approved by the Deputy Administrator.	0	0	5	5
[41]	If applicable, the travel was approved by the Administrator.	0	0	5	5
[42]	A signed Statement of Completed Travel with original receipts was submitted to the Administrator within 5 days.	0	3	2	5
2.2.8.3: OHA Non-Employee Travel Procedures					
[43]	The traveler or designated staff person transmits a Purchasing Card Request & Authorization (PCRA) form and completed Travel Order (TO) with supporting documents for each travel arrangement.	0	0	5	5
[44]	The Travel Services Unit obtains estimated costs for the travel.	0	0	5	5
[45]	The TAA was approved by the Hale Director.	0	0	5	5
[46]	The TAA and TO were approved by the Deputy Administrator.	0	0	5	5
[47]	The TAA and TO were approved by the Administrator.	0	0	5	5
[48]	If applicable, a completed Request for Check Issuance form was submitted.	0	0	5	5
OHA Operational Authority Delegation Hierarchy issued by the Chief Executive Officer on Interoffice Memorandum					
Issued February 9, 2010 and revised December 12, 2012, May 19, 2015, October 21, 2015					
[49-52]	The Purchase Requisition had appropriate approvals based on the Operational Authority Delegation Hierarchy.	1	4	0	5
[53-56]	The Request for Check Issuance form had appropriate approvals based on the Operational Authority Delegation Hierarchy.	5	0	0	5
Other Testing Results					
[57]	Compliance with budget restrictions.	1	4	0	5

[278] Criteria [17] through [29] were related to an overview of the pCard process discussed by the former OHA CFO and current controller. These criteria were not documented in any official OHA policy or procedure and were similar to officially documented procedures. CLA determined that this criteria are not necessary to report the final results of the testing.

Description of Criteria Tested		Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[58]	No fraudulent or wasteful disbursements were made.	0	0	5	5

Within each observation, CLA has listed the OHA disbursement sample number with that particular observation. The specific disbursement number and a more detailed discussion of the observation can be found by referring to **Attachment 12**. Each observation also includes a reference to the applicable criteria listed in the table above.

1) Compliance with HRS §84-14: Standards of Conduct

   Based on the procedures performed and publicly available information, CLA did not identify information that provides evidence of a conflict of interest as defined under HRS §84-14 for any of the pCard charges tested. Compliance with OHA's applicable internal policies and procedures.

2) Compliance with HRS §103D: Hawai'i Public Procurement Code

   Based on the description of the charges for the disbursements tested, four of the five pCard disbursements are for services or goods that are consistent with the stated exemption identified by OHA or the other exemptions allowed under HRS §103D-102(b) and Hawai'i Administrative Rules Section 3-120-4 – Exhibit A (criteria **[3]**, **[4]**, **[6]**, **[7]**).[279] The one pCard disbursement that did not cite an exemption, consisted of charges less than $2,500. Accordingly, this pCard disbursement qualified as a Small Purchase under HRS §103-305.

   CLA also noted that one of the pCard disbursements incorrectly identified the exemption citation; however, the charge was for facility costs for a conference, which is an allowable exemption under the Hawai'i Administrative Rules Section 3-120-4 – Exhibit A. Therefore, this pCard disbursement did not rise to the level of an observation, but instead appeared to be a documentation error. Therefore, CLA did not have observations relating to compliance with HRS §103D.

[279] The number of disbursements in this section refers to each pCard disbursement selected, not the multiple pCard charges within each disbursement. For efficiency, CLA tested only a sample of the pCard charges within each disbursement. When CLA tested a portion of pCard charges, it noted if any of the charges cited the exempt procurement method. The four out of five disbursements, therefore, consisted of pCard charges that cited the exempt procurement method one or more times. The one disbursement that did not cite the exempt procurement method consisted of a portion of pCard charges that CLA tested that did not cite an exemption. It is possible that other pCard charges within the sample did cite the exemption procurement method; however, CLA did not test these charges.

3) Compliance with OHA's applicable internal policies and procedures

The internal policies and procedures identified by CLA that are applicable to the processing of pCard disbursements include a review of the Request for Use of Purchasing Card, Travel Allowance Authorization, receipts and supporting documentation, Statement of Completed Travel, Purchase Requisition, and Request for Check Issuance. When a signature was required on a particular document, CLA verified the appropriate signature(s) were obtained based on the Operational Authority Delegation Hierarchy in effect at the time. See **Exhibit 03** for each delegation hierarchy in effect during the period covered by this engagement.

Included below is a summary of the observations for each of the documents reviewed as part of OHA's pCard disbursement process.

a. Request for Use of Purchasing Card:

i. Four disbursements included Request for Use of Purchasing Card forms that were completed after the purchase was made (D-12, D-23, D-35, D-39 – criteria **[14]**). According to OHA's Purchasing Card Program Internal Guidelines and Procedures, all purchases of goods or services with a pCard by someone other than the cardholder, should be approved by an authorized person prior to the purchase and documented on the Request for Use of Purchasing Card form.

b. Travel Allowance Authorization:

i. Two disbursements included Travel Allowance Authorization forms that were approved after the travel reservations were made (D-12, D-39 – criteria **[14]**). According to OHA's Fiscal Procedures Manual, all travel reservations with a pCard, should first be approved by an authorized person prior to making the reservation and documented on the Travel Allowance Authorization form.

ii. Four disbursements included Travel Allowance Authorization forms that were not submitted within the period that OHA's policy defines as "timely" for the type of travel (D-12, D-23, D-35, D-39 – criteria **[30]**). According to OHA's Fiscal Procedures Manual, the Travel Allowance Authorization form must be submitted to the Travel Services Unit a minimum of 30 working days before the date of travel. All four disbursements included out-of-state travel arrangements, and the Travel Allowance Authorization form was submitted less than 30 days before the date of travel.

c. Receipts and Supporting Documentation:

ii. One disbursement did not include the receipt supporting the purchase (D-35 – criteria **[16]**). The pCard was used to purchase desktop phone units from Walmart, but the purchaser did not submit a receipt or copy of a receipt.

iii. Two disbursements did not include the supporting documentation justifying the travel (D-39, D-49 – criteria **[31]**). According to OHA's Fiscal Procedures Manual, section 2.2.8, "All requests from staff, Trustees, and non-employees, must be accompanied by supporting documentation justifying the travel (conference/event invitation, event flyer or notice, event agenda, etc.)." These disbursements did not contain such documentation.[280]

d. Statement of Completed Travel:[281]

i. Two disbursements included a Statement of Completed Travel that an OHA Trustee submitted to the OHA CEO more than five days after returning from the trip (D-23, D-39 – criteria **[36]**). According to OHA's Fiscal Procedures Manual, the traveler must submit a signed Statement of Completed travel with original receipts to the CEO within five days of returning from the trip.

ii. Three disbursements included a Statement of Completed Travel that an OHA employee submitted to the OHA CEO more than five days after returning from the trip (D-12, D-23, D-39 – criteria **[42]**). According to OHA's Fiscal Procedures Manual, the traveler must submit a signed Statement of Completed travel with original receipts to the CEO within five days of returning form the trip.

iii. One disbursement included a Statement of Completed Travel on which the OHA employee did not include the date it was submitted (D-39 – criteria **[42]**). Without the date submitted, CLA could not determine if the Statement of Completed Travel was submitted to the OHA CEO within five days after returning from the trip. According to OHA's Fiscal Procedures Manual, the traveler must submit a signed Statement of

[280] Selection D-39 contained three charges without justifying documents. These three charges were comprised of two charges for air travel for two individuals to New Zealand, costing $2,488.70 each; and one charge for the Hilton Arlington, costing $2,328.93. Selection D-49 contained one charge without justifying documents. It was for housing from May 16, 2013 to June 1, 2013 in New York, New York, costing $6,405.00.

[281] Each pCard disbursement consisted of multiple charges, and CLA tested only a sample of the charges within each disbursement. It is possible that there is more than one observation per disbursement due to the multiple charges tested.

Completed travel with original receipts to the CEO within five days of returning form the trip.

e. Purchase Requisitions:

   i. Four disbursements included a copy or copies of the Purchase Requisition that were not signed and dated by the Budget Analyst (D-12, D-23, D-35, D-39 – criteria **[49]** through **[52]**).[282]

   ii. Four disbursements included a copy or copies of the Purchase Requisition; however the Purchase Requisition forms used for pCard disbursements does not include a section where the manager, LOB Director, CFO, or CEO can approve the form (D-12, D-23, D-35, D-39 – criteria **[49]** through **[52]**).[282] One disbursement also required the approval of the BOT Chairperson, and, similarly, the Purchase Requisition form did not include a section where the BOT Chairperson could approve the form (D-35). According to the Operational Authority Delegation Hierarchy, these individuals may be required to approve the form depending on the amount charged to the pCard. CLA inquired about this observation, and OHA responded that the "approval is on the Request for Use of Purchasing Card form and Travel forms." CLA reviewed the forms and noted that there is an area for the manager, Program Budget Authority, and Procurement Unit Approval, but it is unclear if the LOB Director, CFO, or CEO are required to approve the forms. It appears that the Fiscal Procedures Manual does not reflect the actual approval process for pCards that OHA currently uses.

   iii. One disbursement was missing the Purchase Requisition form (D-49 – criteria **[49]** through **[52]**).

f. Request for Check Issuance:

   i. All five pCard disbursements were missing the Request for Check Issuance form (D-12, D-23, D-35, D-39, D-49 – criteria **[53]** through **[56]**). According to OHA, the Request for Check Issuance form is not used, and pCard disbursements are paid from the Purchase Order. CLA noted that the disbursements contained a Statement of Account Report that was stamped with the payment information, including the date, check number, check date, and Purchase Order number.

See recommendations 63, 68, and 69.

[282] The charges made to the pCard occurred over a period of time by different cardholders, and, as such, were organized onto one or more Purchase Requisitions.

4) Compliance with budget restrictions

For each disbursement selected by CLA for testing, CLA requested a copy of the respective purchase requisition. CLA reviewed the purchase requisition to identify that the Budget Analyst certified and agreed that the requisition was in accordance with BOT Approval of the Program's operating budget and would not exceed the BOT approved Program Budget for the applicable fiscal year.

a. As noted previously, four disbursements included a copy or copies of the Purchase Requisition that were not signed and dated by the Budget Analyst (D-12, D-23, D-35, D-39 – criteria **[57]**). As a result, the Purchase Request was not certified that it was in accordance with BOT approval of the program's operating budget and that the amount will not exceed the BOT approved program budget for the fiscal year.

b. As noted previously, one disbursement was missing the Purchase Requisition (D-49 – criteria **[57]**). As a result, there was no evidence that the Purchase Request was certified that it was in accordance with BOT approval of the program's operating budget and that the amount will not exceed the BOT approved program budget for the fiscal year

See recommendation 63.

5) No fraudulent or wasteful disbursements

Based on the procedures performed and publicly available information, there are no red flags or indicators of fraud, waste, or abuse related to the pCard charges and disbursements. Although there are some observations for these disbursements that were discussed previously, the overall results from the testing performed did not identify red flags or indicators, which would suggest possible fraud, waste, or abuse.

i) Lease Disbursements

One disbursement did not specify the disbursement method used; however, it was a lease payment (D-07). OHA exempts the leases of real property and office rentals from HRS §103D. The exemption is based upon corporate counsel's interpretation of the definition of "goods," "services," and "construction" in HRS §103D, which excludes leases of real property and office rentals. Therefore, CLA tested this disbursement as an exempt disbursement and separate from section g) because it consisted of twelve line items on three different invoices for one month of base rent and fees.

A detailed list of the applicable HRS rules and OHA policies and procedures identified by CLA to test the approval and execution of the lease disbursement is included in **Attachment 13**. As part of this testing, CLA sought to determine if the goods, services, or disbursement type appeared to qualify as exempt under the listed exemptions included in HRS §103D-102(b) or Hawai'i Administrative Rules Section 3-120-4 – Exhibit A. OHA's Fiscal Procedures Manual, revised March 2, 2009, Figure 2.2.1.3 identifies the process for procuring exempt goods or services (see **Exhibit 02**, page 56). Based on these procedures, OHA can identify a vendor from which to procure goods or services without obtaining any quotes or bids. The exempt procurement method requires various steps for internal review and approval, which were tested as part of CLA's procedures.

Included in Table 15 below is a summary of the results identifying for each criteria tested the number of disbursements (1) with missing document(s), (2) with observations resulting from the test work, and (3) without observations.[283] Included below the tables is a discussion of the more significant observations from CLA's testing, which were used to assess whether there were red flags or indicators of possible fraud, waste, or abuse. **Attachment 13** includes a table containing the results at the disbursement level and tickmarks explaining each disbursement with an observation.[284]

[283] The quantity of observations listed in the table correspond to the number of contracts with at least one observation. Some contracts may have more than one observation for a particular testing criteria; however, the contract will be counted only once. Therefore, the total number of observations discussed after the table for a particular criteria may sum to a total that is greater than what is listed in the table.

[284] Tickmarks serve as a reference and can be thought of as footnotes that provide additional detail. In **Attachment 13**, tickmarks for the lease disbursement tested are numbered with the letter "I" as the prefix to correspond to this section of the report and are included in red font to be easily identified. For example, observation "**I01**" is the first observation tickmark for this lease disbursement.

Table 15: Summary of Results – Exempt (Lease) Disbursement

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §84: Standards of Conduct					
HRS §84-14: Conflicts of Interest					
[1]	Employees selecting the contractor did not have a financial interest.	0	0	1	1
[2]	Employees selecting the contractor were not engaged as legal counsel, advisor, consultant, representative, or in any other agency capacity.	0	0	1	1
HRS §84-15: Contracts					
[3]	The contract was not with a legislator or employee who has controlling interest.	0	0	1	1
[4]	If the contract was with a legislator or employee who has controlling interest, alternative criteria were met.	0	0	1	1
[5]	The person or the business entering into contract with OHA was not represented by a person employed by OHA in the preceding 2 years.	0	0	1	1
[6]	If the person or business entering into contract with OHA was represented by a person employed by OHA in the preceding 2 years, the person did not participate in the matter with which the contract is directly concerned.	0	0	1	1
HRS §103D: Hawai'i Public Procurement Code					
HRS §103D-102(b): Application of this chapter					
[7]	The service or good qualifies as a listed exemption in 103D-102(b).	0	0	1	1
[8]	Document the specific exemption number.	0	0	1	1
OHA Fiscal Procedures Manual, revised March 2, 2009					
2.2.1.3: Exempt Procurements[285]					
[9]	If not qualified under the list of exemptions in 103D-102(b), the service or good qualifies as an exempt purchase under HAR 3-120-4, Exhibit A - Procurements Exempt from Chapter 103D, HRS.	0	0	1	1
[10]	Document the specific exemption number.	0	0	1	1
2.2.1.3: Exempt Purchase Procedure[286]					
[11]	The need to create a Purchase Requisition was identified by a Hale Director or Deputy Administrator.	0	0	1	1
[12]	The Purchase Requisition complied with the OHA Procurement Policy (Attachment 19 to Fiscal Procedures Manual). Attachment 19 is a table that summarizes the value (amount) and type of service or good being purchased and the procurement method required. The testing of proper procurement method is documented in criteria [7] - [10] above.	0	0	1	1
[13]	The Purchase Requisition representative verified funds were available for the procurement.	0	0	1	1
[14]	The Purchase Requisition was approved by the appropriate manager (see Operational Authority Delegation Hierarchy for appropriate approval levels).	0	0	1	1
[18]	For amounts of $2,500 or greater, the Purchaser completed the Procurement Check List (PCL). (See section 2.2.4 below)	0	0	1	1

[285] Criteria [7] and [8] were also tested as part of the OHA Fiscal Procedures Manual, revised March 2, 2009, section 2.2.1.3. Exempt Procurements, but are not shown in this section to avoid duplication.

[286] Criteria [15], [16], and [17] are excluded as they were used by CLA to document information pertaining to the Purchase Requisition, including the names of the individuals preparing and approving the form. CLA determined that these criteria are not necessary to report the final results of testing.

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
2.2.4: Grants, Procurement, and Contracts Review Process					
[19]	A complete Purchase Requisition was submitted by a designated Purchase Requisition Representative for the review process.	0	0	1	1
[20]	**[a]** An Accounting Checklist was submitted.	0	1	0	1
	[b] Funds were verified by the Budget Analyst.	0	0	1	1
	[c] Funds were certified by the CFO.	0	0	1	1
[21]	Unless not required by statute, the contractor submitted a Tax Clearance to OHA prior to entering into the contract.	0	0	1	1
[22]	A Procurement Document Checklist was submitted and signed by a Hale Manager.	0	0	1	1
[23]	The owner of the business (except for sole proprietorships, charitable organizations, unincorporated associations, and foreign insurance companies) submitted a DCCA Verification showing Proof of Good Standing with the State of Hawai'i.	0	0	1	1
[24]	The Hale Manager submitted a Contract for Purchase of Services.	0	0	1	1
2.2.4.2: Purchase of Goods and Services Review Process					
[25]	For the purchase of services, staff used the standard contract and it include all required provisions.	0	0	1	1
2.2.4.3: Review Documentation					
[26]	The senior staff attorney signed the Procurement Check List.	0	0	1	1
[27]	The senior staff attorney signed the contract.	0	0	1	1
2.2.4.4: Purchase Review Process for Contracts[287]					
[28]	The Accounting Check List (ACL) was submitted to the Budget Analyst to ensure availability of funding, correct coding, and installment payments coincided with contract language.	0	1	0	1
[29]	Appropriate signatures were obtained on the contract (see Operational Authority Delegation Hierarchy).	0	0	1	1
2.2.5.1: Auto-create Purchase Order Process					
[32]	The Purchase Order was reviewed and signed by the CFO.	0	0	1	1
2.2.5.2: Receiving on a Purchase Order Process					
[33]	The Purchase Requisition Representative received the invoice on the Purchase Order.	0	1	0	1
2.2.7.3: Contract Payment Process					
[35]	The Request for Payment on Contract was approved by the Administrator or Deputy Administrator.	0	1	0	1
2.2.7.5: Check Issuance and Distribution					
[38]	The invoice was stamped "Paid" and marked with the check number.	0	1	0	1
Other Testing Results					
[39]	Compliance with budget restrictions.	0	0	1	1
[40]	No fraudulent or wasteful disbursements were made.	0	0	1	1

Within each observation, CLA has listed the OHA disbursement sample number with that particular observation. The specific disbursement number and a more detailed

[287] Criteria [30], [31], [34], [36], and [37] are excluded as they were used by CLA to document information pertaining to the approval and execution of the disbursement. CLA determined that these criteria are not necessary to report the final results of testing.

discussion of the observation can be found by referring to **Attachment 13**. Each observation also includes a reference to the applicable criteria listed in the table above.

1) Compliance with HRS §84: Standards of Conduct

   Based on the procedures performed and publicly available information, CLA did not identify information that provides evidence of a conflict of interest as defined under HRS §84 (criteria **[1]** through **[6]**).

2) Compliance with HRS §103D: Hawai'i Public Procurement Code

   Based on the nature of the disbursement tested, the disbursement appears consistent with the stated exemption identified by OHA under HRS §103D-102(b) (criteria **[7]**, **[8]**).

3) Compliance with OHA's applicable internal policies and procedures

   The internal policies and procedures identified by CLA that are applicable to the processing of disbursements include a review of the Procurement Document Checklist, Purchase Requisition, Tax Clearance and DCCA Verification submitted by the contractor, Purchase Order, vendor invoice, and Request for Check Issuance. When a signature was required on a particular document, CLA verified the appropriate signature(s) were obtained based on the Operational Authority Delegation Hierarchy in effect at the time. See **Exhibit 03** for each delegation hierarchy in effect during the period covered by this engagement.

   There are two observations for this disbursement pertaining to compliance with OHA's internal policies and procedures, which are as follows:

   a. The disbursement contained a vendor invoice that was not stamped with "Goods/services Rec'vd Satisfactory" indicating the invoice was approved for payment, the person reviewing the invoice, the date of the review, and whether to close out the purchase order (criteria **[33]** and **[38]**). Furthermore, one of the vendor invoices stamped with "Approved for Payment" was approved by the Land Management Officer at the time. The Land Management Officer did not appear on the list of Program Managers and LOB Directors and did not appear to be the appropriate Budget Authority to approve the disbursement.

   b. This disbursement of $130,049 was paid to PPPH Associates for the base rents of OHA's headquarters, Common Area Maintenance (CAM) fees, CAM fees for the Native Hawaiian Roll Commission, and after-hours air-condition

use.[288] OHA categorized the payments as an exempt procurement; however, it was not processed as an exempt contract and it was not assigned a contract number. Instead, the lessor's invoices were received against a Purchase Order, and payments were made directly to the vendor without using a Request for Payment on Contract or a Request for Check Issuance. CLA observed that OHA stamped the invoices with "Goods/Services Recv'd Satisfactory; Approved for Payment," and there was a line for an OHA employee to sign and approve the payment. OHA treated the lease payments as though they were separate individual disbursements rather than contract payments; however, there was a lease agreement (i.e., contract) in place. (criteria **[35]**)

See recommendation 67.

4) Compliance with budget restrictions

There were no observations pertaining to compliance with budget restrictions for this disbursement.

5) No fraudulent or wasteful disbursements were made

Based on the procedures performed, there are no red flags or indicators of fraud, waste, or abuse related to the lease disbursement.

[288] The Native Hawaiian Roll Commission was located within OHA's office space. This arrangement was based on the Hawai'i Senate Act 195, approved on July 7, 2011, which included the provisions that the NHRC was a five-member commission established within OHA for administrative purposes only.

E. ANNUAL REPORTS TO THE BOARD OF TRUSTEES

On an annual basis, OHA staff prepare an annual report on the results of OHA's activities for the preceding fiscal year. The annual report is issued in approximately November of each year for the fiscal year ending June 30. A copy of the annual report issued for FY 2015-16 is included in **Exhibit 32**.

To assess the sufficiency of the internal controls in place to ensure the integrity of the performance indicators reported in the annual report, CLA inquired with OHA staff regarding the process to prepare the report. For the report issued for the fiscal year ended June 30, 2016, CLA traced the information in the report to OHA's audited financial statements and general ledger to determine the accuracy of the information in the report.

1) Staff Inquiries

Based on discussions with OHA staff, the following process is used to prepare the annual report to the Board of Trustees. The Director of Community Engagement is responsible for preparing the report with the assistance of staff in the Community Engagement (CE) department. Around June or July, CE staff meets with appropriate OHA staff, including the CEO, COO, CFO, and grants department to discuss the information that will need to be sent to CE to prepare the report. The purpose of the discussions with the CEO and COO are to develop the general message that will be communicated in the report. The meetings with the CFO and grants department is to discuss the specific information that will be provided.

The CFO and accounting department staff prepare the financial information and charts that will be included in the annual report (i.e., budget information, unaudited financial statements – see pages 5 and 16-19 in **Exhibit 32**). CE department staff work with accounting to determine how the financial information can best be presented in the report, as the CE department works on graphically displaying the meaning of the numbers provided. Ultimately, the CFO has to approve the financial information presented.

The grants department provides the detail of the specific grants issued during the year (see pages 12 to 15 of **Exhibit 32**). The grants department is also responsible for compiling and providing the overall impact of the grants as reported. Other OHA departments provide information that gets included in the report. For example, the loan department provides the information on economic self-sufficiency (**Exhibit 32**, page 11).

Both the CFO (accounting) and the grants department have to approve the annual report before it is published.

Observations

The reports and other information provided by the various departments is not kept by CE for future reference. Additionally, the Director of Community Engagement could not indicate if the grants information reported was based on awards made or

dollars disbursed. The plan for this coming year is to clarify this with the grants department for the upcoming report.

See recommendations 71 and 72.

2) Reconciliation of Report to OHA's Financial Information

On a sample basis, CLA compared the specific grants and sponsorships listed in the June 30, 2016 annual report to the general ledger detail, grants tracking schedule, and audited financial statements provided to CLA. The purpose was to assess whether the financial information presented in the annual report to the BOT appeared accurate.

The grants tracking schedule provided to CLA for the year ended June 30, 2016 consisted of only programmatic grants and did not include 'Ahahui event grants.

Observations

The comparison of the grants listed in the annual report to the grants tracking schedule provided the following observations:

a) Not all grants listed in the annual report were shown in the grants tracking schedule provided. For example, the annual report lists a $1.5 million programmatic grant to Kanu Oka ʻĀina Learning ʻOhana "to support Hawaiian-focused charter schools." This grant was not listed in the grants tracking schedule provided to CLA; however, this grant was tested as part of CLA's sample selection. Additionally, all 'Ahahui event grants listed in the annual report are not included in the grants tracking schedule provided to CLA. The grants tracking schedules provided to CLA were in Excel and do not appear complete for each fiscal year.

b) When comparing the grant amounts in the annual report to the amounts disbursed as shown in the general ledger, it is evident that the amounts disbursed in the respective fiscal year are less than the amounts awarded. This seems appropriate and logical as the grant funds should not be disbursed until the activities have been performed and the grantee has submitted all required documentation. It is also possible that not all funds awarded were ultimately disbursed if a grantee did not meet the requirements of the grant award. There were no instances in which the amounts disbursed exceeded the award amounts.

See recommendations 22 and 73.

F. RECOMMENDATIONS

01) Update policies and procedures to require that all vendors hired by OHA complete the Standards of Conduct Declaration form and retain the completed form in the contract files.

02) Require grant applicants to disclose on the grant application form any previous or existing financial relationships that any of the grantee's governing board or executives had or have with OHA, the LLCs, or its employees. Additionally, grant applicants should be required to disclose any personal relationships with OHA staff that may be perceived as a potential conflict of interest. This information should be reviewed and used by OHA in making its assessment on whether to award a grant to the applicant.

03) Provide training to OHA grants staff to ensure that they document any apparent or perceived conflicts of interest between OHA staff and a grant applicant or grantee. Grants files should maintain documentation of how the grants staff reached its determination of whether the conflict existed and/or how the conflict was resolved prior to awarding a grant.

04) Require any OHA employee that has an existing relationship with a grantee, or had a relationship with a grantee in the prior two years, to disclose whether he or she is receiving compensation for his or her involvement with the grantee and its activities. OHA employees with an existing relationship (personal or professional) with a grant applicant should abstain from making any decisions pertaining to the grant award.

05) Grantees should be required to communicate and report to OHA any time that it intends to change or alter the intended purpose and outcome of the activities for which the grant is awarded. Changes or alterations to the grants purpose and outcome should be documented on a grant contract amendment, which should clearly state what the new purpose and outcome of the grant is and an updated budget to reflect how grant funds will be used. Any additional supporting documentation that reflects how OHA and the grantee resolved the change should be retained in the grant file. OHA must review and approve the revised purpose and outcome and document its decision to continue funding the grant.

06) Implement a process whereby the Hawai'i State Ethics Commission Short Form Disclosure of Financial Interests filed by OHA's officers are reviewed to ensure there are no potential conflicts with OHA vendors or grantees. Copies of the disclosure forms and documentation of the internal review should be retained according to OHA's document retention policy.

07) Ensure that the OHA grant contract and procurement forms are compliant and clearly document that the grantee is meeting the conditions for awarding grants as described in HRS §10-17(b). There should be documentation in the procurement forms that OHA verified if the grantee had applied or received all applicable licenses and permits and that OHA verified the grantee's insurance was sufficient to provide indemnification, when requested by OHA. OHA should require the grantee submit copies of the applicable licenses and insurance certificates and retain them in the grantee file. If

the grantee was not required to obtain licenses, permits, or insurance, the grant documentation should indicate so with an explanation for why the grantee was exempt.

08) Ensure that the OHA grant contract and procurement forms are compliant and clearly document that the grantee is meeting the conditions for grantees as described in HRS §10-17(c). There should be documentation in the procurement forms that OHA verified the composition of the grantee's governing board, the governing board does not receive compensation, the grantee has bylaws that address conflicts of interest and nepotism, and the grantee does not employ or contract with two or more family members. OHA should retain in the grant files all related documentation obtained during this verification process.

09) Ensure that OHA grants are consistently executed on the most current OHA templates, including Memorandum of Agreements and Fiscal Sponsorship Agreements. The same language from the OHA grant contract should apply to all OHA grants awarded. Add a revision date to the bottom of all grant templates so that grant staff are able to easily identify the most current version.

10) Ensure that the grants staff is conducting grant monitoring and evaluation in accordance with HRS §10-17(d). Grants are required to be evaluated annually to determine whether the grant attained the intended results in the manner contemplated. Documentation of the evaluation must be retained in the grant file. OHA should consider whether the development of a standard annual evaluation form will assist in this process.[289]

11) Implement a process whereby the Grant Monitor reviews the grant file to ensure that Purchase Requisitions have been prepared and approved in an amount equal to the total grant award. The Grant Monitor should also notify procurement of multi-year awards to ensure that a Purchase Requisition is prepared and approved for the grant award for each fiscal year.

12) CLA observed that certain grants that were not fully spent contained a Request to Close a Purchase Order; however, CLA did not observe a policy regarding this in the Fiscal Procedures Manual. Update the Fiscal Procedures Manual to indicate when a Request to Close a Purchase Order should be used in the grant process, train staff accordingly, and enforce the use of this form and process.

13) Implement a review process whereby each grant contract file is reviewed to ensure that each of the documents required for the monitoring and evaluation of grants is appropriately completed and retained in the grant file. This should include all monitoring and evaluation documents required by HRS §10-17, OHA's Fiscal Procedures Manual, and OHA's Grants Standard Operating Procedures.

[289] If OHA has a template to perform monitoring and evaluation, it appears that it is rarely used based on the results of CLA's testing.

14) A check should never be issued for an amount different than what was approved on the Request for Payment on Contract or Request for Check Issuance. Implement a policy and train staff to ensure this practice does not continue. If the amount requested for payment must be modified, a new or revised Request for Payment on Contract (or Request for Check Issuance) should be prepared and approved, and supporting documentation should be retained to document the reason for the change.

15) Implement a process to mark digital and hard copies of grant applications with the date the grant was received so that grant staff that review the application can verify that the application was received before the solicitation deadline.

16) Ensure that the grant committee scoring and recommendation documentation is retained in the grant file to provide evidence that the review and recommendation processes occurred.

17) Ensure that attachments and schedules to BOT minutes are retained in the grant file to provide evidence that the grant was reviewed and approved by the BOT.

18) Enforce the requirement that Kūlia Initiative grant files contain a statement explaining why the grant requests and awards were not made through the Community Grants Program. Ensure that the Certificate of Vendor Compliance and IRS letter of determination are retained in the grant files.

19) Ensure that Kūlia Initiative grants are assessed using the Kūlia Initiatve Review Form and that a copy of the form is retained in the grant file.

20) Implement a process whereby the grant staff, when reviewing a new grant application for award, conduct research to determine whether the grant applicant has received prior grants from OHA or has other historical business relationships with OHA. For example, if a grant applicant has previously received grants from OHA, and the purpose or intended results of the grant were not attained, OHA should consider this information in the review process for the new grant application. This information should be documented in the grant file and used by the grant staff to determine whether the grant applicant is in good standing with OHA as required by the Grants SOP.

21) Provide all grants department staff with ongoing training to ensure all policies and procedures are being followed and necessary documentation is being retained in the grant files.

22) Implement the use of a software program for tracking all grant applications and awards. OHA currently uses Excel spreadsheets to track and monitor grants awarded. To ensure that there is one reliable source of information for grants, OHA should implement the use of a software program that allows the following:
    a. Input of all grant applications with applicant information
    b. Uploading of all applicable grant documents for each application and award
    c. Status of grant applications, including those that were not awarded

d. Grant awards with total dollar amount, time period, and award per year
e. Tracking of all monitoring activities, including uploading electronic copies of evaluation and monitoring reports
f. Customization of reports

Using a software program for tracking grants will assist OHA in retaining grant information on a long-term basis and prevent the accidental loss of information. Additionally, the program will result in a comprehensive database that OHA can use when assessing future grant applications for award.

23) Establish a process to ensure that all documentation related to the RFP process is retained in the contract procurement file. This documentation should include (1) written determination on the use of the RFP method, (2) appointment of the evaluation committee, (3) a copy of the RFP, (4) a copy of the published notice, (5) a copy of the registry of proposals received by OHA, (6) copies of the acknowledgment of receipt of proposal (7) a copy of the evaluation documents, (8) a copy of the evaluation matrix, (9) a copy of the evaluation committee recommendation to hire, and (10) any other documents relevant to the RFP process.

24) Ensure that in accordance with OHA policy, a written determination is made by the Administrator that a competitive sealed proposal is the more appropriate method of contracting rather than competitive sealed bidding.

25) Implement the requirement for a review of the RFP draft by legal counsel prior to publication, and document this review on the Procurement Solicitation Routing form.

26) Conduct a review of each contract to ensure that each of the documents required for the establishment of a contract is appropriately completed and retained in the contract file. See also recommendation 47.

27) Ensure that whenever an amendment is executed for an existing contract, the amendment document is retained in the contract file.

28) Ensure that the senior staff attorney performs a review of the contract file prior to signing the contract. The senior staff attorney must ensure compliance with State Procurement Laws for purchases of more than $2,500 and document the review on the Procurement Document Checklist as indicated by OHA Policies and Procedures Manual. See also recommendations 48 and 52.

29) Provide training to OHA staff, especially accounts payable staff, to ensure that once a payment is processed for a vendor, the payment is mailed or otherwise delivered directly to the vendor. It is not a best practice to deliver a prepared check to the staff requesting the payment. This practice heightens the risk of an employee not mailing or otherwise delivering the payment to the intended vendor.

30) Ensure that individuals in the accounts payable department are trained to double check their work to reduce the risk of overpayment in error.

31) Implement a process whereby record of the deliverables submitted by the vendor are retained in the contract file. If the deliverable by the vendor consists of verbal updates or meetings, ensure that some type of documentation is included in the contract file as reference for the deliverable.

32) Ensure that OHA staff and administration are aware that it is not a best practice to execute a contract for which the effective date precedes the execution date. There may be certain instances when a contract must be executed in this manner; however it should be only in rare occasions and a note should be included in the contract file to indicate the reason for this.

33) OHA must retain, within the contract file, the invoice and other supporting documents for all payments made on a contract. OHA should consider the risk of payment a vendor upon the execution of a contract and before the vendor has performed any work. If at all possible, OHA should avoid executing contracts that require a payment upon execution. If this type of arrangement continues to be used, it should be infrequent, and payment should not be made to the vendor without first obtaining an invoice.

34) If additional fees must be paid to a vendor on an existing contract, a contract amendment should be processed. Clear documentation must be included in the contract amendment language to describe the reasons for the amendment. If additional funds are needed for the vendor to complete work that was already accounted for within the original contract, there should be documented evidence of what prevented the vendor from accomplishing the deliverable within the original contract price. For example, if the vendor encountered delays that were outside of its control but within OHA's control, then a case could be made of the need for additional funds to be added as an amendment to the contract.

35) Implement a process for all contracts whereby the contract manager reviews all contracts no less than 60 days prior to the termination of the contract to assess whether there is a need for a contract amendment to document an extension in the effective period and, if applicable, an increase in contract fees. The contract manager, LOB Director, CFO, or any other OHA staff should never approve for payment an invoice that includes time or costs incurred after the contract period has expired for which no amendment has been executed. See also recommendation L10.

36) Establish a process whereby the contract procurement file maintains the names of the persons serving on a professional services review committee and selection committee and the following documents providing evidence that an appropriate selection process was completed: (1) Memorandum to CEO to appoint the Selection Committee, (2) evidence that the Procurement Officer ensured the impartiality and independence of committee members, (3) the Selection Committee individual scoring sheets, (4) the Selection Committee Scoring Matrix, (5) Memorandum to CEO recommending the top three ranked candidates with the CEO's approval.

37) Consistently require a process is in place to ensure the impartiality and independence of committee members. This process may include requiring that persons serving on a

professional services review committee and selection committee complete and sign an affidavit attesting to having no personal, business, or any other relationship that would influence their decision.

38) Ensure that, in accordance with HRS §84-18(c) and (e), no former employee of OHA who was employed for more than 181 days in the prior year, is hired for compensation nor any other consideration to perform the same type of work the person had performed while employed by OHA.

39) Provide training and education to all levels of OHA employees involved in the execution of contracts. It must be clear to them that completed documentation and approvals must be in place, such as the completed Authorization to Proceed with Contract, before a contract is actually executed.

40) Ensure that the contract procurement process is followed as dictated by current OHA policies and procedures without circumvention and without completing the required steps in the wrong order. For example, a contract should never be executed prior to all of the necessary steps being completed. See also recommendation 51.

41) Consistently follow the process outlined by HRS §103D-304 and by OHA's policy for the selection of Professional Service providers from the approved list when the need arises during the year for a specific service.

    a. An administrator should designate a Selection Committee to evaluate the Statements of Qualification submitted by the approved professional service providers and rank at a minimum three providers using the selection criteria.

    b. Professional service providers should not be selected without written documentation of the process followed and reason for selection.

    c. The vendors approved for inclusion on the list of approved professional service providers must have submitted a Statement of Qualification and Expression of Interest for the year applicable to the contract for which they are being considered. The Statement of Qualifications and Expression of Interest should not be carried forward from one year to the next.

42) Ensure that a copy of the published Notice to Providers of Professional Services is included in the Professional Service Providers binder for reference along with evidence that the notice was published. This may include a newspaper clipping or screenshot of the Procurement Notices System to provide evidence that the notice was posted.

43) Ensure that compliance documents are always obtained from the vendors prior to contract execution. It would be prudent to establish a policy that requires an explanation as to why compliance documents may not be required from a vendor whenever this designation has been listed on the Procurement Package Checklist for procurements that are not grants or purchases of less than $25,000.

44) Ensure that a Purchase Requisition is always completed not only at the beginning of the procurement process for a new contract, but also when the need for a contract amendment is identified so that there is verification of availability of funds, encumbering funds, and for use in creating the Purchase Order. See also recommendations 47, 48, and 54.

45) In the event that a procurement violation is identified, ensure that the appropriate steps are taken to complete a Report of Procurement Violation on State Procurement Office (SPO) Form-016, which lists five steps including determining whether appropriate corrective action has been taken, and forwarding the form (request) to the CFO for after-the-fact payment approval if one has been requested. In addition to completing the appropriate documentation, ensure that a copy of the completed form is retained in the related contract file.[290]

46) Implement a process to increase communication with the Board of Trustees with respect to the procurement of professional services, particularly when the services involve action items from the Board of Trustees. For any contract for which it is expected that the results of the work will require action or agreement by the Board of Trustees, it is prudent that discussions with the Board of Trustees take place prior to the commencement of the procurement process. This will help reduce possible waste from decisions made by the Board of Trustees not to proceed on an action item.

47) Perform revisions and updates to the OHA Fiscal Procedures Manual to ensure that it is complete and accurately reflects the policies and procedures as currently mandated by applicable Hawai'i Revised Statutes and as practiced by OHA. The manual should also be updated to reflect current titles and approval authorities. The review and update of this manual should take place at least every two years to ensure that current policies are reflected.

48) Consider implementing the process of stamping each invoice paid, indicating the check number on the invoice itself instead of, or in addition to, applying this stamp to the Request For Payment form. It is a best practice to apply this type of marking to the invoice itself to prevent the risk of the invoice being paid again should the invoice become separated from the Request for Payment form.

49) Consider developing and implementing a policy and procedures that require the procurement office to obtain a minimum of three quotes, when feasible, when seeking services that qualify as exempt. Although obtaining quotes are not required for goods or services that qualify as exempt under HRS §103D-102(b), the statute states in subsection 102(d) that "[g]overnmental bodies making procurements which are exempt from this chapter are nevertheless encouraged to adopt and use provisions of this chapter and its implementing rules as appropriate…" Obtaining three quotes before awarding a contract for exempt goods or services will help ensure that OHA receives a fair price, increases competition, and helps reduce the risk of

[290] Form SPO-016 is titled Report of Procurement Violation: Findings and Corrective Actions and/or Request for After-the-Fact Payment Approval.

vendor favoritism or other unethical behavior in the procurement process. Documentation of the quotes received should be retained in the procurement files.

50) Require staff to use other procurement methods (e.g., Professional Services), whenever possible, prior to using the exempt procurement method. The exempt procurement method should be used only when the goods or services qualify under the statute and when other procurement methods are not feasible. The use of other procurement methods will provide more competition and ensure OHA is receiving a fair and competitive price for its purchases.

51) Consider seeking guidance from the State Procurement Office regarding the appropriate application of the exemptions under HRS §103D-102(b) and Hawai'i Administrative Rules Section 3-120-4 – Exhibit A. The State Procurement Office may be able to provide additional training or guidance to OHA staff, especially the procurement department, to ensure the proper interpretation and application of the list of exempt goods and services. Appropriate OHA staff should be sufficiently trained. If staff are unsure of whether a service or good qualifies as exempt, they should be encouraged to contact the State Procurement Office for guidance.

52) Update the Operational Authority Delegation Hierarchy, Request for Payment on Contract, and Request for Issuance of Check to ensure that the approval signatures included on the request for payment/check align with the signatures required per the delegation hierarchy. If necessary, include a location on the payment request where the program, line of business, or other pertinent information is included so that staff can easily verify that the appropriate signatures were obtained.

53) Update the Procurement Document Checklist to include a location for the Procurement Manager to sign indicating that the form was reviewed.

54) Implement a process for obtaining and retaining documentation when signing authority is delegated to another member of OHA staff, such as the CFO giving signing authority to the Controller while the CFO is absent. Ensure that this documentation is kept with the procurement, contract, and payment files for later verification.

55) Implement procedures to ensure that documents are retained according to OHA's document retention policy and the Hawai'i state requirements. Consider the implementation of a digital document repository that would allow OHA to easily scan, upload, and store all relevant documents. This could assist OHA in the retention of important documents on a long-term basis.

56) Update the Operational Delegation Authority Hierarchy regarding grants awarded to the LLC's. The Operational Delegation Authority Hierarchy should require the approval of the Board of Trustees, regardless of dollar amount, to ensure there is no conflict of interest in the grant award process.

57) Ensure that information on the sponsorship review forms are consistent with the grantees formal letter or application. Grantee information received by OHA that is

not on the letter or application should be retained in the sponsorship file to ensure that a record of all relevant information is retained.

58) Revise the Operational Authority Delegation Hierarchy to specify the departments or titles required to approve and sign Requests for Check Issuance. Currently, the delegation hierarchy simply states "Appropriate Budget Authority," and OHA was unable to identify for CLA who the "Appropriate Budget Authority" was for disbursements. If necessary, consider creating a budget authority document that identifies the appropriate budget authority by line of business, division, etc.

59) Ensure that grants are issued only for the grant types established within the OHA Grants Program Standard Operating Procedures. Disbursements described as "Other" grants should be required to use another procurement method.

60) Ensure that sponsorships are not awarded for programmatic services. Grants awarded for programmatic services should use other grant methods (e.g., Community Grants Program).

61) Implement a process whereby the accounts used for a Budget Realignment to fund a sponsorship or grant are presented to the BOT for consideration and review.

62) Enforce the requirement that sponsorships, and other awards and disbursements, not exceed the dollar limits established by OHA. All appropriate OHA staff (i.e., grants, procurement, and accounting) should be adequately trained to scrutinize the supporting documentation to ensure that amounts are not split to circumvent spending/award limits. Any request that exceeds such spending limits should not be awarded, approved, or paid.

63) Ensure that accounting staff are sufficiently trained to not pay requests for payment that do not contain sufficient supporting documentation. All disbursements should equal the approved requests for payment and supporting invoices. Any exceptions should be returned by accounting to the appropriate OHA staff for correction and resubmission.

64) Require that disbursements not exceed the amount approved on a Purchase Requisition. If it is determined that the amount approved on a Purchase Requisition is not sufficient for the required disbursement, issue a new Purchase Requisition for the full amount of the disbursement and not only for the incremental increase. Approval of Purchase Requisitions is based on the dollar amount; therefore, issuing disbursements based on incremental Purchase Requisitions could be used to circumvent appropriate approval requirements.

65) Disbursements and other financial transactions should not be approved by individuals other than OHA staff and designated on the Operational Authority Delegation Hierarchy. If OHA desires an approval from staff working in the Native Hawaiian Roll Commission (NHRC) regarding a disbursement, there should be an additional approval required of the appropriate staff of NHRC; however, it should not replace the approval signatures required of OHA staff. The Operational Authority Delegation

Hierarchy should be updated to include the additional approval signatures required of NHRC staff.

66) Ensure that OHA staff and administration are sufficiently trained on the appropriate order of documents that must be approved before purchasing goods or services. CLA observed instances in which a check request was prepared prior to or at the same time as other documents that require approval before requesting payment. Goods and services should not be purchased or paid for prior to obtaining adequate approval for the purchase.

67) Consider implementing a policy that requires all disbursements to be approved via a Request for Check Issuance or Request for Payment on Contract. These documents include information indicating that the approver has certified to the receipt of goods or services, which is an important step for approving all disbursements.

68) Implement a process to enforce the requirements that (1) the Request for Use of Procurement Card form is completed and appropriately signed before a pCard is used, (2) all receipts and other supporting documentation are retained within the disbursement file, (3) the Statement of Completed Travel form is submitted within the deadline, and (4) all forms are signed and dated. Provide additional staff training regarding the appropriate process for pCard approval, documentation, and use. Ensure that steps are taken to immediately address instances when the policy is not followed. Consider revoking pCard privileges for staff that consistently do not follow policy.

69) Implement a process to enforce the requirement that the Travel Allowance Authorization form is submitted within the deadline required for in-state and out-of-state travel. Provide additional staff training regarding the required process, and ensure that steps are taken to immediately address instances when the policy is not followed.

70) Implement a process whereby leases and long-term rentals are procured using the Exempt Procurement method for contracts. Using contracts for leases and long-term rentals will provide assurance that a contract manager is assigned, the contract has appropriate oversight and monitoring, and the invoice amounts and rates are compared to the rental or lease agreement.

71) The Community Engagement department should retain in the department files the information provided by various OHA staff to prepare the annual report to the Board of Trustees. This information should be retained in accordance with OHA's standard retention policy to ensure that there is support for the information and numbers reported.

72) The Community Engagement department should clarify with the grants department regarding whether the reported grant and sponsorship information is based on dollars awarded or disbursed. The report should be updated to clarify the nature of the dollars reported (awarded versus disbursed).

73) Consider including information in OHA's annual report to the BOT that addresses the amount of grant awards disbursed. Currently, the annual report provides only grant awards. Providing disbursed dollars will help the BOT and other readers assess the overall results of the grant programs.

VII. Limited Liability Companies (LLCs)

A. SUMMARY OF WORK PERFORMED

In order to complete the scope of work outlined above, the following procedures and methodology was used by CLA to complete the contract and disbursement testing for the LLCs.

1) Preliminary information gathering and document review

On June 7, 2018, CLA met with LLC representatives Mona Bernardino, Chief Operating Officer (COO) for Hi'ilei Aloha, and Richard Pezzulo, Executive Director of Hi'ipaka (Waimea Valley), to receive an introductory overview of the LLCs and details of how they functioned in relation to OHA.[291] During this meeting, CLA learned the history of the LLCs and how they were structured, at their inception, to function independently of OHA, but with oversight from OHA's Chief Executive Officer, Chief Financial Officer, and Chief Operational Officer as managers of the LLCs. The LLCs functioned as private nonprofit entities separate from OHA, while providing OHA with quarterly reports and annual audit reports.

Subsequent to this meeting, CLA was given access to a secure file share portal that contained certain LLCs documents and financial information. CLA downloaded those documents deemed relevant to this engagement, including, general ledgers, check registers, policy documents, quarterly reports to OHA, and published annual reports. CLA performed a preliminary review of these documents to gain an understanding of the type and volume of the LLCs' financial activity.

2) Process interviews of LLC staff

On October 11, 2018, CLA met with Richard Pezzulo, Hi'ipaka's Executive Director, and Donna Mathes, Hi'ipaka's Controller/Accountant. On November 13, 2018, CLA met with Mona Bernardino, Hi'ilei Aloha's COO.[292] The purpose of the interviews was to gain a more comprehensive understanding of the LLCs' function and the policies and procedures used by the LLCs pertaining to contracting and disbursements for the period under review.

3) Document request

As stated above, CLA was granted access to a secure file share portal that contained certain documents needed to conduct this engagement, and CLA downloaded those documents deemed relevant. Between September 14, 2018 and September 27, 2018, CLA submitted a document request list to ES&A, Inc. requesting additional documents that were not available in the file share portal. A total of 54 items were requested. On

[291] The LLC's legal counsel, Anna Elento-Sneed and Sam M.P. Sneed of ES&A, Inc. were present during this meeting with the LLC representatives.

[292] The LLC's legal counsel, Anna Elento-Sneed of ES&A, Inc. was present for each of these interviews with the LLC representatives.

September 27, 2018, ES&A, Inc. sent to CLA a copy of the document request list updated to denote whether the requested documents (1) did not exist, (2) were in OHA's possession, (3) were designated by the LLCs as "Confidential," and/or (4) were available but the LLCs needed time to locate the requested documents.

Due to some concerns raised by the LLCs regarding the scope of CLA's engagement, there were delays in getting the documents on the request list. However, on April 30, 2019, ES&A, Inc. once again gave CLA access to the secure file share portal that housed certain documents of the LLCs. CLA downloaded additional financial data of the LLCs that allowed CLA to complete its data analysis of the LLCs in order to select a sample of contracts and disbursements.

There were nine items outstanding from the original request list sent to the LLCs that ultimately the LLCs communicated did not exist or were not able to be located.[293] These included items such as certain quarterly reports to OHA from Hi'ilei Aloha, organizational charts, and policies and procedures relating to Hi'ipoi and Ho'okele Pono.

4) Data collection and analysis

CLA received the general ledger and the check register for each of the LLCs that had activity for the period under review.[294] Using the general ledger and check register data, CLA summarized the quantity and total dollar value of payments to payees for each of the years under review in order to understand the types of transactions and the more significant vendors. CLA also reviewed the payee names to identify payments to the COO for Hi'ilei Aloha, the Executive Director of Hi'ipaka, the names of the LLC managers, and any payee that shared their last name.[295]

CLA prepared a listing of contracts for each of the LLCs based on copies of the contracts that were uploaded to the FileShare which CLA was told contained all of the contracts that existed for the period under review. CLA compared the names of vendors identified in the check register to the listing of contracts prepared and performed analytics on the types and frequencies of payments. CLA also identified any payees for which it was understood from the interviews and research conducted that disbursements or payments to these vendor may be of concern.

[293] There were no additional documents downloaded from the file share portal as the last nine items outstanding as CLA was informed that the remaining items were not located or did not exist.

[294] CLA was informed by Hi'ilei Aloha's COO that that Hi'ilei Aloha was asked by OHA to create the structure of Hi'ikualono with the intent that this LLC would at some point manage the land properties owned by OHA; however, with changes to the composition to the Board of Trustees it was decided that the management of the land properties would not be transferred to Hi'ikualono. Therefore this LLC existed under Hi'ilei Aloha, but had never had any activity and thus no general ledger or check register was available for this LLC.

[295] Part of the scope of work for the LLCs was to review contracts for possible "conflicts of interest with LLC managers and directors." Identifying payments to these individuals would allow CLA to include in its sample selection payments that could represent potential conflicts.

5) Selection of sample contracts and disbursements

On May 10, 2019, CLA sent to ES&A the sample selection for contracts and disbursements for the LLCs. According to the approved scope of work, CLA was to test 30 contracts and 25 disbursements for the LLCs. The sample selection sent to the LLCs consisted of 23 contracts and 21 disbursements. CLA reserved seven contracts and four disbursements to select after the trustee interviews that occurred the week of July 22, 2019. On Friday, August 2, 2019, CLA selected the remaining sample of seven contracts and four disbursements for the LLCs and emailed this list to ES&A, Inc.

6) Interviews of OHA trustees

As discussed in Section VI.A.6., beginning on page 35, during the week of July 22, 2019, CLA was in Honolulu and conducted in-person interviews of all nine current OHA trustees. The purpose of the interviews was to allow the trustees the opportunity to meet with CLA and share with CLA any thoughts or concerns they had regarding OHA or the LLCs relative to the scope of work of this engagement. Table 5 on page 35 includes a list of the trustees interviewed and the date of the interview.

7) Document production to CLA

a) Contracts

For each contract selected, CLA requested that the LLCs provide the following documents, if applicable:

- Purchase Requisition
- Procurement documents such as RFP or Request for Quotes
- Executed contracts and any related amendment or change orders
- Purchase order
- Final deliverable
- Invoices and support for payments

b) Disbursements

For each disbursement, CLA requested that the LLCs provide the following documents, if applicable:

- Purchase Requisition
- Purchase order
- Procurement documents such as RFP or Request for Quotes
- Proof of receipt/packing slip
- Invoices/receipts
- Any other relevant documents

On July 3, 2019, CLA was informed that the LLCs had gathered the supporting documents for the contract and disbursement sample selection, and that the documents would be available in hardcopy at the respective LLC offices. The hard-

copy documents identified were provided to CLA during its visit to Hi'ipaka the week of August 12, 2019, and during its visit to Hi'ilei Aloha the week of August 19, 2019. While on site, CLA identified additional documents needed and communicated the subsequent request to the respective LLC contact. While CLA was on site, the requested documents that were located were provided to CLA; however, not all documents had been located by the end of CLA's visit. The LLCs followed up with CLA to provide the additionally located items from the requests made during CLA's visit. All documents available were provided to CLA by October 15, 2019. In total, the LLCs provided to CLA approximately 122 supporting documents related to the sample of contracts and disbursements.

8) Inquiries with LLC staff

Hi'ilei Aloha LLC

The COO for Hi'ilei Aloha has been with the entity since its inception and was familiar with most of the contracts and disbursement transactions selected for Hi'ilei Aloha, Hi'ipoi, and Ho'okīpaipai. When CLA arrived at Hi'ilei Aloha's office on August 12, 2019, CLA was provided with copies of supporting documents for contracts, contract payments, and disbursements; however, other documentation needed, such as deliverables, had not been gathered and made available to CLA. At the time CLA visited Hi'ilei Aloha, the COO was the only Hi'ilei Aloha employee in the office due to recent structural changes to the LLC. To ensure that the necessary documentation could be provided to CLA, the COO cleared her calendar and attempted to locate the additional support needed. Some of the support for contracts had to be transported back to Hi'ilei Aloha from ES&A, Inc.'s office where it had been stored. Because all of the supporting documentation had been provided in hard-copy format, CLA scanned the documents provided in order to retain for reference.

CLA met with the COO each day to provide additional requests for documents and to review questions that arose during the day related to contract and disbursement testing for each of the LLCs aside from Hi'ipaka.

Hi'ipaka LLC

The Executive Director for Hi'ipaka has been with the organization for the entire period under review and was familiar with all of the contracts and disbursements for the entity. When CLA arrived to Hi'ipaka's office on August 19, 2019, CLA was provided with banker boxes that contained the sample disbursement support as well as the selected contract files. The contract files, for the most part, included documentation relating to the procurement process, the original contract, copies of deliverables (if applicable), invoices, and related payment support. Because the documentation had been provided in hard-copy format, CLA scanned the documents provided in order to retain for reference.

CLA met with the Executive Director each day to review questions that arose during the day related to contract and disbursement testing for Hi'ipaka.[296] At this time, it was also communicated whether additional documentation for the contract and disbursement selection was needed. CLA also met with other Hi'ipaka employees who assisted the Executive Director in locating additional documents.

9) Assessment of Board of Trustees Oversight of LLCs

In order to assess the Board of Trustees oversight of OHA and the LLCs, CLA conducted interviews of the current trustees, reviewed the State Audit reports issued in September 2013 and June 2018, reviewed board minutes to identify and understand current actions taken by the trustees pertaining to the Permitted Interaction Group on Organizational Guidance (Governance PIG), and researched general guidance and best practices pertaining to governance. Additionally, CLA considered the totality of the results from the testing of contracts and disbursements. The observations and recommendations pertaining to the trustee's oversight is included in Section VIII. Board of Trustees Oversight of OHA and the LLCs beginning on page 294.

10) Status updates and communications with the Resource Management Committee

See Section VI.A.10. beginning on page 37 for a detailed discussion of the status updates and communications with the Resource Management Committee.

[296] CLA was informed that for the week of CLA's visit, CLA could be on site at Hi'ipaka to conduct the testing all week except Wednesday August 14, 2019, as the Executive Director had a commitment to meet with the State auditors. For this reason, on Wednesday, August 14, 2019, CLA conducted the testing remotely from OHA's office using the scanned copies CLA had made.

B. TESTING CRITERIA

Testing criteria refers to the specific requirements of the LLCs' internal policies and procedures that were identified by CLA to be covered during the testing of the LLCs' contracts and disbursements. For example, Hi'ipaka's SOP No. BUS-004 – Contracts with Suppliers, vendors, and contractors, dated May 7, 2009 states that the contractor or service vendor must demonstrate they are "responsible" offerors by providing a certificate of good standing with the DCAA. CLA established the receipt of good standing as one of the criteria for testing contract oversight.

1) Contracts

The specific areas identified in the scope of work to be tested by CLA for LLC contracts (see Section V. Scope of Work – subsection 4.a. beginning on page 26) required that CLA develop and apply specific audit procedures to inspect contracts for:

- Conflict of interest with LLC managers and directors
- Deliverables were met by the contractor/grant recipient,
- Sufficiency of contract/grant oversight provided appropriately by the assigned contract manager/monitor, and
- Indicators of fraud, waste, or abuse.[297]

For each of the LLCs, CLA obtained the internal policies and procedures related to the approval and execution of contracts and contract payments. Compliance with policies and procedures was required under the disbursement testing only, but CLA referred to the LLC policies to identify if any policies existed pertaining to the oversight of contracts, conflicts of interest, and the general procurement process, which is relevant to the oversight of contracts. Based on the LLC, a set of internal policies and procedures was in place, but because of the size and objectives of each LLC, not all LLCs had established contracts for the period under review. Only Hi'ilei Aloha, Ho'okīpaipai, and Hi'ipaka had established contracts during the scope period. For each of these three LLCs, CLA identified the specific criteria to be tested. The following list identifies the LLC and includes the specific list of criteria tested by CLA.

a) Hi'ilei Aloha LLC – **Attachment 14**

Hi'ilei Aloha provided its Fiscal Policies and Procedures manual, a 17-page document.[298] Within this document, CLA identified the procedures applicable to the

[297] The order of the scope of work as listed here is in the same sequence as it is discussed in this report and is in slightly different order than presented in CLA's scope of work included as attachment to CLA's agreement with OHA.

[298] The manual did not contain an effective date, and the COO communicated that the manual was in effect for the time period under review.

contracting process that includes basic procurement process, purchase request, check request, and check signing authority. The policies and procedures outlined in this manual were brief and high level.

b) Hi'ipaka LLC – **Attachment 15**

Hi'ipaka provided its Standard Operating Procedures as well as its Corporate Procedures manual. These were two separate manuals that contained some overlap for the policies and procedures used by the LLC. The following Standard Operating Procedures (SOP) were relevant to contract procurement and payments on contracts, and CLA used them to develop criteria against which the contracts selected would be tested.

- SOP No. ADMIN-004 – Area: Administration - Procurement of goods and services dated May 7, 2009[299]
- SOP No. BUS-004 – Area: Business Group - Contracts with suppliers, vendors and others not on list of approved suppliers and vendors dated, May 7, 2009
- SOP No. CPM 005 – Area: Corporate Procedures Manual – Contracts, dated February 2, 2008
- SOP No. CPM-001 – Area: Ethics – Financial Conflict of Interests, dated December 18, 2007
- SOP No. BUS-005 – Area: Business Group – Accounts payable processing, dated July 15,2009

c) Ho'okīpaipai LLC – **Attachment 16**

Ho'okīpaipai provided its Fiscal Policies and Procedures manual dated November 2012, which detailed its methods for a basic procurement process, purchase request, check request, and check signing authority. The contracts selected for Ho'okīpaipai were tested against the criteria outlined for each step of the contract process.

2) Disbursements

a) Hi'ilei Aloha LLC and Ho'okīpaipai LLC – **Attachment 17**

1. Purchase Requests and Check Requests

Hi'ilei Aloha and Ho'okīpaipai employ similar policies and procedures for non-contract disbursements. Purchases made through Hi'ilei Aloha must be approved by the Chief Operating Officer and purchases made through Ho'okīpaipai must be approved by the Program Manager, who in both cases is currently Mona

[299] For reference, CLA was also provided with SOP No. Admin-004 updated on February 19, 2018.

Bernardino. The Chief Operating Officer/Program Manager has authority to spend the amounts approved in the budget if the purchases are in compliance with purchasing guidelines and are allowable, reasonable, and allocable. The Chief Operating Officer/Program Manager is responsible for ensuring all purchases comply with the budget. The Chief Operating Officer/Program Manager has the option to approve requested purchases that are not part of the approved budget; however, all purchase requests must be supported by appropriate documentation.

After a purchase is approved, requests for payment must be submitted in writing on a "Request for Check Issuance" form. The purchase requestor must attach the invoice, original receipts, and any other supporting documentation. The purchase requestor must sign the "Request for Check Issuance" form and submit it to their supervisor and the Chief Operating Officer/Program Manager for approval. After all approval signatures are obtained, the form is submitted to accounting staff for payment. If a purchase is submitted without a receipt, the purchase requestor must submit a typewritten statement explaining why a receipt is not available and certifying that the purchase was made as represented.

2. Small or Simplified Purchasing[300]

Ho'okīpaipai classifies purchases of goods or services costing between $2,500 and $25,000 as small or simplified purchases. This purchasing method is used to reduce administrative costs and create opportunities for small businesses to secure purchases and contracts. This purchasing method requires the purchase requestor to obtain three quotes for rate or price. Requests for quotes can be made in a variety of ways, using telephone calls, written requests, publishing notices in local newspapers, and posting notices on "bid" boards and web pages. Legal advisement is not required for these procurements. For purchases of goods or services less than $2,500, the purchase requestor should procure the lowest and best price, but written records of such efforts are not required. For purchases of goods or services equal to or greater than $2,500, the purchase requestor should document the quotations on a memorandum that includes the date the calls were made, date parties were contacted, and prices obtained. When requested, vendors should provide quotes that meet a specific requirement. Purchase orders are only issued for quotations that meet the requirements.

The quotes are evaluated for price and determining if the offeror is responsible. Quotes should be analyzed for quantitative factors such as trade discounts, all-or none qualifications, and transportation charges in determining the lowest price. In order to determine that the price offered is a "fair market price," a price analysis, which includes evaluating other quotes, historical purchases, advertised list prices, other market prices, and cost estimates, must be performed.

[300] This procurement method is not applicable to Hi'ilei Aloha, and all Hi'ilei Aloha disbursements tested by CLA followed either the Purchase Request and Check Request process or the Travel process.

When a vendor is selected, the Program Manager may issue a written purchase order to initiate the purchase transaction. Only when the vendor accepts the purchase order is the agreement binding.

3. Travel

Both Hi'ilei Aloha and Ho'okīpaipai pay for business-related travel costs of employees, including airfare, hotel, and ground transportation. Registration fees for conferences are not included in this method. Requests for payment of registration fees must be submitted in advance on a Request for Check Issuance form. Per diem expenses can be requested in advance, but the preferred arrangement is to submit per diem expenses after travel is complete.

The purchasing method begins when a traveler submits a "Request for Business Travel" form. Travelers must submit flyers and other event information, including event dates, travel method, and hotel information to support the requested travel arrangements. All requests must be approved in writing before reservations can be made. The Chief Operating Officer/Program Manager is responsible for ensuring airfare, hotel, and ground transportation is economical and reasonable for the trip and is responsible for using the corporate card to book the approved travel reservations.

When travel is complete, the traveler must submit a "Statement of Completed Travel" form within a week, itemize all business expenses, and include all applicable receipts. Personal expenses are not reimbursed. The completed "Statement of Completed Travel" form must be approved by the Chief Operating Officer/Program Manager. Documentation submitted with the “Statement of Completed Travel” may include airline confirmations, boarding passes, receipts for baggage charges, car rental, gas for car rental, taxi receipts, hotel charges, airport parking, and any other valid business charges. If the final "Statement of Completed Travel" shows the employee was advanced more funds than expended, the employee is required to return the overpayment.

b) Hi'ipaka LLC – **Attachment 17**

1. All Procurements

Hi'ipaka’s procurement method of good and services is made at the direction of the Executive Director or designated staff member. The procurement process begins with the Hi`ipaka Managers, who annually approve the total operating budget, capital equipment budget, and capital improvement projects budget. These budgets impose spending limits on the Executive Director for the purchase of routine supplies, equipment, and capital items. The Executive Director shall not exceed authorized spending limits as per the approved annual total operating budget and capital budgets without consent of the Hi`ipaka Managers.

When it is determined that goods or services are needed, the purchase requestor submits procurement requests in writing for the goods, services, or construction.

Purchases should be made in the best interest of Hi`ipaka, and the purchaser should consider price, quality, availability, timeliness, reputation and prior dealings when evaluating a vendor. The purchaser should also determine if the good or service is available from the Hi`ipaka vendor list. The Hi`ipaka approved vendor list is comprised of reputable vendors who can supply commonly used goods or services at best value for money.[301] If the goods or service cannot be provided by one of the companies or individuals on the approved vendor list, the items/services will be researched online.

Invoices received for goods or services rendered are forwarded to the responsible department head to verify that the service or product has been received. The department head completes a check request form and forwards it to the Business Manager for review. Once reviewed, the Business Manager forwards the check request form and the invoice to the Executive Director for approval. The Executive Director forwards the approved check request form and invoice to the accountant for payment. The accountant issues the check and forwards it to the Executive Director for signature. Checks over $10,000 require two signatures. For regularly reoccurring invoices, a check request form is not required. In lieu of the form, the expense code is written on the invoice, along with the proper signature from the authorized staff member.

2. Small Purchases: Under $15,000

   When there is a purchase of goods or services costing less than $15,000, the Executive Director has authority to approve the purchase based on the securing of three verbal or online quotes.

3. Request for Proposals

   When the costs are greater than $15,000, and the plan for meeting the objective of the purchase is unknown, then the purchase requestor uses the Request For Proposal (RFP) method. This process requires the Executive Director to evaluate

[301] According to Hi'ipaka's Corporate Policy Manual, CPM-001, "The Executive Director and the Business Group Manager may develop a list of pre-approved suppliers and vendors for routine and ongoing goods and services (e.g., office supplies, vehicle maintenance, portable lavatory services, etc.) of Ten Thousand Dollars ($10,000) or less. Suppliers and vendors seeking to be included on the Pre-Approved List shall submit a price list of the goods and/or services they offer, as well as their proposed terms for billing, payment, delivery, and warranties (if any). Service vendors must also demonstrate that they are 'responsible offerors' by providing: (a) a certificate of good standing with the Department of Commerce & Consumer Affairs, State of Hawaii; (b) a copy of their FEIN; (c) proof that they have a current GET license; (d) certificates of insurance which meet the minimum levels set by the LLC Managers for the fiscal year; and (e) a copy of their contractor's license in the case of construction contractors…Selection of suppliers and vendors for inclusion on the Pre-Approved List shall be based on a number of factors including, but not limited to, price, quality, availability, timelines, reputation and prior dealings…The Executive Director and Business Group Manager shall review each supplier and vendor on the Pre-Approved List at least once every three (3) years. Suppliers and vendors with a history of unsatisfactory goods, unsatisfactory service and/or non-competitive prices shall be replaced."

several approaches to meet the needs and to request price offers from acceptable vendors/suppliers only. When determining which vendor to select, the Executive Director shall consider factors other than price, which may result in awarding the purchase to a vendor other than the low bidder.

c) Hi'ipoi LLC – **Attachment 17**

Hi'ipoi did not document its policies and procedures for the procurement of goods and services. CLA developed criteria and "best practices" that were consistent with the Stand Operating Procedures and Fiscal Policies implemented by the other LLCs for testing the Hi'ipoi disbursements. The criteria adopted a centralized accounts payable processing and reporting methodology, that required that an approved purchase request be submitted prior to the purchase, that payment was not issued until an invoice that matched the purchase order was received and the good or service was verified, that the Chief Operating Officer or authorized designated employee approved the check request form, and that the check was signed by the Chief Operating Officer or an LLC Manager.

C. TESTING METHODOLOGY

The testing methodology is the strategy or thought process applied by CLA when reviewing the supporting documentation and information to determine whether a contract or disbursement complied with the LLCs' internal policies and procedures or other criteria identified for testing.

The following methodology was used by CLA to test or assess each criteria or testing area included in the scope of work. Next to each bulleted item below is a note on whether that item was applicable to only contracts, only disbursements, or both contracts and disbursements.

1) Conflict of interest with LLC managers and directors (contracts and disbursements)

   The LLCs all have included within their written fiscal policies and procedures a Financial Conflicts of Interest policy. The policy states that managers and employees must complete and submit a Financial Conflicts of Interest Disclosure form: (a) upon becoming affiliated with the company, and annually thereafter; and (b) whenever a potential conflict of interest arises (see **Exhibit 33** for the policy for one LLC).

   CLA reviewed the completed forms provided and also conducted public internet searches for all of the vendors to identify any indicators of potential, actual, or apparent conflict of interests.[302] This step included searching for the names of the vendors (company names and individual names), the LLC managers, Hi'ilei Aloha's COO, and Hi'ipaka's Executive Director.

2) Deliverables were met by the contractor/grant recipient (contracts only)

   For each contract selected by CLA for testing, CLA requested and the LLCs provided a copy or the original of the respective contract. CLA reviewed the contract to identify the specific deliverables required of the contractor. As part of the document request to the LLCs, CLA requested all deliverables from the contractor for each contract selected.

   CLA reviewed the deliverables provided and made an assessment on whether the contractor provided a product that appeared to comply with the deliverable requirements specified in the contract (and related amendments). Many of the contracts selected for Hi'ipaka were for capital improvement projects, and the Executive Director of Hi'ipaka took CLA through Waimea Valley to show CLA the work that had been done for the contracts selected. CLA did not assess whether the deliverables met the expectations of the LLCs or were to the standard expected for the type of service or industry. For all the contracts selected for the LLCs, CLA inquired

[302] If the vendor was a company or organization, CLA searched for the names of the individuals who owned the company and the names of the individuals listed in the contract, such as the individual signing the contract or the individual having communications with the LLCs during the contract negotiation process and the period of work.

with the COO of Hi'ilei Aloha and the Executive Director of Hi'ipaka whether the deliverable(s) met the LLCs' expectations.

3) Sufficiency of contract/grant oversight provided by the assigned contract manager/monitor (contracts only)

   Through discussions with the LLCs' personnel and a review of the LLCs' internal policies and procedures, there are no written policies for how LLC personnel must provide oversight of a contract. The LLCs conveyed to CLA that contracts are normally managed by staff responsible for the applicable department related to the contract, and the mentioned staff would be responsible for the oversight of the contract and communications with the contractor. Ultimately, the COO of Hi'ilei Aloha was responsible for the contracts of all of the LLCs with the exception of the contracts for Hi'ipaka. The Executive Director of Hi'ipaka was responsible for the Hi'ipaka contracts. Because there were a limited number of contracts for the LLCs, the COO of Hi'ilei Aloha and the Executive Director for Hi'ipaka expected to be familiar with most, if not all, of the contracts since they had been in their same positions since the beginning of the period under review. When CLA sent the contract sample list to the LLCs, CLA requested that they identify the contract manager for each contract selected. **Attachment 03** includes a list of all contracts selected for testing and identifies the contract manager identified by the LLCs.

   In order to make the assessment relating to the sufficiency of contract oversight, CLA primarily relied on whether the LLC processes and procedures, as documented in their respective standard operating procedures, were followed for contract procurement and the accounts payable process. If a contract had several related payments, CLA selected a sample of the related payments to test in order to assess whether the appropriate process was followed. After review of the provided documentation, if CLA had questions that were not answered by the documentation provided, CLA requested to meet with the COO of Hi'ilei Aloha or the Executive Director of Hi'ipaka. During CLA's on site visit, the COO of Hi'ilei Aloha and the Executive Director of Hi'ipaka made themselves available to CLA to answer questions relating to the contracts. Questions that they were not able to answer without further research, were answered via email communications subsequent to CLA's visit.

4) No evidence of fraud, waste, or abuse (contracts and disbursements)

   As stated in Section V. Scope of Work beginning on page 24, this engagement was not an investigation. CLA's procedures were designed to detect and identify possible fraud, waste, or abuse; however, CLA has not made a conclusion as to whether fraud, waste, or abuse actually exists. Based on the totality of information gathered through the testing procedures performed, CLA has identified whether there are red flags or indicators of possible fraud, waste, or abuse. Those contracts or disbursements with red flags or indicators have been identified and are discussed within Section D. Results of Work Performed (beginning on page 239).

   There are a multitude of transaction characteristics or situations that can be a red flag or indicator of possible fraud, waste, or abuse, and there is not one comprehensive

list to identify all possible red flags or indicators. Red flags or indicators can be specific to a transaction (i.e., how a transaction was processed) or the general attitude or environment in an organization (i.e., "get it done now" behavior). Red flags or indicators can also vary by the nature or type of transaction. Some of the more common red flags or indicators related to contracting and disbursements include, but are not limited to:

- Missing documents and/or no supporting documents
- Documents being completed out of the normal sequence
- Back-dating of documents
- Management override of processes or controls
- Little or no review or supervision over a transaction
- Non-compliance with policies or procedures
- Unexplained or unusual favoritism toward a particular vendor/contractor
- Failure to disclose an actual or apparent conflict of interest
- Contract awards made without adequate documentation of all actions taken to award the contract

The most exhaustive list of red flags of fraud identified by CLA is on the website for the Department of Defense (https://www.dodig.mil/Resources/Fraud-Detection-Resources/Fraud-Red-Flags/). The website lists "Fraud Red Flags and Indicators" by the type of transaction or fraud scheme, with over 40 areas covered. CLA extracted from this website those areas most applicable to contracts and disbursements, and included the list of fraud red flags and indicators in **Exhibit 04**.

D. RESULTS OF WORK PERFORMED

CLA's scope of work included testing 30 LLC contracts and 25 LLC disbursements. The following sections, sections 1) and 2), summarize the results of the testing performed on contracts and disbursements of the LLCs. To the extent supporting documents requested by CLA were missing or not available, CLA attempted to apply other procedures to verify the criteria being tested. Generally, CLA attempted to verify information pertaining to each contract or disbursement as follows: (1) supporting documentation validated the criteria being tested, (2) inquired with the COO for Hi'ilei Aloha and the executive director for Hi'ipaka, 3) performed visual observations of work performed for capital improvement projects, and 4) searched publicly available information.

1) Contract Testing

The contracts selected for testing included 30 LLC contracts. Only Hi'ilei Aloha, Hi'ipaka, and Ho'okīpaipai had entered into contracts during the scope period. The internal policies and procedures related to the approval and execution of contracts and contract payments for each of the LLCs varied. For this reason, CLA grouped the sample contracts for testing and for presentation in this report. Letters j) through l) of this report communicate the number of contracts tested for each LLC.

j) Hi'ilei Aloha LLC – 9 contracts tested
k) Hi'ipaka LLC – 18 contracts tested
l) Ho'okīpaipai LLC – 3 contracts tested

The sections below contain the detailed results of the testing for the 30 LLC contracts selected by CLA.

j) Hi'ilei Aloha LLC Contracts

Nine Hi'ilei Aloha contracts were selected for testing by CLA. A detailed list of the applicable Hi'ilei Aloha policies and procedures identified by CLA to test the approval and execution of these contracts is included in **Attachment 14**. Included in Table 16 below is a summary of the results identifying each criteria tested with the number of contracts (1) with missing document(s), (2) with observations resulting from the test work, and (3) without observations.[303] Included below the table is a discussion of the more significant observations from CLA's testing, which were used to assess whether there were red flags or indicators of possible fraud, waste, or abuse. **Attachment 14**

[303] The quantity of observations listed in the table correspond to the number of contracts with at least one observation. Some contracts may have more than one observation for a particular testing criteria; however, the contract will be counted only once. Therefore, the total number of observations discussed after the table for a particular criteria may sum to a total that is greater than what is listed in the table.

includes a table containing the results at the contract level and tickmarks explaining each observation for a contract.[304]

Table 16: Summary of Results – Hi'ilei Aloha LLC Contracts

Description of Criteria Tested[305]		Contracts with Missing Documents	Contracts with Observations	Contracts without Observations	Total Contracts Tested
Conflict of Interest with LLC Managers and Directors					
[1]	No conflicts of interest between the LLC managers or directors and the vendor/service provider were identified.	0	0	9	9
Deliverables Were Met by the Contractor/Grant Recipient					
[2]	There was evidence that the service or product was verified and received by a staff member.	0	0	9	9
[3]	There was evidence that the deliverable was met by the contractor and CLA confirmed the deliverable.	1	0	8	9
Sufficiency of Contract/Grant Oversight Provided Appropriately by the Assigned Contract Manager/Monitor					
Hi'ilei Aloha Fiscal Policies - Purchase Procedures					
[4]	A written contract was executed for this work.	0	2	7	9
[5]	A purchase request was approved by the COO.	0	9	0	9
[6]	The COO ensured that all purchases complied with the budget.	0	9	0	9
Hi'ilei Aloha Fiscal Policies - Accounting Procedures					
[7]	The check request was submitted on a *Request for Check Issuance* form.	0	2	7	9
[8]	The invoice was attached to the supporting documentation for payment.	0	3	6	9
[9]	If applicable, the *Request for Check Issuance* form was approved by a supervisor.	0	2	7	9
[10]	The *Request for Check Issuance* form was approved by the COO.	0	1	8	9
[11]	If the form did not include a receipt, a typewritten explanation was submitted with the *Request for Check Issuance* form.	0	0	9	9
[12]	The *Request for Check Issuance* form contained or described why the purchase was necessary and included a cost or price analysis.	0	9	0	9
No Fraudulent or Wasteful Disbursements were Made					
[13]	There was no evidence of fraud, waste, or abuse.	0	2	7	9

1. Conflict of Interest with LLC Managers and Directors (criteria **[1]**)

   CLA reviewed whether Hi'ilei Aloha had a conflict of interest policy and located the Financial Conflicts of Interest policy in the area of ethics within its Corporate Policy manual. The policy explains that Hi'ilei Aloha is considered a nonprofit organization, and the "purpose of this policy is to protect the company's interests when it is contemplating entering into a transaction or arrangement that might

[304] Tickmarks serve as a reference and can be thought of as footnotes that provide additional detail. In **Attachment 14**, tickmarks for contracts tested for Hi'ilei Aloha are numbered with the letter "J" as the prefix to correspond to this section of the report and are included in red font to be easily identified. For example, observation **J01** is the first observation tickmark for Hi'ilei Aloha.

[305] Hi'ilei Aloha did not assign contract numbers to any of its contracts, for this reason, CLA references the contracts tested by using the CLA sample selection numbers beginning with the prefix LK for the LLCs.

benefit the private financial interest(s) of a manager or employee of the Company, or might result in a possible excess benefit transaction."[306]

For the scope period, CLA was provided with the Financial Conflicts of Interest Disclosure Statements completed in January 2011, August/September 2013, and January 2016 by the COO and by the LLC Managers. The Financial Conflicts of Interest Disclosure Statements completed indicate that the COO and the LLC managers did not have any direct or indirect financial interest in any transaction or arrangement with the LLC. CLA inquired of the COO whether these disclosure statements were completed on an annual basis as delineated by the policy, and it was communicated to CLA that they were supposed to be completed but since they were not located, it was possible that the forms were not completed for the 2012 and 2014 years.[307]

CLA did not identify any evidence of a conflict; however, Hi'ilei Aloha did not retain the conflict of interest forms for all years and it is possible that they were not always completed.

See recommendation L01.

2. Deliverable was met by the contractor (criteria **[2]** and **[3]**)

   Of the nine contracts selected for testing for Hi'ilei Aloha, CLA was provided with evidence of a deliverable for eight of these contracts. The deliverable consisted of reports and or training materials depending on the type of contract. There were also some contracts for which the deliverable was a service, such as the provision of information technology system support, or office space rental, for example. For these types of contracts, CLA was able to verify the deliverable based on discussions with the COO and observation of the current process.

   Information about the one contract deliverable that was not located and, therefore, not provided to CLA is explained below.

   a. **LK-28** – Hi'ilei Aloha contract with Hawai'i Alliance for Community-Based Economic Development for $10,000

      The scope of work from the contract detailed the provision of capacity building services and assistance to Waiohuli Hawaiian Homesteaders Association with a feasibility study and business plan for phase 1 for the WHHA Community Center Complex. The work included monthly project team meetings, facilitation of site visits to relevant community center sites, one-on-one interviews with stakeholders and industry experts to inform the business planning process to ultimately draft a feasibility analysis and

[306] An excess benefit transaction refers to a profit that originates unfairly from a relationship with a nonprofit organization.

[307] Some of the contracts tested by CLA were for the years of 2012 and 2014.

business plan for this organization, which was the recipient of Hi'ilei Aloha's capacity building assistance.[308] However, the feasibility and business plan was not located by the COO. The COO explained that it is generally not Hi'ilei Aloha's practice to retain client's product after the work is done. The LLC may maintain drafts while helping the recipient organization; however, when the final product is done, Hi'ilei Aloha turns over the final product to the client.

See recommendation L02.

3. There was sufficient contract/grant oversight of the project/work by the assigned contract manager/monitor (criteria **[4]** to **[12]**)

   In order to assess the sufficiency of the contract/grant oversight, CLA assessed whether the deliverable was ultimately met and whether Hi'ilei Aloha's policies and procedures were followed. Items *a* through *d* below describe the general observations made that related to all Hi'ilei Aloha contracts. Item *e* communicates the observations made only for certain contracts.

   General Observations

   a. Purchase order system is not used and contracts are not assigned contract numbers.[309]

      The Hi'ilei Aloha's Fiscal Policies and Procedures manual does not require the use of a purchase order system and it does not require the assignments of contract numbers. However, it is a best practice to use a purchase order system and to assign contract numbers for purposes of organization and reference. Having a purchase order and contract numbers assigned to each contract is specifically useful when a contractor has more than one open contract at the same time. The use of a purchase order and reference to a contract number helps to distinguish between different contracts which would allow the LLC to distinguish financial activity (i.e., vendor payments) by contract number.

   b. Purchase Request forms were not completed (criteria **[5]**)

      The Fiscal Policies and Procedures manual for Hi'ilei Aloha, was ambiguous in its requirement for the completion of Purchase Requests. Even though the policy requires that all purchases be approved by the COO in advance and all purchase requests be supported by appropriate documentation, Hi'ilei Aloha does not use a Purchase Request form for any purchase other than the

[308] Hi'ilei Aloha refers to these recipients of capacity building assistance as clients.

[309] This is a general observation made for all of the LLCs for which contracts were tested. Although this observation does not relate to a specific criteria identified for procedure manuals of the LLCs, CLA believes these two items are critical for appropriate oversight and management of contracts, even for smaller organizations.

purchase of office supplies. The COO explained that, although Hi'ilei Aloha did not use a Purchase Request form for purchases other than office supplies, purchases were made only with her approval. The process to obtain the COO's approval included her staff communicating procurement ideas to her, such as hosting a conference, and the COO would ask her staff to obtain and provide pricing and estimates. Once her staff brought in estimates, she would work with them to decide which vendor(s) to use and would give her staff a verbal approval to initiate the purchase. The COO stated that the only record of the purchase request discussions would have been emails exchanged between her staff and potential vendors. Because the only place to record the COO's approval as required by the Fiscal Policies and Procedures manual would be on a Purchase Request form, these forms should have been completed for all purchases and not only for the purchase of supplies.

c. No documentation that purchases complied with the established budget (criteria **[6]**)

   The Fiscal Policies and Procedures manual for Hi'ilei Aloha details that the COO is responsible for ensuring that all purchases comply with the established budget; however, no documentation of this review was provided to CLA. The COO explained that because Hi'ilei Aloha is a small organization, she always knew what the established budget was, as she recalled from memory, but there was no documentation in the contract files for this review because this step was not documented on paper or in any other manner. This review should have been documented, and a Purchase Request form would have been an appropriate document in which to document this review.

d. No documentation that a cost or price analysis was conducted (criteria **[12]**)

   The Fiscal Policies and Procedures manual for Hi'ilei Aloha communicates that a cost or price analysis should be conducted to determine reasonableness, allocability, and allowability of each purchase. This may be accomplished in various ways, including the comparison of price quotation, market prices, and similar indicia; however, no documentation existed in the contract files to indicate that this assessment was conducted. The COO explained that although Hi'ilei Aloha employees would normally review prices to ensure that it was receiving the best contract possible, there was no documentation retained in the contract file of the cost or price analysis. When this assessment is conducted, the results of this assessment should be included in the contract file.

See recommendations L03, L04, and L05.

Specific Contract Observations

e. Contract Signing Authority (criteria **[4]**)

   i. One contract was signed by an individual without authority to sign contracts (LK-28). Although the Fiscal Policies and Procedures manual for Hi'ilei Aloha does not specifically communicate who has the authority to execute contracts, the COO communicated to CLA that only the COO had the authority to execute contracts.

   ii. One contract was signed by the vendor three days after the effective date (LK-29). Although the Fiscal Policies and Procedures manual for Hi'ilei Aloha does not specifically address timing of execution of contracts, it is a best practice to have the contract execution date precede the contract effective date.

f. Request for Check Issuance (criteria **[7]**, **[9]**, **[10]**)

   i. One contract included one contract payment for which a Request for Check Issuance was not completed for one payment as required by the Fiscal Policies and Procedures manual for Hi'ilei Aloha (LK-27 – criteria **[7]**, **[9]**, **[10]**).

   ii. One contract included three payments made with one check that did not have a Request for Check Issuance as required by the Fiscal Policies and Procedures manual for Hi'ilei Aloha. This same contract also had one Request for Check Issuance form that was not signed by the COO for the payment (LK-29 – criteria **[7], [9]**).

g. Invoice (criteria **[8]**)

   i. One contract included a payment for which an invoice was not submitted (LK-26).

   ii. One contract included a payment for which an invoice was not submitted. Only the executed contract was included as supporting documentation for the payment (LK-27).

   iii. One contract included a payment for which although it contained an invoice, it did not contain the statement of completed travel that should have been included in the supporting documentation along with the invoice (LK-29).

See recommendations L06, L07, L08, and L09.

4. There was no evidence of waste, fraud, or abuse (criteria **[13]**)

   In the contract review process for evidence of fraud, waste, or abuse, CLA did not observe indicators of fraud or abuse; however, there are two contracts for which some indicators exists that a potential waste may have occurred.

   a) Contract Sample LK-26: Contract for $1,960 in February 2016 to cover only transportation and hotel costs for the vendor to provide training services (only transportation and hotel expenses included as part of the contract).[310] The payments to the vendor exceeded the contract amount by $600.68. A payment of $500 was issued to the vendor as a stipend that was not included in the contract, and travel costs exceeded the contract amount by $100.68.

   b) Contract Sample LK-28: Contract for $10,000 in March 2013 to provide capacity building services. The payments to the vendor exceeded the contract amount by $406 for out-of-pocket expenses that were invoiced to Hi'ilei Aloha but for which no receipt was provided.

   See recommendations L10 and L11.

[310] The vendor agreed to not be compensated for the actual services provided, and instead Hi'ilei Aloha was to pay for only transportation and hotel costs. The cost of the training time was covered by the vendor company.

k) Hi'ipaka LLC Contracts

Eighteen Hi'ipaka contracts were selected for testing by CLA. A detailed list of the applicable Hi'ipaka policies and procedures identified by CLA to test the approval and execution of these contracts is included in **Attachment 15**. Included in Table 17 below is a summary of the results identifying for each criteria tested the number of contracts (1) with missing document(s), (2) with observations resulting from the test work, and (3) without observations.[311] Included below the table is a discussion of the more significant observations from CLA's testing, which were used to assess whether there were red flags or indicators of possible fraud, waste, or abuse. **Attachment 15** includes a table containing the results at the contract level and tickmarks explaining each contract with an observation.[312]

Table 17: Summary of Results – Hi'ipaka LLC Contracts

	Description of Criteria Tested	Contracts with Missing Documents	Contracts with Observations	Contracts without Observations	Total Contracts Tested
Conflict of Interest with LLC Managers and Directors					
[1]	No conflicts of interest between the LLC managers or directors and the vendor/service provider were identified.	0	1	17	18
Deliverables Were Met by the Contractor/Grant Recipient					
[2]	There was evidence that the service or product was verified and received by a staff member	0	6	12	18
[3]	There was evidence that the deliverable was met by the contractor and CLA confirmed the deliverable.	0	0	18	18
Sufficiency of Contract/Grant Oversight Provided Appropriately by the Assigned Contract Manager/Monitor					
SOP ADMIN ACCT-004 May 7, 2009 - Procurement of Goods and Services					
[4]	The Executive Director approved and signed the contract	0	0	18	18
[5]	The managers of Hi'ipaka LLC had the final approval on contracts of $100,000 or more.	0	6	12	18
SOP BUS-004 May 7, 2009 - Contracts with Suppliers, Vendors, and Contractors					
[6]	A written contract was executed for this work.	0	6	12	18
[7]	The contractor or service vendor demonstrated they are "responsible offerors" by providing: **[a]** A certificate of good standing with the DCCA, State of Hawai'i	0	14	4	18

[311] The quantity of observations listed in the table correspond to the number of contracts with at least one observation. Some contracts may have more than one observation for a particular testing criteria; however, the contract will be counted only once. Therefore, the total number of observations discussed after the table for a particular criteria may sum to a total that is greater than what is listed in the table.

[312] Tickmarks serve as a reference and can be thought of as footnotes that provide additional detail. In **Attachment 15**, tickmarks for contracts tested for Hi'ipaka are numbered with the letter "K" as the prefix to correspond to this section of the report and are included in red font to be easily identified. For example, observation **K01** is the first observation tickmark for Hi'ipaka.

	Description of Criteria Tested	Contracts with Missing Documents	Contracts with Observations	Contracts without Observations	Total Contracts Tested
	[b] Their FEIN (Federal Tax ID Number or Social Security Number for artisans)	0	0	18	18
	[c] Current GET (General Excise Tax) license	0	0	18	18
	[d] Certificates of Insurance	0	12	6	18
	[e] Contractor's License (for construction projects)	0	12	6	18
[8]	The contract was signed by both parties.	0	0	18	18
[9]	There was evidence that the group manager was monitoring the performance of the contractor in accordance with the terms of the contract.	0	2	16	18
[10]	If applicable, the contract manager assessed to renew the contract 60 days prior to the termination of the contract.	0	1	17	18
SOP BUS-005 July 15, 2009 - Accounts Payable Processing					
[11]	A Check Request form was prepared.	1	2	15	18
[12]	The Office Manager (or contract manager) approved the check request.	1	6	11	18
[13]	The Executive Director (or other authorized person) signed the check.	0	2	16	18
[14]	Two signatures were included on checks greater than $10,000.	0	1	17	18
[15]	The record of the contract payment contained the check stub and the invoice.	0	3	15	18
[16]	For reoccurring payments, the invoices contained the expense code and an authorized staff member's signature.	0	0	18	18
No Fraudulent or Wasteful Disbursements were Made					
[17]	There was no evidence of fraud, waste, or abuse.	0	0	18	18

1. Conflict of Interest with LLC Managers and Directors

   Within the area of Ethics, Hi'ipaka has a Financial Conflicts of Interest policy (CPM-001) that is identical to the policy identified for Hi'ilei Aloha.

   CLA was provided with the Financial Conflicts of Interest Disclosure Statements completed in January and September 2016 by the Executive Director and by the LLC Managers. CLA inquired of the Executive Director whether these disclosure statements were completed on an annual basis as delineated by the policy and it was communicated to CLA that it was possible that these forms were not completed in some years, however, if they were completed, they had not been retained and could not be located.

   CLA did not identify any conflict of interests for the Hi'ipaka contracts selected for testing with one exception as follows (criteria **[1]**):

   a. **LK-18** – Hi'ipaka contract with OHA

      This contract has an inherent conflict of interest because the LLC managers for Hi'ipaka are also the executives for OHA.

This is a sub-lease agreement between OHA and Hi'ipaka established in May 2015 for the Old Waialua Courthouse initially for $7,514 annually. The original lease is between OHA and the Department of Land and Natural Resources (DLNR). The lease agreement stipulates a term of three years for the Old Waialua Courthouse, a building on the Hawai'i State Register for Historic Places. Hi'ipaka sub-leases the building and land from OHA to help perpetuate Hawaiian culture by preserving a site that can be used to engage in cultural practices.

The Executive Director provided further history about this contract. Originally, the DLNR asked OHA to lease the property and assume responsibility for its upkeep. OHA agreed to the arrangement because the courthouse could serve as a satellite office for the North Shore, just like the satellite offices on the other islands. OHA attempted to use the site and keep it open for community groups to use as well by hiring a property manager for the building, but the property manager only had one employee who could staff the building and did not serve the community needs. Ultimately, the plans for a satellite office did not work, and OHA reconsidered using a property management company for the site. The property management company was also too expensive for OHA, and OHA approached Hi'ipaka with the opportunity to sublease the property if Hi'ipaka would manage the site and its upkeep, keep the building open for community group use, and in exchange use the facilities to house Waimea Valley promotional videos and materials and a small gift shop, as a marketing effort for Hi'ipaka.

Although the contract was signed in May of 2015, no payments were made to OHA for this contract until October 2017, because no invoices were received from OHA. The payments included in the contract file provided to CLA related to a different agreement made between OHA and Hi'ipaka. When selecting the contract for testing it was not clear to what contract the payments belonged because Hi'ipaka does not assign contract numbers, and the Executive Director originally believed that the provided payment support was related to the selected contract. The Executive Director explained that the agreement was not being closely monitored by either OHA or Hi'ipaka.

See recommendations L03 and L12.

2. Deliverables were met by the contractor (criteria **[2]**, **[3]**)

    a. All 18 contracts included documentation from the contractor or other evidence to indicate that the contractor completed and provided to Hi'ipaka the deliverables required by the contract terms.[313]

[313] There were also some deliverables for the contracts tested that were for capital improvement projects. For the capital improvement projects included in the contracts selected for testing, CLA was able to verify the deliverable by direct observation of the completed projects, such as restrooms built by the Waimea

b. Six contracts included one or more payments for which the initials of the contract manager or the Executive Director were not present. The normal practice was for the invoice to be initialed by the contract manager or Executive Director to record the verification that the work was performed. CLA discussed this with the Executive Director, who mentioned that they may have failed to include the initials on these invoices, but the work had been performed and verified (LK-16, LK-17, LK-18, LK-19 and LK-24).

See recommendation L13.

3. There was sufficient contract/grant oversight of the project/work by the assigned contract manager/monitor (criteria **[4]** to **[16]**)

In order to assess the sufficiency of the contract/grant oversight CLA assessed whether the deliverable was ultimately met and whether the Hi'ipaka's policies and procedures were followed. Items *a* through e below describe the general observations made that related to all Hi'ipaka contracts. Items *f* through k communicate the observations made only for certain contracts.

General Observations

a. Purchase order system is not used and contracts were not assigned a contract number.

Similar to Hi'ilei Aloha, Hi'ipaka's policies do not require the use of a purchase order system and do not require the assignment of contract numbers. Refer to the Hi'ilei Aloha section relating to this general observation.

b. Conflicting information existed between Standard Operating Procedures and Corporate Procedures Manual relating to the individual responsible for contract executions, therefore, CLA could not verify the proper approvals for six contracts (criteria **[4]**, **[5]**).

The original Standard Operating Procedure (SOP BUS-004) dated May 7, 2009, stated the following about contracts: "Legal counsel will draft an agreement" and "Once the contract is finalized, the contact [sic] will be sent to the contractor/vendor for signature. The contractor/vendor will sign two original copies and return to Hi'ipaka LLC to be signed by a [sic] LLC manager" (**Exhibit 34**). However, the Corporate Procedures Manual (CPM-005) effective February 2, 2008, with revision date of March 5, 2015, stated that contracts would be drafted by the contract manager using the standard Hi'ipaka contract template created by Hi'ipaka's legal counsel. After the contract is

waterfall, upgrades to the welcome center, and upgrades to the Proud Peacock restaurant, for example. CLA was able to verify that the work was performed; however, CLA cannot provide an opinion on the quality of the work or whether it met contract specifications.

sent out to the contractor for review and signature, it is returned to Hi'ipaka for the Executive Director's signature. The contract is considered final once the Executive Director signs off (**Exhibit 35**).

Consequently, the Standard Operating Procedures and the Corporate Procedures Manual in place during the scope period communicated conflicting information. SOP BUS-004 stated that legal counsel would draft the contract agreements and an LLC manager would sign the contracts, while CPM-005 stated that the contracts would be drafted by the contract manager using the standard Hi'ipaka contract template and the Executive Director would sign the contracts. Because of the conflicting information between the two documents, CLA performed the testing based on the process communicated verbally. The Executive Director communicated to CLA that the process followed for contracts was for the Executive Director or contract manager to draft the contract using a Hi'ipaka contract template created by Hi'ipaka's legal counsel. After the vendor signed the contract and provided it to Hi'ipaka, the Executive Director would sign the contract and discuss the larger value contracts ($100,000 or more) with the LLC managers during their quarterly meetings.

The Executive Director explained that this issue has since been addressed with SOP "ADMIN - 004" updated February 9, 2018, as the revised SOP states more clear guidelines as follows:

- Small purchase (Under $15,000) - Executive Director has authority to approve
- Sole Source - Executive Director has sole authority to approve
- Emergency Procurement - Executive Director has sole authority to approve
- Competitive Bids - Executive Director has authority to approve
- Request for Proposals - Executive Director has authority to approve; however, procurements of $100,000 or more are approved by the Executive Director with "final approval" by the Managers of Hi'ipaka.

  The Executive Director further communicated that, during the quarterly meetings with the LLC managers, the new contracts were discussed, although, the contract itself did not have a location for one or more of the LLC managers to sign or any other form to document the approval by the LLC managers.

  All of the contracts tested were signed by the Executive Director, including all contracts over $100,000, except for contract sample LK-25. Contract sample LK-25, was signed by one of the LLC managers,

Aedward Los Banos, on June 20, 2012 (LK-06, LK-09, LK-10, LK-11, LK-14, LK-15).

c. Certificates of Good Standings were not retained in the contract file (criteria **[7a]**).

Fourteen of the 18 contracts selected for testing required that a Certificate of Good Standing with the State of Hawai'i be provided by the vendor. None of the 14 contract files contained this document. The Executive Director communicated to CLA that typically the standing status is reviewed online but the print out is not added to the contract file. Subsequent to the onsite visit, the Executive Director provided CLA with printouts of the verification of the contractors' Good Standing with the Department of Commerce and Consumer Affairs (DCCA) for all of the years the contractor had a valid license, which encompassed the year of the contract. The verification consisted of printouts obtained directly from the DCCA State of Hawai'i website indicating the status for all filing years for all 14 contracts.

d. Certificates of Insurance were not retained in the contract file (criteria **[7d]**).

Thirteen of the 18 contracts selected for testing required that a Certificate of Insurance be provided by the vendor. Only one of the contract files contained the Certificate of Insurance, while the other 12 did not.[314] The Executive Director explained that the certificates of insurance for all current contracts are kept in a binder with tabs for each month. They are kept in this manner so that all of the certificates of insurance are reviewed on a monthly basis to identify any that may be close to the expiration date. At the end of the year, a new binder is prepared for the current certificates of insurance and the old Certificates of Insurance are discarded. The certificates of insurance were normally not placed within the contract file. CLA reviewed the binder that contained the certificates of insurance for the 2019 year to verify the process and it appeared to be as described; however, because the certificates of insurance had been discarded for 12 of the 13 contracts that required them, CLA was unable to verify that this procedure was followed.[315]

e. Contractor's License was not retained in the contract file (criteria **[7e]**).

Twelve of the 18 contracts selected for testing required that a contractor's license be obtained from the vendor. None of the 12 contracts contained the contractor's license within the contract file. The Executive Director explained that the process followed is to review the contractor's license online and a print out of the contractor's license was not included in the contract file.

[314] The only contract file that did contain a Certificate of Insurance was for sample LK-07, which was a contract for life-guard services.

[315] The 11 contracts were the following: LK-06 , LK-08 , LK-09, LK-10 , LK-11 , LK-12 , LK-14, LK-15 , LK-16, LK-21 , LK-24

Subsequent to CLA's visit, for 11 of the 12 contracts, the Executive Director provided CLA with a printout from the Professional & Vocational Licensing Search website of the Department of Commerce and Consumer affairs which provided evidence of the contractor's general license, which contained the License ID, current status, expiration date, legal license name, entity, original license date, and business address. It is advisable that the contractor's license be retained in the contract file for reference.[316]

See recommendations L14 and L15.

Specific Observations

f. Contract: (criteria **[6]**)

   i. One contract had two versions of the same contract and both versions had an effective date that was incorrect (LK-06).

   ii. One contract did not list an execution date (LK-08). The contract template required to be used by Hi'ipaka has a section where the date of the agreement is to be listed. This section was left blank.

   iii. Three contracts did not contain an effective date (LK-12, LK-21, LK-25). The contract template required to be used by Hi'ipaka normally lists the effective date.

   iv. Two contracts did not use the Hi'ipaka contract template as required by Hi'ipaka's Standard Operating Procedure No. BUS-004 (LK-25, LK-26).

g. Contractor's License: (criteria **[7e]**)

   i. One contractor did not have a Contractor's License (LK-25).[317]

h. Evidence of monitoring the performance of the contractor: (criteria **[9]**, **[10]**)

   i. Two contracts had change orders/amendments that were verbally approved. The change order was less than three percent of the total contract; nonetheless the amendment should have been memorialized in writing (LK-11, LK-14 – criteria **[9]**).

[316] One additional contract (LK-25) did not have the contractor's license on file because the contractor did not have a contractor's license at the time the work was performed. This observation is discussed under the Specific Observations section below.

[317] This contract is one of the 12 contracts tested for which a contractor's license was required, but was not included in the contract file. While the contractors' licenses were provided for 11 of the 12 contracts subsequent to CLA's visit, the contractor's license for this contract was not provided to CLA because it did not exist.

ii. One contract had work that extended past the contract expiration date. The contract had an effective date ending on February 28, 2013 with a six-month automatic extension if notice of termination of the agreement was not delivered prior to the end of the initial term. The contract file did not have a notice of termination therefore the effective ending date was six months later, August 28, 2013. However, there were three invoices from the contractor for work performed after August 28, 2013 (LK-08 – criteria **[10]**).[318]

i. Check Request Forms and approval: Criteria **[11]**, **[12]**)

i. One contract file did not contain the Check Request form (LK-21 – criteria **[11]** and **[12]**).

ii. One contract included one payment for which the Check Request Form was completed one day after the payment was processed (LK-09 – criteria **[11]**, **[12]**).

iii. One contract included three payments that did not contain a copy of a Check Request Form (LK-17 – criteria **[11]**, **[12]**).

iv. Four contracts included at least one payment for which the Check Request Form had not been signed by the Executive Director (LK-18, LK-19, LK-24, and LK-25 – criteria **[12]**).

j. Executive Director (or other authorized person) signed the check: (criteria **[13], [14]**)

i. One contract had one payment for which the check number was recorded incorrectly in the general ledger. The Executive Director did sign the check. (LK-09 – criteria **[13]**).

ii. One contract had one payment for which the check did not contain any signatures (LK-18). The payment support provided by Hi'ipaka within this contract file for a contract between Hi'ipaka and OHA included payments for a different unrelated agreement with OHA. The unrelated agreement was for reimbursements to OHA for payments made by OHA to the US Department of Interior, US Geological Survey (DOI/USGS) on behalf of Hi'ipaka. These payments were made for the stream monitoring gage on Kamanaui Stream at Waimea Valley. It was noticed by CLA that the payment support included check number 17182, which was paid from Hi'ipaka to OHA on February 3, 2016, for $11,490. This check did not contain any signatures but was nonetheless deposited by OHA and honored by the bank. According to Hi'ipaka's policy, checks of $10,000 or more must

[318] The total amount for the three invoices that were received after the contract expiration date was $3,229.16.

be signed by at least one of the LLC managers (OHA executives) (criteria **[13]**, **[14]**).[319]

k. Invoice: (criteria **[15]**)

i. One contract included one payment for which the check was written to the name of the owner of the company instead of to the company's name (LK-13).[320]

ii. One contract included one invoice that did not reflect the rates stated in the contract. The first invoice for this contract stated quantity of 1 and rate of $850 per hour; while the contract specified a rate of $85 per hour (LK-08 – criteria).[321]

iii. One contract contained an invoice for which the vendor did not include a receipt for out-of-pocket expenses included in the receipt (LK-09).[322]

See recommendations L16, L17, L18, L19, L20, and L21.

4. There was no evidence of fraud, waste, or abuse (criteria **[17]**)

In the review process for evidence of fraud, waste, or abuse, CLA did not observe indicators of fraud, waste, or abuse. Furthermore, CLA noticed that in certain instances the total payment amounts were under the original contract amount due to negotiated discounts

[319] The Executive Director explained that Hi'ipaka sent the check to OHA with instructions that the LLC managers needed to sign the check because it exceeded the $10,000 authorization threshold. He believes that his instructions were not read and the check was accidentally deposited without any signatures.

[320] CLA reviewed the back of the cancelled check and verified that the endorsement on the back of the check written to the individual was consistent with the endorsements on the checks written to the company's name.

[321] The remaining invoices appropriately reflected the $85 per hour rate. The Executive Director explained that he believed the invoice had an error in stating the quantity of hours worked at 1 and the rate at $850 per hour. The invoice should have listed 10 hours at the hourly rate of $85.

[322] The terms of the contract did not require the vendor to submit receipts for out-of-pocket expenses. However, it is best practices that whenever such direct costs are passed on, supporting documentation such as receipts, should be attached to the invoice submitted for payment.

l) Ho'okīpaipai LLC Contracts

Three Ho'okīpaipai contracts were selected for testing by CLA. A detailed list of the applicable Ho'okīpaipai policies and procedures identified by CLA to test the approval and execution of these contracts is included in **Attachment 16**. Included in Table 18 below is a summary of the results identifying each criteria tested with the number of contracts (1) with missing document(s), (2) with observations resulting from the test work, and (3) without observations.[323] Included below the table is a discussion of the more significant observations from CLA's testing, which were used to assess whether there were red flags or indicators of possible fraud, waste, or abuse. **Attachment 16** includes a table containing the results at the contract level and tickmarks explaining each contract with an observation.[324]

Table 18: Summary of Results - Ho'okīpaipai LLC Contracts

Description of Criteria Tested		Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
Conflict of Interest with LLC Managers and Directors					
[1]	No conflicts of interest between the LLC managers or directors and the vendor/service provider were identified.	0	0	3	3
Deliverables Were Met by the Contractor/Grant Recipient					
[28]	There was evidence that the service or product was verified and received by a staff member.	0	0	3	3
[29]	There was evidence that the deliverable was met by the contractor and CLA confirmed the deliverable.	0	0	3	3
Sufficiency of Contract/Grant Oversight Provided Appropriately by the Assigned Contract Manager/Monitor					
Ho'okīpaipai LLC HI-PTAC Fiscal Policies & Procedures, revised November 2012[325, 326]					
[3]	The Purchase Request was approved by the Program Manager.	3	0	0	3
[4]	The check request was submitted on a "Request for Check Issuance".	0	0	3	3
[5]	The Request for Check Issuance form was approved by the Program Manager.	0	0	3	3
[6]	The Request for Check Issuance form was approved by the COO.	0	1	2	3
[8]	The check was signed by the COO.	0	0	3	3

[323] The quantity of observations listed in the table correspond to the number of contracts with at least one observation. Some contracts may have more than one observation for a particular testing criteria; however, the contract will be counted only once. Therefore, the total number of observations discussed after the table for a particular criteria may sum to a total that is greater than what is listed in the table.

[324] Tickmarks serve as a reference and can be thought of as footnotes that provide additional detail. In **Attachment 16**, tickmarks for Ho'okīpaipai contracts tested are numbered with the letter "L" as the prefix to correspond to this section of the report and are included in red font to be easily identified. For example, observation **L01** is the first observation tickmark for Ho'okīpaipai's contracts.

[325] Criteria [7] was only applicable if the Request for Check Issuance form did not include a copy of the receipt. All of the Request for Check Issuance forms included receipts.

[326] Criteria [15] to [25] and [27] were not applicable to the contracts CLA tested.

Description of Criteria Tested		Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[9]	The Request for Check Issuance form provided justification for the purchase, an analysis of lease/purchase alternatives (if applicable), and included a cost or price analysis.	1	0	2	3
[10]	Purchases in excess of $25,000 were supported by a written contract.	0	0	3	3
[11]	The transaction included all of the source documents (receipts, purchase orders, invoices, and bid materials).	0	0	3	3
[12]	Purchases between $2,500 and $25,000 contained three quotes in the contract file.	1	0	2	3
[13]	The quote evaluation selected the lowest priced, responsive, and responsible vendor.	1	0	2	3
[14]	There was documentation that a price analysis was performed.	1	0	2	3
[26]	Non-competitive negotiations were allowable when it was determined in writing that competitive negotiation or bidding was not feasible.	0	0	3	3
No Fraudulent or Wasteful Disbursements were Made					
[2]	No indication of fraud, waste, or abuse was identified.	0	0	3	3

Within each observation, CLA has listed the LLC disbursement sample number with that particular observation. The specific disbursement number and a more detailed discussion of the observation can be found by referring to **Attachment 16**. Each observation also includes a reference to the applicable criteria listed in the table above.

1. Conflict of Interest with LLC Managers and Directors (criteria **[1]**)

   CLA reviewed whether Ho'okīpaipai had a conflict of interest policy and located the Financial Conflicts of Interest policy in the area of ethics within its Corporate Policy manual. The policy explains that Ho'okīpaipai is considered a nonprofit organization, and the "purpose of this policy is to protect the Company's interests when it is contemplating entering into a transaction or arrangement that might benefit the private financial interest(s) of a LLC Manager or employee of the Company, or might result in a possible excess benefit transaction."[327]

   For the scope period, CLA was provided with the Financial Conflicts of Interest Disclosure Statements completed between August and October 2013, and January 2016 by the COO and the LLC Managers. The Financial Conflicts of Interest Disclosure Statements completed indicate that the COO and the LLC managers did not have any direct or indirect financial interest in any transaction or arrangement with the LLC. CLA inquired of the COO whether these disclosure statements were completed on an annual basis as delineated

[327] An excess benefit transaction refers to a profit that originates unfairly from a relationship with a nonprofit organization.

by the policy and it was communicated to CLA that they were supposed to be completed but since they were not located, it was possible that the forms were not completed for the 2011, 2012, 2014, and 2015 years.[328]

CLA did not identify any evidence of conflicts of interest for the Ho'okīpaipai contracts selected for testing; however, Ho'okīpaipai did not retain the conflict of interest forms for all years and it is possible that they were not always completed.

See recommendation L01.

2. Deliverable was met by the contractor (criteria **[28]**, **[29]**)

   Of the three contracts selected for testing for Ho'okīpaipai, CLA was provided with evidence of a deliverable for all three of these contracts. The contracts were for professional services and office space; therefore, the deliverables consisted of invoices demonstrating the provision of database system support; human resources, benefits, and payroll processing; and office space rental. For these types of contracts, CLA was able to verify the deliverables were met based on discussions with the COO.

3. Sufficiency of contract/grant oversight provided appropriately by the assigned contract manager/monitor (Criteria **[3]** through **[14]**, **[26]**)

   In order to assess the sufficiency of the contract/grant oversight, CLA assessed whether the deliverable was ultimately met and whether Ho'okīpaipai's policies and procedures were followed. Items *a* through *d* below describe general observations made by CLA that relate to all Ho'okīpaipai contracts tested. Items *e* through *g* discuss the observations made only for certain contracts tested.

   <u>General Observations</u>

   a. Purchase order system is not used and contracts are not assigned a contract number[309]

      Ho'okīpaipai's Fiscal Policies and Procedures manual does not require the use of a purchase order system and it does not require the assignment of contract numbers. However, it is a best practice to use a purchase order system and to assign contract numbers for purposes of organization and reference. Having a purchase order and contract numbers assigned to each contract is specifically useful when a contractor has more than one open contract at the same time. This information would help distinguish

[328] Some of the contracts tested by CLA were for the years of 2011, 2012, 2014 and 2015.

between different contracts which would allow the LLC to distinguish financial activity (i.e., vendor payments) by contract number.

b. Purchase Request forms were not documented (criteria **[3]**)

Ho'okīpaipai's Fiscal Policies and Procedures manual was ambiguous in its requirement for the completion of Purchase Request forms. Even though the policy requires that all purchases be approved by the Program Manager in advance and all purchase requests be supported by appropriate documentation, Ho'okīpaipai does not use a Purchase Request form for any purchase other than the purchase of office supplies.[329] The COO explained that, although Ho'okīpaipai did not use a Purchase Request form for purchases other than office supplies, purchases were made only with her approval. The process for approving started with the Ho'okīpaipai staff communicating procurement ideas to the COO, such as hosting a conference, and the COO would ask her staff to obtain and provide pricing and estimates. Once the staff brought in estimates, the COO would assist the staff with selecting a vendor(s) and giving the staff a verbal approval to initiate the purchase. The COO stated that the only record of the purchase request discussions would have been emails exchanged between her staff and potential vendors. This process resulted in no documentation that the purchase requests were approved. The only method to record the Program Manager's approval, as required by the Fiscal Policies and Procedures manual, is through a Purchase Request form. Therefore all purchases, not only for the purchase of supplies, should be recorded and approved on the Purchase Request forms.

c. No documentation that purchases complied with the established budget[330]

Ho'okīpaipai's Fiscal Policies and Procedures manual states that the Program Manager is responsible for ensuring that all purchases comply with the Defense Logistics Agency approved budget; however, no

[329] Ho'okīpaipai's Fiscal Policies and Procedures manual states that the Program Manager must approve all Purchase Request forms beforehand. Based on the documents available, it appears that other forms, such as the Request for Check Issuance, gave the final approving authority to the COO. Based on our discussions with the COO, she had the final approval on Ho'okīpaipai's operations; therefore, the processes in the *Fiscal Policies and Procedures* that refer to Program Manager were presumed to be under the authority of the COO.

[330] Ho'okīpaipai purchases were not specifically tested for compliance with budget because it was not part of the scope of work for the LLC contracts; therefore, no criteria number was assigned. Based on CLA's discussion with the COO, it was determined that there was no documentation regarding the budget review and noted this as a general observation.

documentation of the budget reviews were provided to CLA.[331] The COO explained that because Ho'okīpaipai is a small organization, she always knew what the approved budget was, as she recalled from memory, but there was no documentation in the contract files of this review.[332] The budget review should have been documented, and the Purchase Request form would have been an appropriate document in which to document this review.

d. No documentation that a cost or price analysis was conducted (criteria **[9]**, **[14]**)[333]

Ho'okīpaipai's Fiscal Policies and Procedures manual requires that a price or cost analysis be conducted to determine allowability, reasonableness, and allocability of each purchase. This may be accomplished in various ways, including the comparison of price quotation, market prices, and similar indicia; however, there was no documentation in the contract files that the price or cost analysis was conducted. The COO explained that although Ho'okīpaipai employees would normally review prices to ensure that it was receiving the best contract possible, there was no documentation retained in the contract file regarding how the contract was assessed or selected. When this assessment is conducted, the results of this assessment should be included in the contract file.

<u>Specific Contract Observations</u>

e. Three Quotes:

i. One contract was missing documentation or evidence that three verbal quotations of rate or price were obtained as required by the Fiscal Policies and Procedures manual for Ho'okīpaipai (LK-22 – criteria **[12]**, **[13]**).

f. Request for Check Issuance:

iii. One Request for Check Issuance was not signed by the COO as required by the Fiscal Policies and Procedures manual for Ho'okīpaipai (LK-30 – criteria **[6]**).

[331] Ho'okīpaipai was the only LLC that had requirements regarding the Defense Logistics Agency in its Fiscal Policies and Procedures manual.

[332] The Defense Logistics Agency (DLA) is the United States of America's combat logistics support agency that manages the global supply chain and disposition for the Army, Navy, Air Force, Marine Corps, Coast Guard, and, other federal agencies, partners, and nations.

[333] Only one contract of the three tested was procured via a method that required a cost or price analysis, and there was no documentation that the cost or price analysis was performed.

See recommendations L03, L04, L05, L22, and L23.

4. No fraudulent or wasteful disbursements were made

   Based on the procedures performed and information available to CLA, CLA did not observe red flags or indicators of fraud, waste, or abuse.

2) Disbursement Testing

The internal policies and procedures related to the approval and execution of disbursements for each of the LLCs varied. For this reason, CLA grouped the results of the disbursement testing by the respective LLC. However, there were certain observations pertaining to disbursements that were applicable to most or all of the disbursements tested for Hi'ilei Aloha, Hi'ipoi, and Ho'okīpaipai.[334] These general observations are included immediately below, and each indicates the LLCs to which it applies. The observations specific to each LLC and their disbursements are discussed in the respective LLC sections included in m) through p) below.

General Observations

1. Purchase Request forms were not completed

   Applicable to: Hi'ilei Aloha, Hi'ipoi, and Ho'okīpaipai. The LLCs had a Fiscal Policies and Procedures manuals that were ambiguous in their requirement for the completion of Purchase Request forms.[335] In general, the policies require that all purchases be approved by the COO in advance and all purchase requests be supported by appropriate documentation; however, the LLCs do not use a Purchase Request form for any purchase other than the purchase of office supplies. The COO explained that the LLCs did not use a Purchase Request form except for purchases of office supplies; however, purchases were made only with her approval. The process for approving started with the LLC staff communicating procurement ideas to the COO, such as hosting a conference, and the COO would ask her staff to obtain and provide pricing and estimates. Once the staff brought in estimates, the COO would assist the staff on selecting a vendor(s) and giving the staff a verbal approval to initiate the purchase. The COO stated that the only record of the purchase request discussions would have been emails exchanged between her staff and potential vendors. This process resulted in no documentation that the purchase requests were approved. The only method to record the Program Manager's approval is through a Purchase Request form. Therefore all purchases, not only for the purchase of supplies, should be recorded and approved on the Purchase Request forms.

2. No documentation that purchases complied with the established budget

   Applicable to: Hi'ilei Aloha, and Ho'okīpaipai. The LLCs' Fiscal Policies and Procedures manuals state that the COO is responsible for ensuring that all purchases comply with the established budget; however, no documentation of the budget reviews were provided to CLA. The COO explained that because the LLCs are small organizations, she always knew what the approved budget was, as

[334] Hi'ipaka had a greater quantity of SOPs and more nuanced policies and procedures; therefore, the observations noted for Hi'ipaka were for specific disbursements.

[335] Hi'ipoi, was missing a policies and procedures manual, but CLA applied the criteria to its disbursements.

she recalled from memory, but there was no documentation in the disbursement files of this review. The budget review should have been documented and the Purchase Request form would have been an appropriate document in which to document this review.

3. No documentation that a cost or price analysis was conducted

   Applicable to: Hi'ilei Aloha, and Ho'okīpaipai. The LLCs' Fiscal Policies and Procedures manuals require that a price or cost analysis be conducted to determine allowability, reasonableness, and allocability of each purchase. This may be accomplished in various ways, including the comparison of price quotation, market prices, and similar indicia; however, no there was no documentation in the disbursement files that the price or cost analysis was conducted. The COO explained that although LLC staff would normally review prices to ensure that it was receiving the best price possible, there was no documentation retained in the disbursement file that the vendor was selected based on the best pricing. When this assessment is conducted, the results of this assessment should be included in the disbursement file.

See recommendations L04 and L05.

m) Hi'ilei Aloha LLC Disbursements

Seven Hi'ilei Aloha disbursements were selected for testing by CLA. A detailed list of the applicable Hi'ilei Aloha policies and procedures identified by CLA to test the approval and execution of these disbursements is included in **Attachment 17**. Included in Table 19 below is a summary of the results identifying each criteria tested with the number of disbursements (1) with missing document(s), (2) with observations resulting from the test work, and (3) without observations.[336] Included below the table is a discussion of the more significant observations from CLA's testing, which were used to assess whether there were red flags or indicators of possible fraud, waste, or abuse. **Attachment 17** includes a table containing the results at the disbursement level and tickmarks explaining each disbursement with an observation.[337]

Table 19: Summary of Results – Hi'ilei Aloha LLC Disbursements

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
Conflict of Interest with LLC Managers and Directors					
[1]	No conflicts of interest between the LLC managers or directors and the vendor/service provider were identified.	1	2	4	7
No Fraudulent or Wasteful Disbursements were Made					
[2]	No indication of fraud or wasteful disbursement was identified.	1	3	3	7
Compliance with Internal Policies and Procedures					
Hi'ilei Aloha LLC Fiscal Policies & Procedures[338, 339]					
[4]	The purchase request was approved by the COO.	7	0	0	7
[5]	The check request was submitted on a Request for Check Issuance form.	1	0	6	7
[6]	The Request for Check Issuance form was approved by a supervisor.	1	0	6	7
[7]	The Request for Check Issuance form was approved by the COO.	1	1	5	7
[8]	If the Request for Check Issuance form did not include a receipt, an explanation was provided for the absence of a receipt.	1	0	6	7
[14]	The Request for Check Issuance form described why the purchase was necessary and a cost or price analysis.	5	0	2	7

[336] The quantity of observations listed in the table correspond to the number of contracts with at least one observation. Some contracts may have more than one observation for a particular testing criteria; however, the contract will be counted only once. Therefore, the total number of observations discussed after the table for a particular criteria may sum to a total that is greater than what is listed in the table.

[337] Tickmarks serve as a reference and can be thought of as footnotes that provide additional detail. In **Attachment 17**, tickmarks for disbursements tested for Hi'ilei Aloha are numbered with the letter "M" as the prefix to correspond to this section of the report and are included in red font to be easily identified. For example, observation **M01** is the first observation tickmark for Hi'ilei Aloha.

[338] Criteria [3] (Hi'ilei Aloha) was only applicable to corporate card use for travel purposes. This criteria was not applicable to any of the Hi'ilei Aloha disbursements CLA tested.

[339] Criteria [9] through [13] were only applicable to travel-related purchases. These criteria was not applicable to any of the Hi'ilei Aloha disbursements CLA tested.

Description of Criteria Tested		Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[15]	The transaction included all of the appropriate documentation.	6	0	1	7

Within each observation, CLA has listed the LLC disbursement sample number with that particular observation. The specific disbursement number and a more detailed discussion of the observation can be found by referring to **Attachment 17**. Each observation also includes a reference to the applicable criteria listed in the table above.

1. Conflict of Interest with LLC Managers and Directors (criteria **[1]**)

   CLA reviewed whether Hi'ilei Aloha had a conflict of interest policy and located the Financial Conflicts of Interest policy in the area of ethics within its Corporate Policy manual. The policy explains that Hi'ilei Aloha is considered a nonprofit organization, and the "purpose of this policy is to protect the Company's interests when it is contemplating entering into a transaction or arrangement that might benefit the private financial interest(s) of a LLC Manager or employee of the Company, or might result in a possible excess benefit transaction."[340]

   For the scope period, CLA was provided with the Financial Conflicts of Interest Disclosure Statements completed in January 2011, August and September 2013, and January 2016 by the COO and the LLC Managers. The Financial Conflicts of Interest Disclosure Statements completed indicate that the COO and the LLC managers did not have any direct or indirect financial interest in any transaction or arrangement with the LLC. CLA inquired of the COO whether these disclosure statements were completed on an annual basis as delineated by the policy and it was communicated to CLA that they were supposed to be completed but since they were not located, it was possible that the forms were not completed for the 2012, 2014, and 2015 years.

   CLA identified three disbursements with potential factual or apparent conflicts of interest for the Hi'ilei Aloha disbursements selected for testing as follows:

[340] An excess benefit transaction refers to a profit that originates unfairly from a relationship with a nonprofit organization.

a. LD-01 – Julie Bernardino[341]

The disbursement had an apparent conflict of interest because the contractor that was hired was the sister of Hi'ilei Aloha's COO, Mona Bernardino.

Julie Bernardino was hired by Hi'ilei Aloha to provide temporary administrative support while the administrative assistant was out on extended leave for medical reasons. According to documents provide to CLA, Hi'ilei Aloha's COO requested the LLC Managers to approve hiring her sister because she was familiar with Hi'ilei Aloha's operations, would more easily transition into the position, and was cheaper to hire than using an external temporary agency. CLA reviewed the Hi'ilei Aloha check registers and noted that Julie Bernardino was only paid once on July 20, 2011 for $2,671.80.[342]

No historical records existed for CLA to test and review how the procurement process unfolded. However, CLA reviewed letters written after the fact by the now-former LLC Managers in which they recalled approving of this hire.[343] While this disbursement has the appearance of a conflict of interest, there is supporting documentation that the hiring was conducted on a temporary basis in order to save on costs, and, most importantly, was approved by the LLC Managers in advance. In future circumstances involving potential conflicts of interest, Hi'ilei Aloha should ensure that documents related to the procurement process are maintained to demonstrate a historical record of the disclosure of the potential conflict and ultimate approval by the LLC Managers.

b. LD-03 – Lehua Poi Company and LD-05 – Supporting the Language of Kaua'i, Inc.

Two disbursements were made related to the Makaweli Poi Mill that appear to have been negotiated verbally by one of the managers for Hi'ilei Aloha, Dr. Crabbe, who was also the OHA CEO at the time. There is no evidence of a personal financial benefit to Dr. Crabbe; however, there may have been a personal benefit to one or more of his personal

[341] This disbursement is the one contract identified under "Contracts with Missing Document(s)" for criteria [1] due to there being no documentation to support this disbursement.

[342] Julie Bernardino was paid through the Hi'ilei Aloha check register, which indicates that she was paid through the same disbursement process as a vendor since payroll payments were processed by an external payroll provider.

[343] The letters written by the former LLC Managers were specifically addressed to CLA and were dated October 14, 2019 (**Exhibit 36**).

acquaintances. The following events occurred related to these disbursements:

i. December 31, 2012: Hi'ipoi transferred the Makaweli Poi Mill to Supporting the Language of Kaua'i, Inc. (SLK) for no consideration. SLK hired Lehua Poi Company to operate the poi mill.

ii. June 24, 2013: Hi'ilei Aloha paid $20,000 to Lehua Poi Company as an emergency loan to "improve cash flow during start-up months of business."

iii. September 3, 2015: Hi'lei Aloha paid $60,000 to SLK as a grant to "offset financial losses of Lehua Poi. Co (owner Naukulu Arquette), operator of former Makaweli Poi Mill."

Hi'ilei Aloha's COO, Mona Bernardino, provided historical context surrounding these disbursements. She verbally provided the following timeline pertaining to the transfer of the poi mill and subsequent disbursements:

i. In May 2012, the LLC Managers and Hi'ipoi Executive Director determined that the operating cash for the poi mill had dropped below $50,000 and the poi mill needed to be divested.

ii. Dr. Crabbe began looking for an interested individual or organization to buyout Hi'ipoi's ownership of the mill.[344]

iii. A Director of SLK, Kerry Perry, wanted to help keep the poi mill open, so he and Dr. Crabbe approached Al "Naukulu" Arquette to consider operating the mill. Mr. Arquette would operate the poi mill under his company, Lehua Poi Company. The arrangement was that Mr. Arquette would operate the mill and any profits would be turned into scholarships offered by SLK. This arrangement also included the $20,000 emergency loan to assist the Lehua Poi Company in its start-up operations. According to Ms. Bernardino, this arrangement between Dr. Crabbe, Mr. Perry, and Mr. Arquette was made verbally.

[344] Ms. Bernardino stated that Dr. Crabbe attempted to work with the employees of the mill to buy out Hi'ipoi's ownership, but they only brought business ideas to the table and never presented a fully executed business plan. She stated that Dr. Crabbe and the former OHA CFO then searched for another interested party and found SLK.

iv. On December 31, 2012, Hi'ipoi transferred its asset, the Makaweli Poi Mill, to SLK, a 501(c)(3) associated with the Kawaikini New Century Public Charter School.[345]

v. In turn, SLK hired Lehua Poi Company to operate the Makaweli Poi Mill.

According to Ms. Bernardino, CLA was also informed that Dr. Crabbe, Mr. Perry, and Mr. Arquette were familiar with each other from their involvement in an association of Native Hawaiian men called 'Aha Kāne.[346]

After several years of losses, Mr. Arquette was forced to cease operations. CLA was told that Dr. Crabbe felt that it was OHA's obligation to make Mr. Arquette whole for his efforts. Dr. Crabbe and Mr. Arquette arranged a verbal agreement in which OHA would transfer $60,000 through Hi'ilei Aloha to make Mr. Arquette "whole" and serve as a buyout for his losses, which Mr. Arquette estimated were approximately $150,000. This resulted in the payment of $60,000 to SLK in September 2015.[347] After this payment, Mr. Arquette transferred the poi mill operations to another local entity.[348] Hi'ilei Aloha was unable to locate a grant application, grant agreement, or grantee invoice related to the payment of $60,000 to SLK for the losses at the mill. The only available documentation to support the disbursement was a letter, dated September 3, 2015, from Ms. Bernardino on official Hi'ilei Aloha letterhead (**Exhibit 37**). It reads, “Aloha e Ka Pouhana: Per our meeting on Kaua’i yesterday, attached please find two check requests and checks payable to SLK. Please sign both checks and both check request forms and return all to me.”[349]

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[345] CLA reviewed SLK’s 2012 and 2013 IRS Form 990s for evidence that the poi mill was transferred to SLK and not to Lehua Poi Company. However, because the mill was transferred for no consideration, the asset was not reported on either Form 990. CLA could not determine if the poi mill was subsequently transferred to Lehua Poi Company.

[346] CLA did not perform any investigative procedures to determine the extent of the relationship between Dr. Crabbe, Mr. Perry, and Mr. Arquette.

[347] The specific flow of the funds from the payment of $60,000 to SLK to make the owner of Lehua Poi Company “whole” is not apparent; however, the Hi'ilei Aloha Request for Check Issuance form reads, “Grant to offset financial losses of Lehua Poi Co. (owner Naukulu Arquette), operator of former Makaweli Poi Mill.” Hi'ilei, Aloha understood at the time of payment that these funds would ultimately go to the owner of Lehua Poi Company.

[348] CLA could not determine whether SLK transferred the poi mill to Lehua Poi Company between 2013 and 2015. As a result, CLA could not determine whether Lehua Poi Company transferred the poi mill to its current operator.

[349] The September 3, 2015 letter referred to two checks. A review of the Hi'ilei Aloha check register showed that two checks were issued on September 3, 2015. Check # 4597 for $60,000, which CLA tested, and Check

A review of the $20,000 loan agreement and Hi'ilei Aloha's accounting records showed that the loan was never repaid and was written off as a loss in October 2015. A review of Hi'ilei Aloha's Fiscal Policies and Procedures manual did not include any guidance or policies related to loans or loan origination. CLA did not make an assessment of whether Hi'ilei Aloha was in the business of making loans to other organizations.[350]

CLA also reviewed Hi'ilei Aloha's accounting for any repayment of the $60,000 grant but noted none. However, based on the description of this disbursement provided by Ms. Bernardino, there was never an intent that these funds be repaid to Hi'ilei Aloha. Hi'ilei Aloha's Fiscal Policies and Procedures manual did not include any policies or procedures related to the awarding of grants. Additionally, the mission of Hi'ilei Aloha as stated in its policy manual did not include awarding grants to organizations.

Both arrangements for the $20,000 loan and $60,000 grant had little to no documentation and appear to have been negotiated through verbal agreements between Dr. Crabbe (acting as Hi'ilei Aloha's Manager), SLK, and Lehua Poi Company. Information shared with CLA suggests a personal friendship and possible association through another organization, Aha Kane. Furthermore, the methods used to award and disburse the loan and grant funds did not comply with Hi'ilei Aloha's policies and procedures. There is no evidence that Dr. Crabbe personally benefitted from the transactions; however, it appears there was a financial benefit to possible acquaintances of Dr. Crabbe.

See recommendations L01 and L24.

2. Compliance with internal policies and procedures (criteria **[4]** through **[8]**, **[14]**, **[15]**)[351]

   The internal policies and procedures identified by CLA that address the approval and execution of Hi'ilei Aloha's disbursements include a review of the purchase request, purchase explanation or a price or cost analysis, Request for Check Issuance, and all source documents supporting any given

#4596 for $25,000, which CLA did not test. Ms. Bernardino confirmed that the total amount agreed to make Mr. Arquette "whole" was $85,000.

[350] Hi'ilei Aloha's Operating Agreement, Article II, 2.02(f) states that one of its purposes is "to receive contributions and pay them over to organizations which are described in Section 501(cc)(3) and exempt from taxation under Section 501(a) of the Internal Revenue Code. CLA did not assess whether the loan was in compliance with this statement.

[351] Criteria [4] is addressed in the General Observations section, "1. Purchase Request forms were not completed," and is not discussed in this section to avoid duplication. Criteria [14] and [15] are addressed in the General Observations section, "3. No documentation that a cost or price analysis was conducted," and are not discussed in this section to avoid duplication.

transaction (receipts, purchase orders, invoices, and bid materials). When a signature was required on a particular document, CLA verified the appropriate signature(s) were obtained based on the Hi'ilei Aloha Fiscal Policies and Procedures manual.

CLA identified two disbursements for which the supporting documents did not comply with Hi'ilei Aloha's internal policies and procedures.

a. LD-01 – Julie Bernardino

   On July 20, 2011, Hi'ilei Aloha paid $2,617.80 to Julie Bernardino to provide temporary administrative support while the administrative assistant was out on extended leave for medical reasons. In addition to the observations noted above, this disbursement did not contain any of the source documents supporting the transaction, including an employment agreement, invoice for services, a Purchase Request, Request for Check Issuance, or cost analysis (criteria **[5]**, **[6]**, **[7]**, **[8]**).

b. LD-02 – RIM Architects

   This disbursement for $18,936.12 contained a Request for Check Issuance form that was approved by the LLC Managers after the check was issued. The check was dated July 5, 2012 but the second LLC Manager's approval was dated July 19, 2012 (criteria **[7]**).[352]

   See recommendations L25.

3. No fraudulent or wasteful disbursements were made (criteria **[2]**)

   A review of the documents for three of the disbursements tested in this area identified red flags or indicators that indicate a possibility of fraud, waste, or abuse. The identification of a red flag or indicator does not, on its own, confirm that fraud, waste, or abuse did occur. This section simply identifies the observations made by CLA during the testing that can be indicators of fraud, waste, or abuse, and, therefore, CLA is not making a conclusion as to the existence of fraud, waste, or abuse. Additional investigation of each disbursement would be required, which was beyond the scope of this engagement. Each of the three disbursements is discussed further below.[353]

[352] The first approval was before the check date.

[353] The one disbursement included in the "Contracts with Missing Document(s)" column for criteria [2] is the sample disbursement LD-01, which had no supporting documents available for review.

a. LD-03 – Lehua Poi Company

The disbursement of $20,000 in June 2013 to Lehua Poi Company was categorized by Hi'ilei Aloha as an emergency loan to improve cash flow during start-up months of business. The purpose of the disbursement is questionable since Hi'ilei Aloha was not involved with the poi mill operations, and Hi'ipoi had already transferred the poi mill on December 31, 2012. In addition, there are no indications in Hi'ilei Aloha's Fiscal Policies and Procedures manual that its purpose was to make loans to third-parties. Lastly, the $20,000 loan was not repaid and was eventually written off in October 2015. This raises the question of whether this disbursement adhered to the mission and goals of Hi'ilei Aloha, which could be an indication of possible waste of funds.

Additionally, the information discussed previously regarding the lack of documentation surrounding this transaction and the method in which it was handled are possible red flags or indicators of fraud, waste, or abuse.

b. LD-05 – Supporting the Language of Kaua'i, Inc.

This disbursement of $60,000 in September 2015 to Supporting the Language of Kaua'i, Inc. (SLK) was categorized as a grant to offset the financial losses of Lehua Poi Company for operating the Makaweli Poi Mill. The Request for Check Issuance specifically stated the purpose of the grant was to "offset losses of Lehua Poi Co." Lehua Poi Co. is an organization that is independent and separate from Hi'ilei Aloha and OHA, yet Hi'ilei Aloha is providing them funding to stay in operation and subsidize their losses. This raises the question of whether this disbursement adhered to the mission and goals of Hi'ilei Aloha, which could be an indication of possible waste of funds.

Additionally, the information discussed previously regarding the lack of documentation surrounding this transaction and the method in which it was handled are possible red flags or indicators of fraud, waste, or abuse.

c. LD-22 – Commercial Dehydrator Systems, Inc.

A disbursement of $13,367 on December 27, 2012 was made to purchase a commercial dehydrator system for the poi mill. The poi mill was transferred only four days later, which eliminated any benefit to Hi'ipoi of this purchase. According to Hi'ilei Aloha's COO, Mona Bernardino, this purchase of a dehydrator was part of the verbal agreement between Dr. Crabbe and Mr. Arquette during the negotiations to transfer the Makaweli Poi Mill from Hi'ipoi, to SLK. Mr. Arquette requested the commercial dehydrator so he could produce new products, including taro flour. Consequently, Ms. Bernardino stated it was unlikely there was a written agreement that resulted from the discussions between Dr. Crabbe and Mr. Arquette regarding the dehydrator. However, a January

28, 2013, letter from Ms. Bernardino (on Hi'ilei Aloha letterhead) to the LLC Managers stated, “we purchased a dehydrator for approximately $16,000 to help SLK expand into flour and frozen taro products as quickly as possible.” **See Exhibit 38**. This raises the question of whether this disbursement adhered to the mission and goals of Hi'ilei Aloha, which could be an indication of possible waste of funds.

See recommendations L24, L25, and L26.

n) Hi'ipaka LLC Disbursements

Nine Hi'paka disbursements were selected for testing by CLA. A detailed list of the applicable Hi'ipaka policies and procedures identified by CLA to test the approval and execution of these disbursement is included in **Attachment 17**. Included in Table 20 below is a summary of the results identifying each criteria tested with the number of disbursements (1) with missing document(s), (2) with observations resulting from the test work, and (3) without observations.[354] Included below the table is a discussion of the more significant observations from CLA's testing, which were used to assess whether there were red flags or indicators of possible fraud, waste, or abuse. **Attachment 17** includes a table containing the results at the disbursement level and tickmarks explaining each disbursement with an observation.[355]

Table 20: Summary of Results – Hi'ipaka LLC Disbursements

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
Conflict of Interest with LLC Managers and Directors					
[1]	No conflicts of interest between the LLC managers or directors and the vendor/service provider were identified.	0	0	9	9
No Fraudulent or Wasteful Disbursements were Made					
[2]	No indication of fraud or wasteful disbursement was identified.	0	0	9	9
Compliance with Internal Policies and Procedures					
Hi'ipaka Standard Operating Procedures SOP ADMIN ACCT-002: Accounts Payable Processing, revised January 19, 2018					
[3]	The service or product was verified by a staff member.	0	5	4	9
[4]	A check request was prepared.	1	3	5	9
[5]	The check request was approved by the Office Manager.	1	3	5	9
[6]	The check was signed by the Executive Director.	0	2	7	9
[7]	Checks over $10,000 contained two signatures, including the Executive Director.	0	0	9	9
[8]	The file contained a check stub and invoice.	0	2	7	9
[9]	Reoccurring invoices contained the expense code and an authorized staff member's signature.	0	2	7	9
SOP ADMIN-004: Procurement of Goods and Services, revised February 19, 2018					
[10]	Procurement requests for goods, services and construction were requested in writing.	3	0	6	9

[354] The quantity of observations listed in the table correspond to the number of contracts with at least one observation. Some contracts may have more than one observation for a particular testing criteria; however, the contract will be counted only once. Therefore, the total number of observations discussed after the table for a particular criteria may sum to a total that is greater than what is listed in the table.

[355] Tickmarks serve as a reference and can be thought of as footnotes that provide additional detail. In **Attachment 17**, tickmarks for Hi'ipaka disbursements tested are numbered with the letter "N" as the prefix to correspond to this section of the report and are included in red font to be easily identified. For example, observation **N01** is the first observation tickmark for Hi'ipaka's disbursements.

Description of Criteria Tested		Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
SOP ADMIN-009: Ordering Office Supplies, revised February 15, 2018[356] ***SOP BUS-013: Store: Inventory Control, revised November 9, 2010***					
[13]	Purchases of merchandise included a completed Purchase Order.	0	0	9	9

Within each observation, CLA has listed the LLC disbursement sample number with that particular observation. The specific disbursement number and a more detailed discussion of the observation can be found by referring to **Attachment 17**. Each observation also includes a reference to the applicable criteria listed in the table above.

1. Conflict of Interest with LLC Managers and Directors (criteria **[1]**)

   Hi'ipaka has a Financial Conflicts of Interest policy (CPM-001) that is very similar to the policy identified for Hi'ilei Aloha. This policy states that Hi'ipaka is considered a nonprofit organization and therefore the purpose of this policy is to protect the company's interest when it is contemplating entering into a transaction or arrangement that might benefit the private financial interest(s) of a manager or employee of the company or might result in a possible excess benefit transaction.[357]

   For the scope period, CLA was provided with the Financial Conflicts of Interest Disclosure Statements completed in January and September 2016 by the Executive Director and by the LLC Managers. CLA inquired of the Executive Director whether these disclosure statements were completed on an annual basis as delineated by the policy and it was communicated to CLA that it was possible that these forms were not completed in some years.

   CLA did not identify any evidence of conflicts of interest for the Hi'ipaka vendors selected for testing; however, Hi'ipaka did not retain the conflict of interest forms for all years and it is possible that they were not always completed.

[356] Criteria [11] and [12] were only applicable to office supplies purchased with the Hi'ipaka credit card. These criteria was not applicable to any of the Hi'ipaka disbursements CLA tested.

[357] An excess benefit transaction refers to a profit that originates unfairly from a relationship with a nonprofit organization.

2. Compliance with internal policies and procedures (criteria **[3]** through **[10], [13]**)

   The internal policies and procedures identified by CLA that address the approval and execution of Hi'ipaka's disbursements include a review of the purchase request, purchase explanation or a price or cost analysis, Request for Check Issuance, and all source documents supporting the transaction (receipts, purchase orders, invoices, and bid materials). When a signature was required on a particular document, CLA verified the appropriate signature(s) were obtained based on the Hi'ipaka's Fiscal Policies and Procedures manual.

   Included below is a summary of the observations for each of the documents reviewed as part of Hi'ipaka's disbursement process:

   a. Purchase Request

      i. Three disbursements were missing documentation of a purchase request (LD-12, LD-14, LD-25 – criteria **[10]**).

   b. Service or product verification

      i. One disbursement included an invoice with a "Received By" stamp that was not filled out (LD-12 –criteria **[3]**). The "Received By" stamp is used to indicate that the accountant verified that the service or product was received; therefore, this disbursement was missing the documentation to show the service or product was received.

      ii. Two disbursements were missing the stamp or other indication that the service or product was verified and received by a staff member (LD-15, LD-24 – criteria **[3]**).

   c. Vendor invoice

      i. Two disbursements were missing the invoice from the service vendor (LD-14, LD-25 – criteria **[3], [9]**). The disbursement was a reoccurring variable fee from Heartland Payment Systems, Inc. for processing Waimea Valley's credit card charges.[358] Hi'ipaka was unable to locate the specific invoices for the fees.

   d. Check request

      i. Two disbursements were missing the check request form because the payments were to Heartland Payment Systems, Inc. for processing

[358] The Hi'ipaka check register listed the vendor name as "Bankcard"; however, CLA reviewed the documentation and confirmed with the Executive Director that the fees were paid to Heartland Payment Systems, Inc.

Waimea Valley's credit card charges (LD-14, LD-25 – criteria **[4]**, **[5]**).[358] The Executive Director explained the payments are automatically deducted from the Hi'ipaka's bank account. A check request form is not created because a check is not issued. Instead, the accountant performs a reconciliation between the statement from the service provider and the bank statement.

ii. One disbursement contained a check request that was missing the signature of the person approving the form (LD-24 – criteria **[4]**, **[5]**).

iii. One disbursement was missing the check request form (LD-17 – criteria **[4]**, **[5]**).

e. Check Image

i. Two disbursements were missing a physical check because the payments were automatically deducted from the Hi'ipaka's bank account for processing Waimea Valley's credit card charges (LD-14, LD-25 – criteria **[6]**, **[8]**). A physical check is not created in order to make the disbursement. As a result, the Executive Director did not have to approve these disbursements. Instead, the accountant performs a reconciliation between the statement from the service provider and the bank statement.

See recommendations L08, L09, and L13.

3. No fraudulent or wasteful disbursements were made

In the review process for evidence of fraud, waste, or abuse, CLA did not observe indicators of fraud, waste, or abuse.

o) Hi'ipoi LLC Disbursements

Three Hi'ipoi disbursements were selected for testing by CLA. A detailed list of the applicable Hi'ipoi policies and procedures identified by CLA to test the approval and execution of these disbursements is included in **Attachment 17**. Included in Table 21 below is a summary of the results identifying each criteria tested with the number of disbursements (1) with missing document(s), (2) with observations resulting from the test work, and (3) without observations.[359] Included below the table is a discussion of the more significant observations from CLA's testing, which were used to assess whether there were red flags or indicators of possible fraud, waste, or abuse. **Attachment 17** includes a table containing the results at the disbursement level and tickmarks explaining each disbursement with an observation.[360]

Table 21: Summary of Results – Hi'ipoi LLC Disbursements

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
Conflict of Interest with LLC Managers and Directors					
[1]	No conflicts of interest between the LLC managers or directors and the vendor/service provider were identified.	0	1	3	3
No Fraudulent or Wasteful Disbursements were Made					
[2]	No indication of fraud or wasteful disbursement was identified.	0	1	2	3
Compliance with Internal Policies and Procedures					
Hi'ipoi "Best Practices" consistent with the other LLC Fiscal Policies					
[3]	There is an approved purchase request.	3	0	0	3
[4]	There is an invoice or receipt that matches the check amount.	0	1	2	3
[5]	There is an approved check request form.	2	0	1	3
[6]	The check was signed by the Hi'ipoi COO or LLC Manager.	1	0	2	3

Within each observation, CLA has listed the LLC disbursement sample number with that particular observation. The specific disbursement number and a more detailed discussion of the observation can be found by referring to **Attachment 17**. Each observation also includes a reference to the applicable criteria listed in the table above.

[359] The quantity of observations listed in the table correspond to the number of contracts with at least one observation. Some contracts may have more than one observation for a particular testing criteria; however, the contract will be counted only once. Therefore, the total number of observations discussed after the table for a particular criteria may sum to a total that is greater than what is listed in the table.

[360] Tickmarks serve as a reference and can be thought of as footnotes that provide additional detail. In **Attachment 17**, tickmarks for contracts tested for Hi'ipoi are numbered with the letter "O" as the prefix to correspond to this section of the report and are included in red font to be easily identified. For example, observation **O01** is the first observation tickmark for Hi'ipoi.

1. Conflict of Interest with LLC Managers and Directors (criteria **[1]**)

   Hi'ipoi has a Financial Conflicts of Interest policy (CPM-001) that is very similar to the policy identified for Hi'ilei Aloha. This policy states that Hi'ipoi is considered a nonprofit organization and therefore the purpose of this policy is to protect the company's interest when it is contemplating entering into a transaction or arrangement that might benefit the private financial interest(s) of a manager or employee of the company or might result in a possible excess benefit transaction.[361]

   CLA was provided with the Financial Conflicts of Interest Disclosure Statements completed in January 2011, August through October 2013, and July through August 2016 by the Executive Director and by the LLC Managers. CLA inquired of the Executive Director whether these disclosure statements were completed on an annual basis as delineated by the policy and it was communicated to CLA that it was possible that these forms were not completed some years.

   CLA identified one disbursement with a potential conflict of interest related to Hi'ipoi, as follows:

   a. LD-21 – Supporting the Language of Kaua'i, Inc.

      Hi'ipoi issued a $10,000 disbursement on March 14, 2013 to SLK related to the Makaweli Poi Mill. The disbursement was referred to as a grant; however, there was little documentation to support that the disbursement was reviewed and processed like a grant. Additionally, CLA was informed that the representatives of SLK (Mr. Perry) and Lehua Poi Company (Mr. Arquette) were personally acquainted with Dr. Crabbe. There is no evidence of a personal financial benefit to Dr. Crabbe; however, there may have been a personal benefit to one or more of his personal acquaintances. The following events occurred related to these disbursements:

      i. December 24, 2012: Hi'ipoi paid $5,000 to SLK.[362]

      ii. December 31, 2012: Hi'ipoi transferred the Makaweli Poi Mill to Supporting the Language of Kaua'i, Inc. (SLK) for no consideration.

      iii. In turn, SLK hired Lehua Poi Company to operate the Makaweli Poi Mill.

[361] An excess benefit transaction refers to a profit that originates unfairly from a relationship with a nonprofit organization.

[362] CLA did not test these disbursements; however, they have been included for additional context.

iv. January 28, 2013: Hi'ipoi's COO, Mona Bernardino, issued a letter to the LLC Managers informing them that "to assist SLK in gearing up for operations, Hi'ipoi advanced initial funding of $5,000 and OHA provided a grant in the amount of $25,000. We will transfer the funds remaining in Hi'ipoi's operating account, estimated at $20,000, after all of the bills that Hi'ipoi is responsible for have been paid. This amounts to total cash assistance of $50,000." (**Exhibit 38**)

v. February 14, 2013: Hi'ipoi paid $10,000 to SLK.[362]

vi. March 14, 2013: Hi'ipoi paid $10,000 to SLK categorized as "final payment on grant."

This disbursement of $10,000 on March 14, 2013 represented the third and final payment on the grant. The first payment, of $5,000, occurred on December 24, 2012, just one week before the poi mill was transferred to SLK. The second payment, of $10,000, occurred on February 14, 2013, nearly two months after the poi mill was transferred to SLK. CLA reviewed the Hi'ipoi check registers and determined that these were the only recorded payments to SLK from Hi'ipoi subsequent to the transfer of the poi mill. However, there were also two checks totaling $385.67 that Hi'ipoi paid to Lehua Poi Company in April 2013.

Ms. Bernardino provided historical context surrounding this disbursement. Prior to the poi mill's transfer, a Director of SLK, Kimo Perry, wanted to help keep the mill open, so he and Dr. Crabbe approached Mr. Arquette to consider operating the mill. The arrangement was that Mr. Arquette would operate the mill and any profits would be turned into scholarships offered by SLK. CLA does not know to what extent any monies paid to SLK were transferred or paid to Lehua Poi Company, as CLA does not have access to SLK's books and records. However, CLA was also informed that SLK hired Lehua Poi Company to operate the mill, and operational assistance from SLK would have to be provided for the poi mill. Ms. Bernardino informed CLA that Dr. Crabbe, Mr. Perry, and Mr. Arquette were familiar with each other from their involvement in an association of Native Hawaiian men called 'Aha Kāne.

The supporting documentation included a funding request letter from SLK that stated, "as mentioned in our confidential Business Plan that was recently submitted and approved by the managers of Hi'ipoi, we are requesting support from OHA in the amount of $25,000." CLA requested the confidential business plan; however, Hi'ipoi did not provide a copy of the business plan or the LLC Managers' approval of that plan. Additionally, although this was a grant supposedly approved by OHA, there was no documentation to support that the grant was reviewed and approved through OHA's standard grant process.

This $10,000 disbursed as a grant may have the appearance of a conflict of interest for several reasons. The disbursement of funds occurred immediately before and several months after Hi'ipoi transferred the Makaweli Poi Mill to SLK. The timing indicates that Hi'ipoi continued to finance the poi mill even after it had transferred its operations to an external entity. There is also little documentation to support the review and approval of the grant by OHA, or the "confidential business plan" and the LLC Manager approval of that plan. Lastly, Dr. Crabbe, Mr. Perry, and Mr. Arquette appear to have had a prior relationship that was not disclosed. There is no evidence that Dr. Crabbe personally benefited from the transactions; however, it appears there was a financial benefit to possible acquaintances of Dr. Crabbe.

2. Compliance with internal policies and procedures (criteria **[3]** through **[6]**)[363]

   Hi'ipoi did not document its internal policies and procedures for the procurement of goods and services. CLA developed criteria and "best practices" that were consistent with the Stand Operating Procedures and Fiscal Policies implemented by the other LLCs for testing the Hi'ipoi disbursements. The criteria adopted a centralized accounts payable processing and reporting methodology that required an approved purchase request be submitted prior to the purchase, payment not be issued until an invoice that matched the purchase order was received and the goods or service was verified, the Chief Operating Officer or authorized designated employee approve the check request form, and the check be signed by the Chief Operating Officer or an LLC Manager.

   Included below is a summary of the observations for each of the documents reviewed as part of Hi'ipoi's disbursement process:

   a. Vendor invoice

      i. One disbursement did not include an invoice (LD-19 – criteria **[4]**). According to the Hi'ipoi Executive Director, the items purchased were raw taro from a farmer, and the farmer did not create an invoice. The Makaweli Poi Mill purchased raw taro from Kaua'i farmers who would drop off 80lb burlap bags at the poi mill and self-report the amount of taro they sold to the mill. There was no verification performed on the quantity dropped off by each farmer. The support included a summary prepared by Hi'ipoi of the annual amount purchased from each farmer based on the amounts that were self-reported. Because

[363] Criteria [3] is addressed in General Observations section "1. Purchase Request forms were not completed" and is not discussed in this section to avoid duplication.

there was no independent verification by the poi mill at the time, CLA is unable to determine the reliability of the amounts.

b. Request for Check Issuance

   i. Two disbursements were missing the Request for Check Issuance form (LD-19, LD-20 – criteria **[5]**).

c. Check signatures

   i. One disbursement was missing a copy of the check image that showed the Hi'ipoi Executive Director authorized the payment (LD-21 – criteria **[6]**).

3. No fraudulent or wasteful disbursements were made (criteria **[2]**)

   In the disbursement review process for evidence of fraud, waste, or abuse, CLA did not observe indicators of fraud or abuse; however, there was one disbursement in which indicators exist that a potential waste may have occurred.

   a. LD-21 – Supporting the Language of Kaua'i, Inc.

      This disbursement of $10,000 in March 2013 to SLK was categorized as a grant. The disbursement was made after Hi'ipoi transferred the poi mill to SLK. The Request for Check Issuance specifically stated the purpose of the disbursement was the "final payment on grant." SLK is an organization that is independent and separate from Hi'ipoi and OHA, yet Hi'ipoi continued to fund the operation of the poi mill after it was transferred. Although Hi'ipoi's mission was to help preserve the cultural production of poi, it is CLA's understanding that the intent was to support this through the acquisition and operation of the poi mill. Because there were no policies or procedures for Hi'ipoi, CLA is unable to determine whether a process was established for awarding grants to support poi production.

      Additionally, it appears that the grant was actually funded by OHA. In its funding request letter, SLK stated, "we are requesting support from OHA in the amount of $25,000 to help cover operational start-up costs." If SLK was requesting a grant of $25,000 from OHA, then it would have been subject to both HRS §10-17 and OHA's Grants SOP. CLA reviewed OHA's check register and could not determine if any specific payments were made to Hi'ipoi to fund this grant request.[364]

[364] CLA reviewed the OHA check register and noted two payments of $150,000 to Hi'ilei Aloha, the parent entity for Hi'ipoi. These payments, on November 27, 2012 and January 25, 2013, were categorized as

Ms. Bernardino issued a letter on January 28, 2013, on Hi'ipoi letterhead to the LLC Managers informing them that "to assist SLK in gearing up for operations, Hi'ipoi advanced initial funding of $5,000 and OHA provided a grant in the amount of $25,000. " This letter serves to confirm that OHA funded the grant that SLK requested. There was no documentation to support that the grant was reviewed and approved through OHA's standard grant process, which indicates that this payment may have been structured to avoid OHA's grant policies and procedures by using Hi'ipoi as a conduit to make the grant payments to SLK.

Even though the payments were made through Hi'ipoi, it appears that OHA was actually funding the grant. If OHA wanted to continue funding the operation of the Makaweli Poi Mill, it should have used a more transparent way to award grant funds to SLK. The complicated structure of the grant raises the question of whether there was a consensus on the continued funding of the poi mill.

The information discussed previously regarding the lack of documentation surrounding this transaction, the method in which the transaction was handled, and the possible personal relationships between Dr. Crabbe, Mr. Perry, and Mr. Arquette are possible red flags or indicators of fraud, waste, or abuse.

"capitalization." CLA could not determine if these payments were intended to provide Hi'ipoi the funds to pay for the grant.

p) Ho'okīpaipai LLC Disbursements

Six Ho'okīpaipai disbursements were selected for testing by CLA. A detailed list of the applicable Ho'okīpaipai policies and procedures identified by CLA to test the approval and execution of these disbursements is included in **Attachment 17**. Included in Table 22 below is a summary of the results identifying each criteria tested with the number of disbursements (1) with missing document(s), (2) with observations resulting from the test work, and (3) without observations.[365] Included below the table is a discussion of the more significant observations from CLA's testing, which were used to assess whether there were red flags or indicators of possible fraud, waste, or abuse. **Attachment 17** includes a table containing the results at the disbursement level and tickmarks explaining each disbursement with an observation.[366]

Table 22: Summary of Results – Ho'okīpaipai LLC Disbursements

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
Conflict of Interest with LLC Managers and Directors					
[1]	No conflicts of interest between the LLC managers or directors and the vendor/service provider were identified.	0	0	6	6
No Fraudulent or Wasteful Disbursements were Made					
[2]	No indication of fraud or wasteful disbursement was identified.	0	0	6	6
Compliance with Internal Policies and Procedures					
Ho'okīpaipai HI-PTAC Fiscal Policies & Procedures, revised November 2012[367, 368, 369]					
[4]	The purchase request was approved by the Program Manager.	5	0	1	6
[5]	The check request was submitted on a Request for Check Issuance form.	0	0	6	6

[365] The quantity of observations listed in the table correspond to the number of contracts with at least one observation. Some contracts may have more than one observation for a particular testing criteria; however, the contract will be counted only once. Therefore, the total number of observations discussed after the table for a particular criteria may sum to a total that is greater than what is listed in the table.

[366] Tickmarks serve as a reference and can be thought of as footnotes that provide additional detail. In **Attachment 17**, tickmarks for disbursements tested for Ho'okīpaipai are numbered with the letter "P" as the prefix to correspond to this section of the report and are included in red font to be easily identified. For example, observation **P01** is the first observation tickmark for Ho'okīpaipai.

[367] Criteria [3] (Ho'okīpaipai) was only applicable to corporate card use for travel purposes. This criteria was not applicable to any of the Ho'okīpaipai disbursements CLA tested.

[368] Criteria [8] was only applicable to disbursements missing a receipt. This criteria was not applicable to any of the Ho'okīpaipai disbursements CLA tested.

[369] Criteria [12] was only applicable to a Statement of Completed Travel form approved by the program manager. The program manager field was marked "N/A" and the COO provided final approval. This criteria was not applicable to any of the Ho'okīpaipai disbursements CLA tested.

	Description of Criteria Tested	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[6]	The Request for Check Issuance form was approved by the Program Manager.	0	0	6	6
[7]	The Request for Check Issuance form was approved by the COO.	0	0	6	6
[9]	The travel request was submitted on a Request for Business Travel form.	0	0	6	6
[10]	The Request for Business Travel form was approved.	0	0	6	6
[11]	The Statement of Completed Travel form was submitted within a week of completing travel.	0	0	6	6
[13]	The Statement of Completed Travel form was approved by the COO.	0	0	6	6
[14]	The Request for Check Issuance form described why the purchase was necessary, an analysis of lease/purchase alternatives, and a cost or price analysis.	2	0	4	6
[15]	The transaction included all appropriate documentation.	0	0	6	6
[16]	Purchases between $2,500 and $25,000, contained three quotes in the contract file.	0	0	6	6
[17]	The quote evaluation selected the lowest priced, responsive, and responsible vendor.	0	0	6	6
[18]	There was documentation that a price analysis was performed.	0	0	6	6
[19]	The Purchase Order was signed by the Program Manager.	0	0	6	6

Within each observation, CLA has listed the LLC disbursement sample number with that particular observation. The specific disbursement number and a more detailed discussion of the observation can be found by referring to **Attachment 17**. Each observation also includes a reference to the applicable criteria listed in the table above.

1. Conflict of Interest with LLC Managers and Directors (criteria **[1]**)

   CLA reviewed whether Ho'okīpaipai had a conflict of interest policy and located the Financial Conflicts of Interest policy in the area of ethics within its Corporate Policy manual. The policy explains that Ho'okīpaipai is considered a nonprofit organization and therefore the "purpose of this policy is to protect the Company's interests when it is contemplating entering into a transaction or arrangement that might benefit the private financial interest(s) of a LLC Manager or employee of the Company, or might result in a possible excess benefit transaction."[370]

   For the scope period, CLA was provided with the Financial Conflicts of Interest Disclosure Statements completed between August and October 2013, and January 2016 by the COO and the LLC Managers. The Financial Conflicts of Interest Disclosure Statements completed indicate that the COO and the LLC managers did not have any direct or indirect financial interest in any

[370] An excess benefit transaction refers to a profit that originates unfairly from a relationship with a nonprofit organization.

transaction or arrangement with the LLC. CLA inquired of the COO whether these disclosure statements were completed on an annual basis as delineated by the policy and it was communicated to CLA that they were supposed to be completed but since they were not located, it was possible that the forms were not completed for the 2011, 2012, 2014, and 2015 years.

CLA did not identify any evidence of a conflict of interest; however, Ho'okīpaipai did not retain the conflict of interest forms for all years and it is possible that they were not always completed.

2. Compliance with internal policies and procedures (criteria **[4]** through **[19]**)

   The internal policies and procedures identified by CLA that address the approval and execution of Ho'okīpaipai's disbursements include a review of the purchase request, purchase explanation or a price or cost analysis, Request for Check Issuance, and all source documents supporting the transaction (receipts, purchase orders, invoices, and bid materials). When a signature was required on a particular document, CLA verified the appropriate signature(s) were obtained based on the Ho'okīpaipai's Fiscal Policies and Procedures manual.

   In the review process for compliance with internal policies and procedures and with the exception of the general observations noted for Ho'okīpaipai, CLA did not observe specific deviations from the Ho'okīpaipai's Fiscal Policies and Procedures manual.[371]

3. No fraudulent or wasteful disbursements were made (criteria **[2]**)

   In the review process for evidence of fraud, waste, or abuse, CLA did not observe indicators of fraud, waste, or abuse.

[371] Criteria [4] is addressed in the General Observations section "1. Purchase Request forms were not completed" and is not discussed in this section to avoid duplication. Criteria [14] is addressed in the General Observations section "3. No documentation that a cost or price analysis was conducted" and is not discussed in this section to avoid duplication.

E. QUARTERLY REPORTS TO THE BOARD OF TRUSTEES

On a quarterly basis, the LLCs staff prepares reports on the results of the LLCs' activities for the preceding quarter. One report is provided with the activity for Hi'ilei Aloha and a separate report is provided with the activity for Ho'okele Pono. The report provided by Hi'ilei Aloha contains the activity for Hi'ilei Aloha, Hi'ipaka, Hi'ipoi, and Hi'ikualono.[372] The report from Ho'okele Pono contains the activity for Ho'okīpaipai. The quarterly reports are provided to the Board of Trustees normally during a meeting taking place one month or more after the quarter has ended. A copy of the quarterly report issued for the quarter ending June 30, 2016 is included in **Exhibit 39**.

To assess the sufficiency of the internal controls in place to ensure the integrity of the performance indicators reported in the quarterly reports to the Board of Trustees, CLA inquired with LLCs staff regarding the process to prepare the reports. For the reports issued for the 2016 year, CLA performed a math check to determine if the amounts provided in the prior quarter's year-to-date column carried forward to the next quarter without differences. CLA additionally traced the information in the December 2016 report to the LLCs' audited financial statements and general ledger to determine the accuracy of the information in the report.

1) Staff Inquiries

Based on discussions with the COO for Hi'ilei Aloha, and the Executive Director for Hi'ipaka, the process to produce the quarterly reports is as follows: within a month after the quarter ending, the reports are finalized and provided to OHA for distribution to the Board of Trustees. The quarterly reports communicate a Summary of Activities, a Budget Comparison Report, and a Balance Sheet on a quarterly and year-to-date basis. Both the COO and the Executive Director work together with their staff to prepare these reports as discussed below for each Hi'ilei Aloha, Hi'ipaka, and Ho'okele Pono.

Hi'ilei Aloha LLC

The reports by Hi'ilei Aloha were prepared by the COO with the assistance of the accounting staff for the sections of Hi'ilei Aloha. The accomplishments for the quarter were gathered for its capacity building program and the highlights were included in the quarterly reports. The administration also communicated any new developments at a high level. The financial information included in the Budget Comparison Report and on the Balance Sheet was obtained directly from the financial system.[373] The Hi'ilei Aloha quarterly reports reviewed included information for Hi'ilei Aloha and

[372] In the year 2016 neither Hi'ipoi nor Hi'ikualono had any activity. Hi'ipoi was divested in 2012 and did not have any activity in 2016. Hi'ikualono, although established in 2010, according to the COO, has never had any activity. The report from Ho'okele Pono contains the activity for Ho'okīpaipai.

[373] Hi'ilei Aloha reported the Budget Comparison Report (revenues and expenses) for its Capacity Building program separately from the Hi'ilei Aloha operations. The Balance Sheet was reported as a single report for Hi'ilei aloha without separating between its Capacity Building program and the core operations.

Hi'ipaka. In the year 2016, neither Hi'ipoi nor Hi'ikualono had any activity. Hi'ipoi was divested in 2012 and did not have any activity in 2016 and Hi'ikualono never had any activity.

Hi'ipaka LLC

The reports by Hi'ipaka are prepared by the Executive Director and his staff after gathering from each department their respective highlights. The total visitor count and average daily visitor count is obtained from the-point-of-sales system. The financial information included in the Summary – Year to Date Financial Performance section is obtained directly from the financial system. Once this information was prepared it was forwarded to Hi'ilei Aloha where the information included in the Budget Comparison Report and the Balance Sheet were added. The Executive Director explained that Hi'ilei Aloha's accounting staff would retrieve the information for the Budget Comparison Report also directly from the financial system. The Executive Director communicated that, typically, he did not review the final report after it had been completed by Hi'ilei Aloha. He stated that a few months before CLA's visit, it had been decided that he would provide to Hi'ilei Aloha with all of the sections for the Hi'ipaka report for inclusion in the quarterly reports. Instead of having Hi'ilei Aloha staff prepare the Budget Comparison Report and the Balance sheet for the Hi'ipaka's section.

Ho'okele Pono LLC

The quarterly report for Ho'okele Pono included information for Ho'okīpaipai (Hawai'i PTAC) only. According to the COO all of the highlights for the quarter were gathered by her and her staff. Reports on new clients, counseling hours and contracts awarded were included based on the records kept for this type of work performed by Hi'ilei Aloha. The procurement outreach events were also included from records of outreach projects. The COO explained that there was not a lot of activity for this LLC so the quarterly reports were very brief. These reports also included Budget Comparison Reports as well as a balance sheet. The accounting staff gathered the financial information and the COO always reviewed the reports prior to finalizing and sending to OHA.

Observations

1. The finalized report for Hi'ipaka that was included in the Hi'ilei Aloha quarterly report was not reviewed by the Hi'ipaka's Executive Director prior to the report being finalized and sent to OHA.

See recommendation L27.

2) Reconciliation of Quarterly Reports

Hi'ilei Aloha LLC

- Horizontal Analysis (Quarter to Quarter) comparison: CLA identified various differences in tracing the actual amounts from quarter to quarter. For example, the December 31, 2016 Budget Comparison report for Hi'ilei Aloha's Capacity Building Program did not include any expenses in the area of legal expenses for quarters one through three, then on quarter four, there was a total listed of $5,888 for the quarter but as a year-to-date amount it included $58,959. CLA discussed this concern with the COO and after some research she stated that legal expenses had been recorded to the prior quarters after the quarterly reports had been provided to OHA; therefore, the year-to-date amount was pulling the information for all quarters. She acknowledged that the quarterly reports are not structured to communicate differences arising after the quarterly reports have been prepared and how this may cause confusion to the readers of the quarterly reports if they were to compare the four reports for the entire year.

- Comparison of December 31, 2016 Quarterly Report to Audited Financial Statement: It was noticed that there were some differences in the numbers communicated in the Budget Comparison Report from the December 31, 2016 Quarterly Reports to the audited financial statements. For example the total assets listed in the December 31, 2016 Quarterly Reports total $664,175, while the financial statements for year-end December 31, 2016 list total assets of $688,567 for a difference of $24,392. The COO explained that the differences may be due to additional transactions that took place after the quarterly reports were prepared but before the books were closed for the year. She acknowledged that the quarterly reports do not communicate that the figures reported are unaudited and that it may be reasonable to include such disclaimer.

Hi'ipaka LLC

- Within Quarterly Report Comparison: For the 2016 year CLA reviewed the Hi'ipaka section of the Quarterly Reports to compare the information within the report itself to identify if there were differences between the total revenues and total expenses communicated in the Summary of Financial Performance when compared to the Budget Comparison Reports included within the same quarterly reports. There were differences identified.[374] The

[374] Some of the differences are due to the fact that the Summary Financial Performance included in the first page of the Hi'ipaka section are due to the fact that the revenue and expenses are communicated as a total while the Budget Comparison Report breaks it up into operating revenues and expenses and other income and expenses. However, some differences were as basic as the depreciation expense amount being different in the Summary when compared to the Budget Comparison Report. For example, on the quarter ended March 31, 2016 Quarterly Report, the Summary of Financial Performance communicates 2016 year-

Executive Director communicated that he runs the Summary Financial Performance reports directly form the system to provide the high level table of the quarterly reports and Hi'ilei Aloha's staff runs the Budget Comparison Report. As of 2016, the executive director would normally not receive the draft quarterly reports so he could not compare. He was not surprised that there were differences identified by CLA. He stated that he recalled being in a Board of Trustee's meeting one time when he realized that the numbers in the two reports within the same quarterly report did not match. He stated that the reason for the difference may be because the reports are run at different dates. He stated that recently he has learned how to run the Budget Comparison Report and he will be making sure to run both reports at the same time and on a designated day so that the reports match.

- Vertical Analysis of Budget Comparison Report: For the March 2016 Quarterly report CLA recalculated the variance communicated in the Budget Comparison Report and identified a math error in the calculation of the variance. The total variance number between actual and budget for total expenses was misstated. The error was due to the last expense line item not being included in the calculation.[375] The Executive Director understood this was a mathematical error and agreed that in all likelihood, because although the financial information is pulled directly from the system, the report is ultimately prepared in Excel and if a formula is not updated appropriately it is going to cause errors.

- Horizontal Analysis (Quarter to Quarter) comparison: CLA identified various differences in tracing the actual amounts from quarter to quarter. CLA discussed this concern with the Executive Director and he stated the reason for these differences was that, if, for example, an invoice was received for a quarter that was already reported in a quarterly reports, the expense is recorded to the appropriate quarter which then changes the amount for that quarter.

- Comparison of December 31, 2016 Quarterly Report to Audited Financial Statement: It was noticed that there were some differences in the numbers communicated in the Budget Comparison Report from the December 31, 2016 Quarterly Reports to Hi'ipaka's audited financial statements. For example, the total operating expenses in the December 31, 2016 quarterly report lists a total of $5,904,312 total expenses for the year ended December 31, 2016, while the audited financial statement for the same period listed $4,292,106 for a difference of $1,612,206. The Executive Director, after

to-date depreciation amount of $78,795, while the Budget Comparison Report reports a depreciation amount of $52,530, which is a difference of $26,265.

[375] The mathematical error identified in the Budget Comparison Report was the variance on the total expenses for the current quarter being stated as $79,527 when it should have stated $112,495. The difference was due to a $14,600 amount not being captured in the formula.

consulting with the LLC's auditor communicated that the reason for the difference related to the difference in presentation of the cost of sales. The explanation provided to CLA appeared appropriate. The Executive Director understood that the difference in the presentation between the Quarterly reports and the audited financial statement may cause confusion to the reader.

Ho'okele Pono LLC

- Horizontal Analysis (Quarter to Quarter) comparison: CLA identified various differences in tracing the actual amounts from quarter to quarter. CLA discussed this concern with the COO. Similar to her response for Hi'ilei Aloha, she stated that that the quarterly reports are not structured to communicate differences arising after the quarterly reports have been prepared.

- Comparison of December 31, 2016 Quarterly Report to Audited Financial Statement: It was noticed that there were some differences in the numbers communicated in the Budget Comparison Report from the December 31, 2016 Quarterly Reports to Ho'okīpaipai's audited financial statements. For example, the December 31, 2016 Quarterly Reports for Ho'okīpaipai communicate a total of total revenue for the year ended of $329,927, while the financial statements for year-ended December 31, 2016 communicate $190,157. The difference was attributed to grants and in-kind income received from OHA and from Hi'ilei Aloha.

Observations

2. Neither the Budget Comparison Reports nor the Balance Sheets included in the quarterly reports disclose the fact that these reports are unaudited.

3. The quarterly reports do not have a mechanism to communicate changes that may have taken place for a quarter that has already been previously reported. It does not make use of footnotes to provide a reconciliation or at a minimum a footnote to describe that transactions have been recorded to a quarter after the quarterly report has been provided to OHA.

4. There were differences in the amounts communicated within the Hi'ipaka report between the Summary Financial Performance revenue and expense figures and the Budget Comparison Report revenue and expense figures. These differences appear to be due to the production of these reports not being done at the same time.

5. Mathematical errors were identified in the quarterly reports for Hi'ipaka due to the fact that these reports although downloaded directly form the financial system are finalized through a manual process using Microsoft Excel to calculate totals.

See recommendations L28, L29, and L30.

F. RECOMMENDATIONS

L01) Establish a process whereby it is ensured that the Financial Conflicts of Interest Disclosure Statements are completed on an annual basis, consistent with the policies established for the LLCs. These forms should be retained for reference to provide evidence that these disclosures were made for each year.

L02) For reference and audit purposes, it is advisable that proof of deliverables for established contracts be retained in the contract file.

L03) Implement a process to assign contract numbers to any new contracts entered into by the LLCs. Having contract numbers will aid in the process of reference and organization and is specifically helpful when one vendor may have more than one contract. When processing a payment, the related contract number should be recorded in the description for that payment. Having designated contract numbers will aid in ensuring that payments made are allocated to the appropriate contract number so that there is no confusion as to which payments belong to which contracts.

L04) Implement the use of a Purchase Request form for all purchases. The Purchase Request form should document the COO's verification that the purchase complies with the established budget and record the COO's approval of the purchase.

L05) For each new contract entered into, establish a process to document that a cost or price analysis was conducted to determine reasonableness, allocability, and allowability. The supporting documentation used to conduct this analysis may be attached to a form that may be used to document this process.

L06) Consider updating the Hi'ilei Aloha's Fiscal Policies and Procedures manual to prescribe the position that is responsible for contract execution, whether the contract execution authority may be delegated, and the process that must be followed in order to perform such delegation of authority. For example, documentation of a delegation of authority may encompass the preparation of a memorandum communicating the details of delegation and containing the signature of the delegating party.

L07) When updating the Hi'ilei Aloha's Fiscal Policies and Procedures manual, also consider including the detailed process to be followed when executing a contract to ensure that the contract effective date occurs after the execution date. The process may require the vendor to sign the contract first and then return to the LLC. After the LLC receives the signed contract, the LLC representative may sign the contract and include the effective date to be on or after the LLC representative has signed the contract.

L08) Ensure that employees are trained on the established process for check issuances. Employees processing payments should ensure that payments are only processed after a completed Request for Check Issuance form has been signed by the individual with authority to approve.

L09) Ensure that complete and appropriate documentation is received from the vendor prior to completing a Request for Check Issuance form so that payments may only be processed after the LLC has received a detailed invoice from the vendor.

L10) At times, there is no way to predict that circumstances will change; however, if at all possible ensure that services that have been obtained are fully utilized so that funds are not utilized for services that although provided by the vendor do not bring a benefit to the organization because the resulting deliverable is not used.

L11) Provide guidance and training to individuals processing payments and to individuals responsible for managing contracts to ensure that they are cognizant that payments made on a contract never exceed the total contract amount. If a price increase or a timing change is negotiated with the vendor, ensure that a documented contract amendment is fully executed by both the vendor and the LLC.

L12) Ensure that appropriate monitoring of each contract is in place for those contracts entered into by Hi'ipaka and OHA. It was observed that the strict monitoring in place for other contracts was not followed for the contract between Hi'ipaka and OHA. It is possible that this was due to the close relationship between the two entities.

L13) Ensure that verification of receipt of a product or service is documented consistently. This may include the application of a stamp to an invoice that provides an area for the contract manager to initial or sign indicating verification that the work was performed or goods were received. See also recommendation L03.

L14) Update the Hi'ipaka's Standard Operating Procedures and existing Corporate Procedures Manual to ensure that policies and procedures for the organization are communicated consistently in both documents. Alternatively, consider the use of a single document to reduce the risk of inconsistencies. If there are any procedures that are followed as a matter of practice, ensure that the procedures are documented. If revisions to policies or procedures are needed, they should be made at this time. The document used to record the standard operating procedures must be reviewed on an annual or biannual basis to ensure that as new procedures are implemented they are appropriately documented.

L15) Implement a process whereby items obtained or verified from a vendor, such as the Certificates of Good Standing with the State of Hawai'i, certificates of Insurance, and contractor's license, are not only verified but also included and retained as part of the contract file. Establishing this process will aid in reducing the risk that one of these important documents is not obtained from the vendor during the contract procurement process.

L16) Ensure that appropriate steps are implemented to review contract drafts to verify that the contract contains accurate effective dates and execution dates are listed.

L17) Ensure that any verbal changes to a contract (contract terms, increased contract amount, or a change in the contract's time of performance) are appropriately documented with a written contract amendment. Legal counsel should be involved

in designing a template that Hi'ipaka may use when a change to the contract terms, total compensation, and/or time of performance is necessary. The contract amendment should be signed by both the vendor and Hi'ipaka representative and should be included in the contract file.

L18) Prior to processing any contract payments, the contract manager should ensure that the invoice accurately reflects the terms of the contract. Hi'ipaka may also consider updating the Hi'ipaka contract template to prescribe the vendor invoice format to include total amount of the contract, total amount previously invoiced, total amount received in payment, and total invoice amount. Having this invoice format will aid Hi'ipaka in ensuring that total invoices and payments do not exceed the total contract amount.

L19) Provide training and education to individuals responsible for processing payments to require that a Check Request form be completed and appropriately approved (signed) prior to processing payment. Under no circumstance should a payment be prepared prior to receiving an invoice from the vendor and/or prior to having a completed Check Request form as support.

L20) Implement a review process to ensure that accurate information is included in the general ledger to record payment information, such as payee name, check number, and date.

L21) Consider requesting from the bank that images of the front and back of the cancelled checks be provided with the monthly bank statements. If the bank used does not provide this service inquire whether the images of the front and back of cancelled checks may be provided in electronic format (such as disk accompanying the monthly bank statement). Part of the bank reconciliation process should include viewing these copies to verify, at the minimum on a sample basis, that the payee, date, amount matches what was recorded in the general ledger and to ensure that the checks were signed in accordance with Hi'ipaka policy (Executive Director to sign check of less than $10,000 and LLC Managers for check of $10,000 or more).

L22) Ensure that prior to selecting a vendor or service provider that three verbal quotations of rate or price are obtained as required by the Ho'okīpaipai Fiscal Policies and Procedures manual.

L23) Ensure that when competitive negotiation becomes infeasible, the basis for non-competitive negotiations is documented in writing. Evidence of this determination should be retained in the contract file.

L24) As OHA is a funding source for the operations of the various LLCs, consider establishing a process whereby the disbursement of funds for “loans” and “grants” issued by the LLCs are reviewed by OHA’s procurement staff to ensure that these “loans” and “grants” are in compliance with the regulations of HRS §10-17.

L25) Implement procedures to ensure that each of the documents required for the disbursement is appropriately completed and retained in the contract file. Enforce

the requirement that all documents be completed by the appropriate method and in the appropriate order, and retained in the disbursement files. Disbursements should never be approved or issued without all of the necessary steps being completed. Consider whether additional training of staff is necessary.

L26) The LLCs should not make purchases or issue disbursements for the benefit of a third-party without adequate and equal consideration. If it is the intent of OHA that any of the LLCs provide support to third-party organizations that further the mission of OHA or the LLCs, a process should be implemented whereby there is a transparent review and approval of funding support, similar to the grant process at OHA. This process should be documented in the respective LLCs' policies and procedures and include adequate steps for review and approval.

L27) Ensure that a comprehensive quality review control is in place for the production of the LLCs' quarterly reports to the Board of Trustees. The Executive Director for Hi'ilei Aloha must review the final draft of quarterly reports prior to being finalized so that if there are any differences within the quarterly report, they are addressed. If a legitimate reason exists for a difference, at the very least a footnote should provide an explanation for the differences.

L28) Consider adding a footnotes or notes to the quarterly reports to either disclaim that additional transactions may take place for a quarter after the quarterly report is provided to the Board of Trustees. If at all possible, include an area to communicate a reconciliation for amounts that may have been recorded after the quarterly report was prepared so that amounts carry without difference to year-to-date amount.

L29) Ensure that a strict quality control review process is in place for the review of the quarterly reports so that any mathematical errors are identified and corrected prior to the report finalization.

L30) Consider whether the format of the financial reports provided within the quarterly reports may mirror the format of the audited financial statements, so that the readers of the quarterly reports may be able to reference either report knowing that the financial information is presented uniformly for ease of reference.

VIII. Board of Trustees Oversight of OHA and the LLCs

In addition to the specific recommendations made to address the various observations seen during the testing performed, CLA has also developed observations and recommendations pertaining to the Board of Trustees oversight of OHA and the LLCs. CLA identified three areas that pertain to general oversight and governance in an organization, as discussed further below.

A. Governance: Development of Permitted Interaction Group on Organizational Guidance

Observation:

In January 2019, the Board approved the formation of a Permitted Interaction Group (PIG) to investigate various elements of governance frameworks and models, including but not limited to, cultural, indigenous, native, national, and international contexts. In April 2019, the PIG recommended and the Board approved five elements of OHA's Board Governance Framework: 1) Identity, 2) Values and Mana, 3) Statutory Basis, 4) Policies, and 5) Supporting Documents and Practices (Operations). This is an excellent process to dig deep into the various areas of governance that need attention.

Recommendation:

This is an important function and it will be critical that an assessment of the progress be completed at least every six months or quarterly. The group is utilizing the best practices available from the Government Finance Officers Association, which CLA agrees is a great resource to be considered. CLA also suggests, if it has not already, the use of the self-assessment tool available from the State of Hawai'i – "*Self-Assessment of Internal Controls for State Departments and Agencies."* Resources are also available from the American Institute of Certified Public Accountants that could be helpful as this group develops best practices.[376]

In reviewing the minutes from the group, it appeared there were requests that the group investigate whether conflict of interest codes had been violated (minutes of June 20, 2019 meeting). If the group is going to be utilized in this manner, they may want to combine the efforts with outside resources, such as Certified Internal Auditors or Certified Fraud Examiners who will have the training and expertise to properly investigate such matters.

B. Governance: Transparency and Financial Reporting

Observation:

On September 26, 2018, OHA adopted RM #18-12. This action was a comprehensive revision related to budget preparation, format, and reporting requirements. The action included various changes to the Executive Policy Manual and the Board of Trustees Operations Manual. This action was taken to address whether "sufficient" information is

[376] https://www.aicpa.org/eaq/internal-control-resources.html

available to the Board of Trustees. RM #18-12 is an attempt to assure that OHA's practices resemble best practices established by the Government Finance Association, as well as adhering to the State of Hawai'i's Executive Budget Act. One of the key aspects of this proposal is the creation of a Transparency portal available to the Board and public of financial reports comparing the Biennium budget to actual results. Because this action involves complex accounting and financial recommendations, the effective date for this action is deferred until submission of the FY 2022-23 Biennium Budget.

Recommendation:

It is believed that when RM #18-2 is fully implemented, financial reporting and transparency will be adequately addressed. However, in the meantime, to improve transparency, it is recommended that additional financial reporting be provided to the Board regarding contracts awarded, expenditures incurred, and grant submissions. It is recommended that a list of grantees be provided on a monthly basis to the Board. The purpose of the grant and expected total should be provided. This will help increase communication and transparency about grants awarded. It may also be prudent to provide a list of approved contracts and a copy of the check registers on a monthly basis as well, which provides complete transparency of expenditures.

C. Governance: Internal Audit

Observation:

Currently, OHA does not have an internal audit division or function. Having an internal audit function has proven to be an effective way for organizations to minimize the risk of error and fraud and strengthen internal controls. The Institute of Internal Auditors defines the fundamental purpose, nature, and scope of internal auditing as follows:

> *Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.*[377]

The *2018 Report to the Nations,* published by the Association of Certified Fraud Examiners, reported in their study on occupational fraud, that 15% of occupational fraud cases had been discovered by internal auditors.[378] This is the second most common

[377] https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Definition-of-Internal-Auditing.aspx

[378] The Association of Certified Fraud Examiners (ACFE) is the world's largest anti-fraud organization and premier provider of anti-fraud training and education (www.acfe.com). The *Report to the Nations* is published by the ACFE every two years and is the largest global study on occupational fraud (https://www.acfe.com/report-to-the-nations/2018/default.aspx). The ACFE defines occupational fraud as "the use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the organization's resources or assets" (https://www.acfe.com/fraud-101.aspx).

method of fraud detection. The report goes on to state that when an organization had an internal audit function in operation, fraud was detected much quicker and the loss was much less. For example, it reported the median loss with the internal audit function in place to be $108,000 versus $200,000 without, and detected in 12 months when the control was in place, versus 24 months without.[379]

In addition to the detection of fraud, other benefits of having an internal audit function include helping the organization ensure that:

- Risks are appropriately identified and managed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the organizations control process.
- Significant legislative or regulatory issues impacting the organization are recognized and addressed properly.
- The organization creates an internal accountability system with properly trained individuals that are independent from the accounting personnel.

Recommendation:

OHA should consider establishing an Internal Audit division or function within the organization. Internal auditors typically report to the Audit Committee or Governing Board. Internal audit should play a role in assisting management with the following areas:

a) Control Environment – Assess various aspects of the control environment including policies, procedures, organizational structure, management philosophy, and ethical values. The internal auditors often perform proactive fraud audits and tests, investigations when needed, and provide remediation for findings.

b) Fraud Risk Assessment – Internal auditors often evaluate management's fraud risk assessment and help in identifying and testing these risks. This may include high risk transactions and involve suppliers, contracts, and related parties.

c) Control Assessments – Assess the design and operating effectiveness of internal controls including assessing the risk for fraud or misconduct.

[379] Association of Certified Fraud Examiners (2018) *Report to The Nations: 2018 Global Study of Occupational Fraud and Abuse.* Austin, TX, p. 28-29.

d) Communications and Training – Assist management with assessing the effectiveness of information, systems and practices, and provide support for fraud-related training initiatives.

e) Monitoring – Internal audit typically assists with assessing monitoring activities related to computer software and security, and conducting investigations as required through normal monitoring and as requested by the audit committee (or governing board), as needed.

The following steps are outlined for starting an internal audit function:[380]

- Clarify expectations with senior management, the board, and audit committee.
- Develop an audit charter, with audit committee (or governing board) input and approval.
- Consider the appropriate budget and staffing model (e.g. in-house, co-sourced, or outsourced). As part of the process, research actions taken by similar governmental organizations.
- Formulate reporting responsibilities of the internal audit function.
- Identify the "universe" of auditable entities within the organization.
- Complete an initial risk assessment with management and audit committee (or governing board) involvement. Consider using COSO's internal control and enterprise risk management frameworks.[381]
- Develop an internal audit plan responsible to the risk assessment.
- Determine staffing requirements and whether the department will be staffed internally, co-sourced, or outsourced.
- Plan and execute audit work called for in the plan, including a system to monitor and follow up on audit recommendations.
- Update the risk assessment for changing circumstances during the year.
- Continuously enhance and modify the internal audit function to meet changing needs of management and the audit committee.

[380] Protiviti (2009) *Guide to Internal Audit: Frequently Asked Questions about Developing and Maintaining an Effective Internal Audit Function,* Second Edition. P. 12.

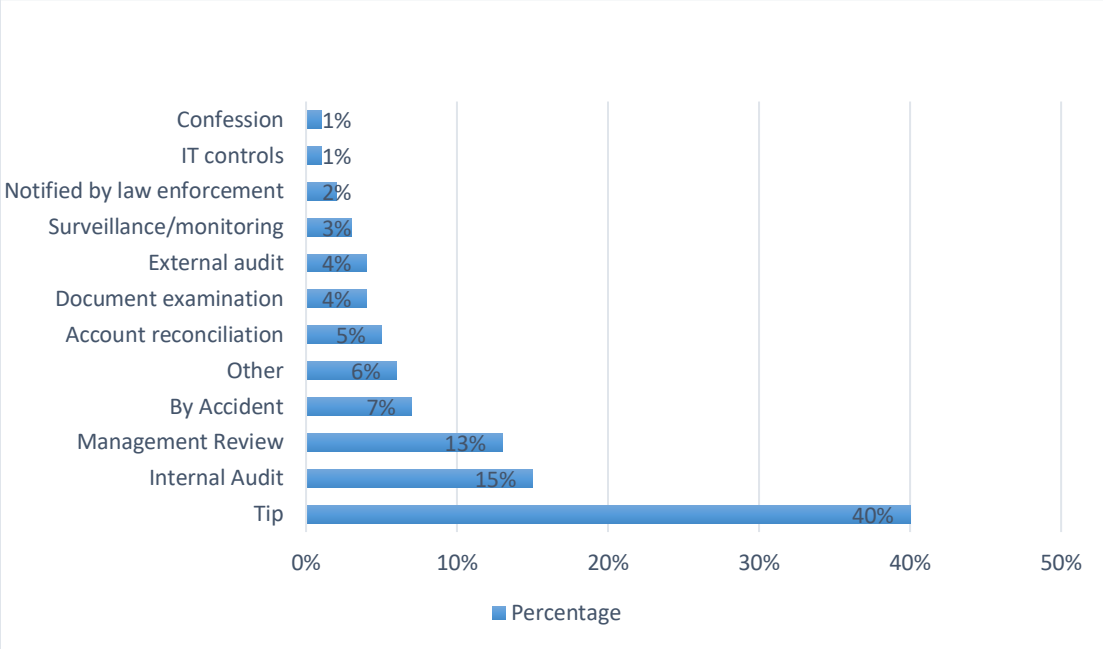
[381] COSO is the Committee of Sponsoring Organizations of the Treadway Commission, which is "a joint initiative of five private sector organizations dedicated to providing thought leadership through the development of frameworks and guidance on enterprise risk management, internal control, and fraud deterrence." The internal control framework was developed by COSO and helps organizations design and implement internal control. The enterprise risk management framework was also developed by COSO and "addresses the need for organizations to improve their approach to managing risk to meet the demands of an evolving" environment. Source: https://www.coso.org/Pages/default.aspx

D. Governance: Hotline

Observation:

OHA does not have an established hotline for the reporting of fraud or abuse. This is one of the most effective and cost efficient tools available to organizations. As reported in the ACFE's *Report to the Nations: 2018 Global Study on Occupational Fraud and Abuse,* tips are the by far the most common means of detecting fraud (see Figure 1 below).[382] The report explains further that more than half of the tips were provided by employees of the victim organizations.

Figure 1: How is Occupational fraud initially detected?[382]



Recommendation:

OHA should consider the implementation of a hotline for anonymous reporting of fraud and abuse. This is an important and essential part of a successful ethics and compliance program in any organization. Hotline programs can be operated internally, especially if an internal audit division is in place, or can be outsourced to a reputable company offering such services. There are three keys steps to consider when establishing a hotline:

1) Planning
2) Communication
3) Responding

[382] Association of Certified Fraud Examiners (2018) *Report To The Nations: 2018 Global Study of Occupational Fraud and Abuse.* Austin, TX, p. 16-17.

Step 1 – Planning a successful hotline program

Setting up a hotline may seem simple, but there are many factors to consider. It is important that the system adequately protects the confidentiality of anonymous callers while providing quality information. It is also important to establish how information will be received and distributed, and how records of complaints and investigations are maintained. Access to the hotline should be easily available to employees, suppliers and vendors, and outside stakeholders.

One important decision is whether the hotline calls will be answered by someone within the organization, like the human resources or legal department, or externally. Research has shown there are drawbacks to using internal employees. If employees realize they are calling an internal number, they may be afraid their identity will be traced, which often deters the choice to call. There are other operational complications such as consistency of handling sensitive calls and having the line open 24/7, which may mean leaving a message, which most are very reluctant to do. An internal hotline also leaves the organization vulnerable to covering up issues that involve high level executives. An external process provides greater safeguards of anonymity and avoids the possibility or appearance of impropriety.

Another important aspect in the planning stage involves the availability of the means of communication: telephone, voice messages, web based submission, and/or written submission through the mail. The most effective hotlines are staffed 24 hours a day, 365 days a year, and use experienced interviewers to take the calls.

It is important to note that the hotline may receive calls that are unrelated to fraud or abuse. It is important that the organization consider how these complaints will be handled. The line may be used to report sexual harassment, workplace environment matters, safety issues, discrimination, etc. Since these matters are legally sensitive for the organization, interviewers should be trained on how to handle these situations and be able to properly advise the caller.

Another important decision in the planning phase is to determine who will take ownership of the line. Typically this in the human resources and legal departments. It may also be prudent to assign a member of the Board to the team in case there are reports about high level executives and to provide someone with governance oversight responsibilities.

Determining how the calls are documented and disseminated is another critical decision at the onset. A system of who receives the information and makes decisions on next steps is very important; therefore, it is critical that this be a shared role. Dual dissemination is a helpful practice. A sample report distribution structure is shown in Table 23.

Table 23: Sample Hotline Report Distribution Structure

Issue	Potential Recipients
Employee Mistreatment	Human Resources, Ethics Officer
Fraud	Internal Audit, Legal, Risk Management, Ethics Officer
Accounting Irregularities	Audit Committee, External Auditors, Internal Audit
Workplace Issues	Security, Legal, Human Resources
Employee Theft	Legal, Human Resources

Another factor to decide in the planning stage is the data security of the hotline documentation. There must be safeguards in place to protect the confidentiality of the information, which means the storage of the files should be secure and protected from others inside and outside. If emails are used to gather information it may be necessary to use encryption to properly secure the email transmission.

Step 2 – Communication

It is far too common that organizations create a hotline program but receive little to no complaints, which is typically because they did not adequately and consistently communicate about the plan. Communications about the hotline should be part of the ethics program of the organization in line with promoting ethical behavior throughout the organization. Communications about the hotline should encourage employees to not only help in detecting fraud, but to create the value of an ethical organizational culture.

It will be important that the message about integrity and high ethics start at the top and be embraced by management within the organization. Another important factor is to ensure that all employees receive information about this in their orientation and distribute reminders at least annually. It is also best if there is a document that is signed by all employees that they acknowledge receiving information about the ethics policies and the hotline. To encourage employees to come forward when there is knowledge of unethical behavior, some organizations choose to reward whistleblowers with financial incentives or other methods of appreciation for their actions to report the behavior. In this stage, consideration should be given to developing a mechanism for reporting outcomes of the hotline. Periodically reminding employees, suppliers/vendors, and other stakeholders about the avenues for reporting unethical behavior increases the usage and helps to protect the reputation of the organization.

Step 3 – After the call

A very important aspect of a hotline program relates to what is done after a call is received. There should be a named hotline implementation team that receives each complaint and determines the next course of action. Someone on the audit committee (or governing board) is typically part of this team. In order to continue conversations with the caller, the caller is generally given a unique code correlating to his/her report and is asked to call back after a pre-determined interval.

A decision will need to be made as to whether an allegation should be investigated. Procedures should be in place to determine who in the organization should conduct the investigation. Human resources and legal should be involved in making this decision. If the allegation involves possible financial irregularities, it may be warranted to hire independent auditors or Certified Fraud Examiners to assist in the investigation. Internal auditors can also be utilized for this purpose.

It is important to track the complaints received and add information regarding the actions that have been taken to investigate each allegation. The organization should create a database for this purpose that is confidentially stored. The database should record the final disposition of the investigation and the nature of any discipline or other corrective

action taken as a result of the complaint. Third-party hotline providers can typically assist with this system.

One of the advantages of having this database is that it often helps organizations identify areas that are in need of increased controls. This often results in opportunities for better training to improve the situation. For example, if there are continued complaints about credit card abuses, the organization can provide training to anyone using credit cards to alleviate the potential for abuse. Process and procedure changes may also be spurred by these reports.

These three steps are imperative in developing a hotline within OHA. Hotline usage has drastically increased across all sectors, especially since the passage of the Sarbanes-Oxley Act, in which lawmakers validated the need for such reporting mechanisms. By making these lines available to employees, vendors, contractors, and the general public, the quality and quantity of valid reports will increase. Although nuisance calls will occur, having a hotline will help OHA establish a culture of ethics and will help to deter illegal activity.

E. Governance – Employee Training

One aspect of an effective anti-fraud program within an organization is by providing robust and consistent employee training. Employees should receive training about the values and code of conduct within the entity. As stated in the Excerpt from SAS 99, the training should include expectations of employees in regards to (1) their duty to communicate certain matters; (2) a list of the types of matters, including actual or suspected fraud, to be communicated along with specific examples; and (3) information on how to communicate those matters.[383]

This type of training will be unique to the individual's position within the organization and should be specifically designed to cover OHA's policies and procedures and code of conduct, depending on their role. The training should also include basic fraud awareness for their area, such as the types of fraud that can happen within their area and red flags of fraud.

F. Governance – Audit Committee

Another key attribute of an effective anti-fraud program is the audit committee. An audit committee can help to reinforce management's commitment to creating a culture with "zero tolerance" for fraud. OHA should consider establishing an audit committee that could include the following responsibilities in its charter:

- Evaluate management's identification of fraud risks

[383] Excerpt from Statement on Auditing Standards (SAS) No. 99, *Consideration of Fraud in a Financial Statement Audit,* 2002 by American Institute of Certified Public Accountants, Inc. New York, NT. *Management Antifraud Programs and Controls: Guidance to Help Prevent and Deter Fraud.*

- Implementation of anti-fraud measures
- Create an appropriate “tone at the top”
- Ensure that senior management (in particular, the CEO) implements appropriate fraud deterrence and prevention measures to better protect stakeholders
- Evaluate the financial reporting process, especially considering the potential for management to override controls
- Work with the independent auditors regarding the external audit
- Assure there is a mechanism in place to report concerns about unethical behavior, actual or suspected fraud, or violations of OHA policies and procedures
- Ability to authorize and oversee alleged or suspected wrongdoing brought to their attention

It is also important that all members of the audit committee be financially literate and at least one member should be considered a financial expert. The financial expert should possess (1) the skills to understand generally accepted accounting principles and audits of financial statements; (2) experience in preparation and/or auditing of financial statements of an entity of similar complexity to OHA; and (3) experience in internal governance and procedures of audit committees, obtained either as an audit committee member, Chief Finance Officer or an external auditor responsible for reporting on the execution and results of annual audits.

IX. CLA's Suggestions for Implementation of Recommendations

CLA understands that the task at hand for the BOT, RMC, OHA, and LLC staff in addressing, assessing, and considering implementing these recommendations can be daunting. Therefore, CLA strongly encourages the Trustees to delegate to OHA's Administration the development of a "Recommendations Implementation Plan" that includes the following activities and considerations: comparison of recommendations to the current processes for contracts and disbursements (e.g., policies, procedures, practices, training, documentation, etc.) and implementation actions, including accountability measures, timetables, monitoring, and reporting to the RMC and BOT.

X. List of Attachments

Attachment Number	Description
Attachment 01	List of OHA Contracts Selected for Testing
Attachment 02	List of OHA Disbursements Selected for Testing
Attachment 03	List of LLC Contracts Selected for Testing
Attachment 04	List of LLC Disbursements Selected for Testing
Attachment 05	OHA Grants Contracts
Attachment 06	OHA Competitive Sealed Proposal (RFP) Contracts
Attachment 07	OHA Professional Services Contracts
Attachment 08	OHA Small Purchase Contracts
Attachment 09	OHA Exempt Contracts
Attachment 10	OHA Disbursements - CEO Sponsorships
Attachment 11	OHA Disbursements - Exempt & Small Purchases
Attachment 12	OHA Disbursements - pCard
Attachment 13	OHA Disbursements - Leases
Attachment 14	Hi'ilei Aloha LLC Contracts
Attachment 15	Hi'ipaka LLC Contracts
Attachment 16	Ho'okīpaipai LLC Contracts
Attachment 17	Hi'ilei Aloha LLC; Hi'ipaka LLC; Hi'ipoi LLC; and Ho'okīpaipai LLC Disbursements

XI. List of Exhibits

Exhibit Number	Description
01	CLA and OHA contract number 3284
02	OHA's Fiscal Procedures Manual, revised March 2, 2009
03	Operational Authority Delegation Hierarchies FY 2011-12 through FY 2015-16
04	Department of Defense - Red Flags of Fraud
05	HRS §10-17
06	'Aha Kāne's IRS Form 990 - 2011
07	Kamana'opono Crabbe's Hawai'i State Ethics Commission Short Form Disclosure of Financial Interests - April 28, 2016
08	OHA Organizational Charts FY 2011-12 through FY 2015-16
09	Na'i Aupuni News Release - December 15, 2015
10	Public information searches on Kamana'opono Crabbe and Ola Lāhui, Inc.'s Executive Director - backgrounds
11	Public information searches on Kamana'opono Crabbe and Ola Lāhui, Inc.'s Executive Director - events
12	Na'i Aupuni Q&A - December 15, 2015
13	HRS §103D-303
14	HRS §103D-304
15	Committee on Beneficiary and Advocacy and Empowerment - Meeting Minutes - August 24, 2016
16	HRS §103D-305
17	HRS §103D-102(b)
18	Kamanamaikalani Beamer, Ph.D. - Biography
19	State Procurement Office letter dated May 1, 2017
20	Notice & Request for Sole Source - DL Consulting Ltd. - FY 2018-19 through FY 2020-21
21	Example of Procurement Document Checklist
22	OHA List of Program Managers and LOB Directors
23	Report dated June 29, 2013 from University of Hawai'i re: Contract #2659
24	University of Hawai'i - OHA Contract #2659 Amendment #1
25	The Kālaimoku Group - "About" section of website
26	The Kālaimoku Group invoices - OHA Contract #2721
27	Native Hawaiian Education Association - Form 990s - 2013 and 2014
28	Kuauli Aina-Based Insights LLC - Bizapedia Company Information
29	Hawaiian Kingdom Blog: "Petition of Support for CEO Dr. Kamana'opono Crabbe"
30	David Keanu Sai, Ph.D. - curriculum vitae
31	Article: "Legal proceedings continued over failed geothermal tender in Hawaii"
32	OHA Annual Report - June 30, 2016
33	LLC Conflict of Interest policy sample
34	Hi'ipaka LLC Standard Operating Procedures BUS-004
35	Hi'ipaka LLC Corporate Procedures Manual CPM-005
36	Letters from former LLC Managers to CLA - October 14, 2019
37	Letter from Mona Bernardino (Hi'ilei Aloha LLC) - September 3, 2015
38	Letter from Mona Bernardino (Hi'ilei Aloha LLC) - January 28, 2013
39	Hi'ilei Aloha LLC Report to the Office of Hawaiian Affairs for the Quarter Ending June 30, 2016

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December 4, 2019

Report Attachments

CLA – OHA & LLCs Contract and Disbursement Review – Report Attachments

Prepared by:

Ernie Cooper, CPA, CFF, CFE, JD
Ernie.Cooper@CLAconnect.com
Phone (626) 857-7300

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Attachment 01

Attachment 01
Office of Hawaiian Affairs
List of OHA Contracts
Number of Contracts Tested: 80
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-01	2499	Oahu Publications, Inc.	$ 508,548.00	Printing of Ka Wai Ola Newsletter	Blaine Fergerstom (Public Information Director / Acting Director of Communications)	No longer employed by OHA at time of testing	Professional Services	C01 to C08
K-02	2659	University of Hawaii	650,000.00	Create programs and primers and conduct workshops and clinics to include the "A'o Aku A'o Mai" program	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Exempt Contract (Non-Grant): 103D-102(B)(2)(G)	E01, E03, E04, E05, E06, E53
K-03	2683	Papa Ola Lokahi	160,000.00	Provide support for designing healthy work sites	Esther Kia'aina (Chief Advocate)	No longer employed by OHA at time of testing	Professional Services	C01, C03, C04, C07 to C12
K-04	2688	Alu Like, Inc.	830,000.00	Contractor to operate a state-wide delivery system for the programs set forth: community resource access and assistance, individuals and families asset building, and assets for independence	Denise Iseri-Matsubara (Community Relations Director)	No longer employed by OHA at time of testing	Competitive Sealed Proposals - RFP (OHA 11-01)	B01 to B06
K-05	2689	Native Hawaiian Legal Corporation	2,097,600.00	Render legal services and provide legal representation to clients in substantive areas	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Professional Services	C01, C03, C04, C07 to C10, C13
K-06	2695	Young of Heart Workshop dba Pu'uhonua Society	150,000.00	The Hawai'i Kakou mural and community engagement project will bear witness and validate an economy based on an indigenous valuing of place, stewardship, and care of the land/people	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	GRANT GA-1	A03, A06, A10, A14, A21, A36, A37, A38, A40
K-07	2717	Project Vision Hawai'i	24,900.00	Provide health screenings, patient information, and educational resources to Native Hawaiians so they can identify and address their chronic disease conditions	Shannon Toriki (Grants)	No longer employed by OHA at time of testing	GRANT GA-1	A03, A06, A07, A14, A20, A21, A24, A31
K-08	2719	Neighborhood Place of Puna	24,990.00	The Kamalama Parenting Project will provide Hawaiian value-based parenting classes to Hawaiian families at risk for child abuse and neglect in the Puna district so they can understand how their values relate to their parenting skills, keep their children safe and healthy and stay our of the child protective service system	Shannon Toriki (Grants)	No longer employed by OHA at time of testing	GRANT GA-1	A03, A06, A07, A10, A14, A20, A21, A24, A31
K-09	2721	The Kalaimoku Group, LLC	50,000.00	Public relations and messaging services related to the proposed Kaka'ako Makai settlement	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Exempt Contract (Non-Grant): 3-120 Exh. A No. 1	E01, E07, E08, E09, E10, E11, E53
K-10	2725	Townscape, Inc.	20,000.00	Advise OHA regarding Kaka'ako Makai	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Professional Services	C01 to C04, C07, C10

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K-11	2726	I Ola Lāhui, Inc.	500,000.00	Provide evidence-based health interventions in the area of obesity management that are culturally minded and tailored to treat a broad spectrum of Native Hawaiians so they can achieve a healthy weight and reduce health risks associated with obesity	Edwina Minglana (Education Advocacy Coordinator)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A10, A12, A14, A20, A21, A29, A41
K-12	2741	University of Hawaii - Office of Research Services	360,000.00	Native Hawaiian Rights training course	Jocelyn Doane (Public Policy Advocate)	Interviewed on July 23, 2019	Exempt Contract (Non-Grant): 3-120 Exh. A No. 1	E01, E02, E05, E12, E13, E14
K-13	2752	Girls Scouts of Hawai'i	24,500.00	Develop and implement an integrated native Hawaiian and Girl Scouts culture-based leadership training for guests of the Girls Scouts campus at Paumalū so they are responsible stewards of the natural and cultural resources of this ahupua'a and beyond	Shannon Toriki (Grants)	No longer employed by OHA at time of testing	GRANT GA-1	A03, A06, A07, A10, A13, A14, A15, A20, A21, A29, A31
K-14	2759	Special Olympics Hawaii, Inc.	24,834.00	Provide much needed health care and sports training to intellectually challenged Native Hawaiians and their families so they can experience activities and lifestyle choices that will improve the quality and longevity of life	Keith Yabusaki (TA Program Manager)	No longer employed by OHA at time of testing	GRANT GA-1	A03, A06, A07, A10, A14, A21, A29, A31
K-15	2761	Lāna'i Culture & Heritage Center	125,000.00	Fund an archeological and cultural survey of the treasured-but-threatened Ka'ā Ahupua'a Lāna'I landscape	Nancy King (Grants)	Questions submitted through Misti Pali-Oriol	GRANT GA-1	A03, A06, A07, A10, A14, A16, A20, A21, A40
K-16	2799	McGregor, Davianna	110,500.00	Support of OHA governance initiatives and other purposes	Breann Nu'uhiiwa (Chief Advocate)	No longer employed by OHA at time of testing	Professional Services	C01, C03, C04, C07 to C10, C14 to C16
K-17	2828	Mid-Continent Research for Education & Learning dba Mid-Continent Regional Educational Laboratory	349,527.00	Kukulu Hou assessment framework project (Mana Scale) consulting and advisement phase	Kamana'opono Crabbe (CEO)	Unsuccessful attempts to interview	Professional Services	C01, C03, C04, C07 to C10, C17
K-18	2857	Native Hawaiian Education Association	99,600.00	Scholarship production and facilitation services	Edwina Minglana (Education Advocacy Coordinator)	No longer employed by OHA at time of testing	Exempt Contract (Non-Grant): 3-120-4(3)	E01, E05, E15, E16, E17, E18, E19, E57
K-19	2865	Rider Levett Bucknall, LTD	150,000.00	Design of management and development framework for Kaka'ako Makai land parcels	Aedward Los Banos (COO)	No longer employed by OHA at time of testing	Competitive Sealed Proposals - RFP (13-02)	B01, B02, B07, B08, B20
K-20	2879	Kuauli'Aina-Based Insights LLC	435,000.00	Documenting the sale of the former Hawaiian Kingdom Government and Crown Lands	Kamoa Quitevis (Research Designee)	No longer employed by OHA at time of testing	Exempt Contract (Non-Grant): 3-120 (1)	E01, E05, E06, E16, E18, E20, E21, E22, E23, E53
K-21	2880	DL Consulting LTD.	284,880.00	Services related to Papakilo Database	Kale Hannahs (Research Designee)	Interviewed on July 24, 2019	Exempt Contract (Non-Grant): 3-120 (1)	E01, E05, E08, E16, E22, E24

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K-22	2883	Parents and Children Together	500,000.00	Provide case management services that include outreach, intake, employment training and placement and career service planning	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A16, A21, A22, A29
K-23	2884	Kanu O Ka 'Āina Learning 'Ohana	1,500,000.00	Provide program activities to support seventeen Hawaiian-focused charter schools in providing a free and appropriate public education as chartered for school year 2012-2013	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A16, A21, A37, A38, A40
K-24	2886	Kāko'o 'Ōiwi	268,000.00	Advancing Pae 'Āina Sustainability in He'eia, O'ahu	Nancy King (Grants)	Questions submitted through Misti Pali-Oriol	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A16, A21, A25, A28, A29
K-25	2887	I Ola Lāhui, Inc.	500,000.00	Kūlana Hawai'i Weight Management Program	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A16, A21, A22, A29, A41
K-26	2892	Molokai Habitat for Humanity, Inc.	290,000.00	Molokai Habitat for Humanity Native Hawaiian Housing Program	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A16, A21, A25, A29
K-27	2898	Goodwill Industries of Hawai'i, Inc.	300,000.00	Employment Core & Career Support Services for Low-Income Native Hawaiians	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A16, A21, A29
K-28	2900	Native Hawaiian Legal Corporation	2,097,600.00	Render legal services and provide legal representation to clients in substantive areas	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Professional Services (LEGAL PROVISO)	C01 to C04, C07, C08, C10, C18
K-29	2903	Kōkua Kalihi Valley Comprehensive Family Services	495,335.00	Provide opportunities for keiki to learn to cook local and traditional foods and to prepare and share meals with their families	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A16, A17, A18, A20, A21, A25, A29
K-30	2911	Salvation Army Family Treatment Services	247,645.00	Women's way obesity and physical health improvements in Native Hawaiians	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Grant (Exempt - 10-17 (e))	A03, A06, A07, A10, A16, A21, A26, A29
K-31	2914	Hawaiian Community Assets, Inc.	248,645.00	Building stability in housing projects	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A16, A21, A28, A29, A30
K-32	2918	Waimea Hawaiian Homesteader's Association, Inc.	262,820.00	Farming for the Working Class	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A07, A10, A14, A16, A21, A24, A29
K-33	2922	Keiki O Ka 'Āina Preschool, Inc.	159,839.00	Implement One Board, One Stone, in Every Home program designed to decrease proficiency in the practice of carving papa ku'i'ai and pōhaku ku'i'ai among Native Hawaiians in furtherance of OHA's Strategic Result	Shannon Toriki (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A07, A10, A14, A16, A21, A24, A28, A29
K-34	2926	Helping Hands Hawaii	1,600,000.00	Provide asset incentives, financial literacy, and multiservice referrals for Native Hawaiians	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Competitive Sealed Proposals - RFP	B01, B02, B04, B06

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K-35	2931	Oiwi Television Network	1,000,000.00	Producing broadcast media content	Ryan Gonzalez (CE Director / Designee)	No longer employed by OHA at time of testing	Professional Services (STATE PROVISO)	C01 to C04, C07, C08, C10, C19 to C21
K-36	2932	The System Center, Inc.	810,677.34	Provide furniture, fixtures, and equipment for gentry	Kawi Nui Yoon (Land and Property Manager)	No longer employed by OHA at time of testing	Competitive Sealed Proposals - RFP (OHA 13-03)	B01, B02, B07, B09
K-37	2948	McCorriston Mukai Miller Mackinnon LLP	225,000.00	Render legal services as requested by OHA	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Professional Services	C01 to C04, C07, C08, C10, C22
K-38	2949	University of Hawaii Hilo	590,000.00	Provide educational enrichment programs for Native Hawaiian children in grades K through 12 throughout the State	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A10, A14, A16, A21, A37, A38, A40
K-39	2953	Native Hawaiian Education Association	150,000.00	Creating dialogs and action plans from local and international indigenous perspectives to address Native Hawaiian Education	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A01, A03, A06, A07, A14, A16, A21, A40
K-40	2955	University of Hawai'I Office of Research Services	100,000.00	Grant to UH-ORS on behalf of Hawaiinuiakea School of Hawaiian Knowledge to support Ka Papa Loi o Kanewai Cultural Resource Center	Nancy King (Grants)	Questions submitted through Misti Pali-Oriol	Grant (Exempt - 10-17 (e))	A03, A06, A10, A14, A16, A21, A22, A40
K-41	2961	Good Juju Co., The	209,426.00	Produce a 45-60 minute animated educational video relating to the historical facts and events of Hawaii's Monarchy and its overthrow	Alice Silbanuz (Digital Manager)	Interviewed on July 23, 2019	Professional Services	C01 to C04, C07, C08, C10, C23
K-42	2962	Hawai'i Community Foundation	330,000.00	Carry out the Higher Education Scholarship Program (Hawaii Community Foundation administers one of OHA's Higher Education Scholarship services to Native Hawaiians)	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A07, A10, A14, A21, A40
K-43	2963	Environmental Science International	397,225.00	Final Product shall consist of one (1) full length video and fifteen (15) three to four minute vignettes	Koa Kulukukui (Corporate Counsel Designee)	No longer employed by OHA at time of testing	Competitive Sealed Proposals - RFP	B01, B02, B06, B07, B10, B11
K-44	2967	Rider Levett Bucknall, LTD	10,000.00	Present the management and development framework on the Kaka'ako Makai land parcels	Allen Kam (Commercial Property Manager)	No longer employed by OHA at time of testing	Exempt Contract (Non-Grant): 103D-102(b)(4)(G)	E01, E05, E25, E26, E27, E28, E29, E30, E56
K-45	2976	Spire Hawaii LLP	723,380.00	Review budget documents, financial statements, audit reports and other internal and external documents relating to OHA operations, OHA's LLCs, BOT Policies, and other documents requested by BOT Chair	Peter Apo (BOT - ARM Chair)	No longer with OHA at time of testing	Competitive Sealed Proposals - RFP	B01, B02, B04, B06, B07, B12
K-46	2978	Living Life Source Foundation	200,000.00	Grant to Living Life Source Foundation in support of Ho'opono Mamo	Jacee Smith (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A07, A10, A14, A16, A21, A40

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Office of Hawaiian Affairs
List of OHA Contracts
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CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-47	2979	Sai, David Keanu	25,000.00	Providing memorandums and lectures regarding political science perspective under the framework of international law	Kamana'opono Crabbe (CEO)	Last day with OHA was June 30, 2019	Exempt Contract (Non-Grant): 3-120-4(3)	E01, E05, E06, E31, E32, E33, E34, E35, E56
K-48	2981	High Tech Youth Network	180,000.00	Deploy two new High Tech Youth community studios on Kaua'I to provide a creative environment for youth to work on digitally based projects by linking cultural knowledge and values with technology	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A16, A17, A21, A40
K-49	2985	University of Hawaii - Office of Research Services	65,000.00	Pili Ohana Partnership to address obesity and diabetes for native Hawaiians and Pacific Islander	Leanne Fox (Executive Manager to CEO)	On leave at the time of testing; questions submitted through Phyllis Ono-Evangelista & Raina Gushiken	Exempt Contract (Non-Grant): 103D-102(b)(2)(G)	E01, E05, E18, E36, E37, E53
K-50	2994	Department of Labor and Industrial Relations	250,000.00	Prisoner reintegration job training services	Shannon Toriki (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A04, A09, A10, A14, A17, A21, A22, A40
K-51	2996	Inkinen & Associates	24,998.00	Personnel search for Land & Property Director recruitment	Edwina Minglana (Education Advocacy Coordinator)	No longer employed by OHA at time of testing	Small Purchase	F01
K-52	3007	WCIT Architecture, Inc.	2,925,752.00	The purpose of this conceptual master plan is to take OHA from the framework plan to the point of being ready to issue an RFP to select a site developer	Allen Kam (Commercial Property Manager)	No longer employed by OHA at time of testing	Competitive Sealed Proposals - RFP	B02, B04, B13, B14, B15
K-53	3010	Hawai'i Community Foundation	330,000.00	Provide scholarship services to assist Native Hawaiians for academic year 2015-2016 in furtherance of OHA's strategic result	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A07, A10, A14, A17, A21, A40
K-54	3019	McCorriston Mukai Miller MacKinnon LLP	150,000.00	OHA's designated insurance defense counsel	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Exempt Contract (Non-Grant): INSURANCE APPOINTED DEFENSE COUNSEL	E01, E05, E38, E39, E40, E45, E56
K-55	3022	Stryker, Weiner & Yokota Public Relations, Inc.	293,969.24	Provide research services to developing uniform communications and messaging highlighting OHA	Kamana'opono Crabbe (CEO)	Last day with OHA was June 30, 2019	Professional Services	C01, C03, C04, C07, C10, C24, C25
K-56	3025	Reed Smith LLP	200,000.00	Provide legal services regarding native Hawaiians	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Professional Services	C01 to C04, C07, C08, C10, C26 to C30
K-57	3026	Akamai Foundation	2,598,000.00	To facilitate an election of delegates, election and referendum monitoring, a governance 'Aha, and a referendum to ratify any recommendation of the delegates arising out of the 'Aha	Sarah Antone (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A08, A10, A14, A21, A40, A42

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CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-58	3031	Peninsula Real Estate Partners LLC	90,000.00	Provide analysis of financial and budgetary data	Hulu Lindsey (BOT Member)	Current - Interview not needed	Professional Services	C01 to C04, C07, C10, C31
K-59	3032	Hawaii Housing Finance Development Corporation	24,500.00	Cooperative Purchasing Agreement for 2015 Hawaii Housing Planning Study	Deja Ostrowski	No longer employed by OHA at time of testing	Exempt Contract (Non-Grant): 103D-102(b)(2)(G)	E01, E05, E22, E41, E53
K-60	3036	Helping Hands Hawaii	1,660,000.00	Provide asset incentives, financial literacy, and multiservice referrals for Native Hawaiians	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Competitive Sealed Proposals - RFP (TAP 2015-04)	B02, B04, B06, B13
K-61	3039	Parents and Children Together	523,000.00	To implement the Ready to Work and Career Support Services project which will provide outreach and recruitment, intake and assessment, Competency Based Diploma preparation classes, employment training and placement, career service planning and ongoing case management to Native Hawaiians on O'ahu, in furtherance of OHA's Ho'okahua Waiwai (Economic Self-Sufficiency) Strategic Result	Jacee Smith (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A17, A21, A22, A29
K-62	3041	The Queen's Medical Center	380,000.00	The purpose of the Hana Ola Project is to implement a culturally relevant, community-based program based on health and nutrition education, and physical activity to reduce the incidence and severity of obesity among Native Hawaiians, in order to improve their overall well-being, and reduce the burden of cardiovascular disease risk factors	Jacee Smith (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A07, A14, A21, A22, A27, A29
K-63	3043	Ka Honua Momona International	200,000.00	Return momona (health and abundance) to the land and people of Molokai through the community-based restoration of two ancient Hawaiian fishponds	Nancy King (Grants)	Questions submitted through Misti Pali-Oriol	Grant (Exempt - 10-17 (e))	A03, A07, A10, A14, A21, A22, A27, A29, A32
K-64	3046	Kōkua Kalihi Family Comprehensive Family Services	201,074.00	Restore the health of the Kalihi 'ahupua'a by promoting cultural practices for kama'āina (residents) and malihini (visitors) to ultimately improve the health of the Māluawai watershed thereby ensuring its long-term sustainability	Nancy King (Grants)	Questions submitted through Misti Pali-Oriol	Grant (Exempt - 10-17 (e))	A03, A07, A14, A17, A20, A21, A22, A27, A29

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CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-65	3047	Boys and Girls Club of the Big Island	230,000.00	Strengthen health for Native Hawaiian and other Club members by skillfully instilling healthy lifelong fitness and diet habits in the youth of 5 Boys & Girls Club of the Big Island communities through culturally responsive minds-and-bodies-involved experiential healthy lifestyles education delivered by caring Club mentors	Jacee Smith (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A07, A14, A21, A27, A29
K-66	3050	Kualapu'u Public Conversion Charter School	270,512.00	Reduce the rate of childhood obesity in students in grades K-6 and empower students and families in making positive health choices through a school-based initiative that integrates physical activity, health and nutrition education, and family engagement with in-school student support and clinical health services	Jacee Smith (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A07, A14, A21, A27, A29
K-67	3058	Native Hawaiian Legal Corporation	2,097,600.00	Render legal services and provide legal representation to clients in substantive areas	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Professional Services (LEG PROVISO HB 209 H.C. 25.D.2.C.D.1.)	C01, C03, C04, C07, C08 to C10, C16
K-68	3068	University of Hawaii Office of Research Services Maui College CareerLink	350,000.00	Provide intake and assessment, individual service plans, job preparation and financial literacy workshops, high school equivalency completion assistance, education and training scholarships, participant monitoring, and job placement and maintenance assistance and support in Maui County through the CareerLink project, in furtherance of OHA's Ho'okahua Waiwai (Economic Self-Sufficiency)	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Grant (Exempt - 10-17 (e))	A03, A06, A14, A21, A22, A29
K-69	3072	McCorriston Mukai Miller MacKinnon LLP	250,000.00	Defense counsel to represent insureds in litigation and/or employment practices liability matters	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Exempt Contract (Non-Grant): INSURANCE APPOINTED DEFENSE COUNSEL	E01, E05, E08, E40, E42, E43, E44, E45, E56
K-70	3073	McCorriston Mukai Miller MacKinnon LLP	179,500.00	Initiate a mediated effort to resolve existing disputes between OHA, the State of Hawaii, the University of Hawaii, and any other interested parties admitted to the mediation proceedings	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Exempt Contract (Non-Grant): INSURANCE APPOINTED DEFENSE COUNSEL	E01, E05, E08, E40, E42, E44, E45, E46, E47, E56

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For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-71	3086	Kanu O Ka 'Āina Learning Ohana on behalf of Na Lei Na'auao	3,000,000.00	Support all seventeen (17) Hawaiian-focused public charter schools (HPCS) to exceed educational standards by increasing the number of students who meet or exceed standard-based reading and math state assessments and are on-track for college and career readiness, through a culturally based education model that perpetuates Hawaiian languages, culture, and traditions	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Grant (Exempt - 10-17 (e))	A03, A07, A10, A14, A21, A37, A39, A40
K-72	3100	Bishop Museum	300,000.00	Licensing to disseminate files, images and providing indexing services	Kale Hannahs (Research Designee)	Interviewed on July 24, 2019	Exempt Contract (Non-Grant): 3-120-4(1)	E01, E05, E16, E22, E48
K-73	3101	Ayda Aukahi Austin Seabury	30,062.50	Transcription and facilitation services	Kealoha Fox	On leave at the time of testing; questions submitted through Phyllis Ono-Evangelista & Raina Gushiken	Exempt Contract (Non-Grant): 3-120-4	E01, E05, E16, E18, E49, E50, E51, E56
K-74	3104	MP Associates	157,550.00	Leadership development training	Lisa Victor (COO)	Questions submitted through Phyllis Ono-Evangelista and Raina Gushiken	Exempt Contract (Non-Grant): 3-120-4(3)	E01, E05, E52, E58
K-75	3110	Raedeen M. Keahiolalo LLC	45,000.00	Complete Kukulu Hou Assessment Project	Kealoha Fox	On leave at the time of testing; questions submitted through Phyllis Ono-Evangelista & Raina Gushiken	Exempt Contract (Non-Grant): 3-120-4(1)	E01, E05, E18, E51, E54, E55, E59
K-76	2785	'Aha Kāne - Foundation for the Advancement of Native Hawaiian Males	200,000.00	Bettering the health and well being of families and communities and addressing the issues of Native Hawaiian male leadership and community involvement by focusing on the cultural history and roles of Native Hawaiian men; provide health and wellness screenings for conference participants	Edwina Minglana (Education Advocacy Coordinator)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A02, A03, A06, A07, A13, A14, A15, A16, A19, A21, A37, A38, A39, A40
K-77	2847	Absolute Plus Advisors LLC	$185,000.00	Provide investment advisory services	Hawley Iona (CFO)	No longer employed by OHA at time of testing	Competitive Sealed Proposals - RFP	B01, B02, B04, B07, B16, B17, B18

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For the Period July 1, 2011 to June 30, 2016

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K-78	2983	Wai'anae Community Re-Development Corporation	249,811.00	Establish Ho'oulu Lāhui Aloha 'Āina, an opportunity that endows edu-preneurial options and resources for kanaka maoli youth, 'ohana, and community, in the fields of organic, sustainable, and just food systems	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Grant (Exempt - 10-17 (e))	**A03, A07, A14, A16, A21, A37, A38, A39, A40**
K-79	No Contract #	'Aha Kukui o Molokai	7,566.00	Energizes and educate the Molokai community about what families can do to reduce dependence on fossil fuels by changing to renewables, changing lifestyle and habits, modernize infrastructure, using demand side management, and home and localized generation to increase disposable income by preserving family budget	Not applicable - no contract number	Not applicable - no contract number	Grant (Exempt - 10-17 (e))	**A03, A06, A08, A14, A16, A33, A35**
K-80	No Contract #	Maui Nui Botanical Gardens, Inc.	9,990.00	Raise awareness and interest for Central Maui Native Hawaiians in Hawaiian cultural practices and natural environment so that they can be stewards of the land and increase their desire to perpetuate Hawaiian culture	Not applicable - no contract number	Not applicable - no contract number	Grant (Exempt - 10-17 (e))	**A05, A08, A11, A14, A16, A23, A33, A34, A35**

Attachment 02

Attachment 02
Office of Hawaiian Affairs
List of OHA Disbursements
Number of Disbursements Tested: 50
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	Check Number	Check Date	Method of Disbursement	Payee/Vendor Name (From OHA General Ledger)	Amount Paid (From OHA General Ledger)	Disbursement Type	CLA Observation Numbers
D-01	20212	01/27/2016	Direct Deposit	RILEY, JAMES KAWIKA	$ 4,315.06	Disbursement	None
D-02	28535	06/17/2013	Check	SANBORN, DAVID R.	5,000.00	Disbursement	G-08, G19
D-03	25415	11/10/2011	Check	HI'IPAKA	6,472.90	Grant	F01, F04, F06, F10
D-04	25498	11/30/2011	Check	ABW HOLDINGS LLC	150,000.00	Disbursement	G03, G08, G20
D-05	25668	01/03/2012	Check	NAMU'O, CLYDE W.	183,000.00	Disbursement	None
D-06	25698	01/09/2012	Check	MARTIN TSACHEV AND BICKERTON LEE DANG & SULLIVAN	162,500.00	Disbursement	None
D-07	26028	02/28/2012	Check	PPPHI ASSOCIATES LLC	130,049.25	Lease Agreement	I01, I02, I03, I04
D-08	26042	03/05/2012	Check	HI'ILEI ALOHA, LLC	24,700.00	Grant	F02, F05, F06, F10, F14
D-09	26307	04/20/2012	Check	UNIVERSITY OF HAWAII	30,000.00	Grant	F06, F10, F11
D-10	26645	06/26/2012	Check	TITLE GUARANTY OF HAWAII, INC.	108,412.47	Disbursement	G02, G08
D-11	26694	07/09/2012	Check	OFFICE OF HAWAIIAN AFFAIRS	100,000.00	Disbursement	G08
D-12	26750	07/19/2012	Check	FIRST HAWAIIAN BANK	25,318.03	Purchasing Card and Travel	H01, H02, H03, H05, H07, H08, H10
D-13	26865	08/07/2012	Check	HO'OKIPAIPAI, LLC	207,179.00	Disbursement	G08
D-14	29001	09/25/2013	Check	FCH ENTERPRISES, INC.	68,607.31	Disbursement	G08
D-15	27013	08/31/2012	Check	HI'ILEI ALOHA, LLC	200,000.00	Disbursement	G08, G17
D-16	27175	10/04/2012	Check	X-PRESS TEES	2,453.93	Disbursement	None
D-17	27441	11/28/2012	Check	TITLE GUARANTY ESCROW SERVICES, INC.	3,000,000.00	Disbursement	G02, G08, G09
D-18	24736	07/07/2011	Check	INTER PACIFIC MOTORS	34,733.44	Disbursement	G08
D-19	27638	01/03/2013	Check	SUPPORTING THE LANGUAGE OF KAUAI INC.	25,000.00	Grant	F03, F10, F21
D-20	27802	02/01/2013	Check	POSTMASTER	100,000.00	Disbursement	G08, G13
D-21	28279	05/03/2013	Check	HI'ILEI ALOHA, LLC	520,940.00	Disbursement	G08
D-22	28442	05/31/2013	Check	HU'ENA POWER INC	600,000.00	Disbursement	G08, G14, G21

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Office of Hawaiian Affairs
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For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	Check Number	Check Date	Method of Disbursement	Payee/Vendor Name (From OHA General Ledger)	Amount Paid (From OHA General Ledger)	Disbursement Type	CLA Observation Numbers
D-23	28593	06/27/2013	Check	FIRST HAWAIIAN BANK	67,146.65	Purchasing Card and Travel	H01, H03, H04, H05, H07, H08, H10
D-24	29531	01/23/2014	Check	MARSH USA INC	190,711.44	Disbursement	G08, G15
D-25	29566	01/30/2014	Check	PACIFIC PARK PLAZA OWNER, LLC	177,601.26	Disbursement	G08, G18
D-26	32032	06/09/2015	Check	TAHITIAN TREE SERVICE, INC.	31,370.00	Disbursement	G08
D-27	29691	02/24/2014	Check	I OLA LAHUI	3,000.00	Disbursement	G08
D-28	32242	07/08/2015	Check	KALIHI-PALAMA CULTURE & ARTS SOCIETY, INC.	30,000.00	Disbursement	G01, G08
D-29	30126	05/14/2014	Check	NATIVE HAWAIIAN EDUCATION ASSOCIATION	20,000.00	Grant	F06, F10, F12
D-30	30149	05/19/2014	Check	SMITHSONIAN/NMAI	25,000.00	Grant	F03, F10, F12, F19, F22
D-31	30190	05/27/2014	Check	NATURE CONSERVANCY, THE	24,999.00	Grant	F03, F9, F10, F15, F16, F17, F20, F23
D-32	30196	05/29/2014	Check	ALOHA FIRST	25,000.00	Grant	F03, F08, F09, F10, F15
D-33	28949	09/09/2013	Check	KALAIMOKU GROUP,LLC, THE	28,115.17	Disbursement	G01, G04, G08, G10, G12, G16 G22
D-34	30921	10/28/2014	Check	HI'ILEI ALOHA, LLC	50,000.00	Disbursement	G08, G23
D-35	31394	02/02/2015	Check	FIRST HAWAIIAN BANK	9,577.09	Purchasing Card and Travel	H01, H03, H07, H08, H09, H10
D-36	32085	06/18/2015	Check	MARIMED FOUNDATION FOR ISLAND HEALTH CARE TRAINING	49,000.00	Disbursement	G01, G08
D-37	32103	06/22/2015	Check	HALE KEALOHA - 'AI PONO CATERING SERVICES LLC	2,495.22	Disbursement	None
D-38	31980	06/01/2015	Check	WINDOWS CATERING COMPANY	24,985.81	Disbursement	G01, G08

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For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	Check Number	Check Date	Method of Disbursement	Payee/Vendor Name (From OHA General Ledger)	Amount Paid (From OHA General Ledger)	Disbursement Type	CLA Observation Numbers
D-39	32518	08/27/2015	Check	FIRST HAWAIIAN BANK	37,112.93	Purchasing Card and Travel	H01, H02, H03, H04, H05, H06, H07, H08, H10
D-40	32731	10/14/2015	Check	NATIONAL INDIAN EDUCATION ASSOCIATION	5,000.00	Grant	F07, F09, F10, F18
D-41	33037	12/23/2015	Check	TH!NK	4,852.09	Disbursement	G05, G08
D-42	33421	03/24/2016	Check	HALE KEALOHA - 'AI PONO CATERING SERVICES LLC	15,000.00	Disbursement	G01, G08
D-43	33539	04/21/2016	Check	EDITH KANAKAOLE FOUNDATION	25,000.00	Grant	F07, F09, F10, F13, F20, F24
D-44	26976	08/27/2012	Check	MAKAHA STUDIOS LLC	20,000.00	Disbursement	G01, G08
D-45	28872	08/23/2013	Check	FIELDS MASONRY	14,250.00	Disbursement	G01, G08
D-46	28173	04/19/2013	Check	KHAN, MARILYN L.	10,000.00	Disbursement	G01, G04, G06, G08, G16
D-47	30659	08/29/2014	Check	KUALOA RANCH HAWAII, INC	9,198.58	Disbursement	G01, G08, G24
D-48	28834	08/14/2013	Check	WET 'N' WILD HAWAII	8,483.33	Disbursement	G01, G07, G08, G25
D-49	11566	06/05/2013	Direct Deposit	HIND, NICOLE M.	6,405.00	Purchasing Card and Travel	None
D-50	32016	06/05/2015	Check	MCCORRISTON, MILLER, MUKAI, MACKINNON	5,541.15	Disbursement	G01, G08, G11

Attachment 03

Attachment 03
Office of Hawaiian Affairs
List of LLC Contracts
Number of Contracts Tested: 30
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	Vendor Name	Contract Amount with Amendments	Purpose	Identify Contract Manager	Type of Contract	Procurement Method	LLC Name	CLA Observation Numbers
LK-01	InTech	$ 16,505.23	Provide worry-free Information Technology package	Mona Bernardino	Contracts for Operations - hourly rates	None specified	Hi'ilei Aloha	J01, J02, J03
LK-02	June E. Otow	20,017.93	Training preparation Eight days of Ford Institute Leadership Development Training on Maui	Mona Bernardino	Contracts for capacity building	None specified	Hi'ilei Aloha	J01, J02, J03
LK-03	Pacific Park Plaza Owner LLC	70,398.26	Base rent, (4) parking spots, and operating expense recovery	Mona Bernardino	Contracts for Park Plaza - Base Rent Per Month $4,116.55 plus operating expenses	None specified	Hi'ilei Aloha	J01, J02, J03
LK-04	Joseph Villa	7,500.00	Grant Data Organization, writing, compliance, and business plan	Mona Bernardino	Contracts for ANA Grant	None specified	Hi'ilei Aloha	J01, J02, J03
LK-05	KM Consulting LLC	10,052.00	Communications plan and grant research	Mona Bernardino	Contracts for Operations	None specified	Hi'ilei Aloha	J01, J02, J03
LK-06	Shoreline Builders, Inc.	122,500.74	Renovation of the visitors center	Randall Hoopai	Contracts for Capital Improvement Projects	RFP	Hi'ipaka	K01, K02 K03, K04 K05
LK-07	Aloha Surf Lifesaving Corp	60,834.23	Lifeguard services	Randall Hoopai	Contracts Life Guard Services - hourly rates	Reinstate Contract	Hi'ipaka	K03, K05
LK-08	SustainPro Management	10,482.96	Grant writing services	Richard Pezzulo	Contracts for Other Contracts -hourly rates	Professional Services	Hi'ipaka	K03, K04, K06, K07, K08
LK-09	Shoreline Builders, Inc.	113,375.11	Proud Peacock restaurant improvements	Randall Hoopai	Contracts for Capital Improvement Projects	RFP	Hi'ipaka	K01, K03 K04, K05 K09, K10, K11
LK-10	NICK industries	115,518.28	Construct bathroom facilities that meet ADA compliance by the waterfall	Randall Hoopai	Contracts for Capital Improvement Projects	RFP	Hi'ipaka	K01, K03 K04, K05
LK-11	Shoreline Builders, Inc.	185,835.87	Construct a pre-fabricated nursery building	Randall Hoopai	Contracts for Capital Improvement Projects	RFP	Hi'ipaka	K01, K03 K04, K05, K12
LK-12	Shoreline Builders, Inc.	18,188.00	Construct new bar, install and remove benches in the Proud Peacock restaurant	Randall Hoopai	Contracts for Capital Improvement Projects	RFP	Hi'ipaka	K03, K04, K05, K13
LK-13	Francis P. Sinenci (dba Hale Ku'hikuhi (HKK))	30,000.00	Kauhele project - supervise and teach the building of eight hale of various functions	K. Diamond	Contracts for Capital Improvement Projects	Sole Source	Hi'ipaka	K14

Attachment 03
Office of Hawaiian Affairs
List of LLC Contracts
Number of Contracts Tested: 30
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	Vendor Name	Contract Amount with Amendments	Purpose	Identify Contract Manager	Type of Contract	Procurement Method	LLC Name	CLA Observation Numbers
LK-14	Island Builders and Construction LLC	524,134.00	Scale and/or stabilize hazardous rocks within Waimea Valley (Unit A- Zone 1)	Richard Pezzulo	Contracts for Capital Improvement Projects	RFP	Hi'ipaka	K01, K03 K04, K05 K15
LK-15	Prometheus Construction	347,300.00	Scale and/or stabilize hazardous rocks within Waimea Valley (Unit B - Zones 2, 3, 4)	Richard Pezzulo	Contracts for Capital Improvement Projects	RFP	Hi'ipaka	K01, K03 K04, K05
LK-16	Lokahi stone Inc.	50,000.00	Diamond polish concrete floor in the Pikaka Pavilion	M. Furshpan	Contracts for Building Improvement	Sole Source	Hi'ipaka	K03, K04, K05, K16, K17
LK-17	Thomas Penna	5,700.00	Produce cultural 3-5 minute video for website, 3-5 minute history video, design of Kauhale sings for lower entrance and 8 hale, and edit Mo'olelo o Kauhale to ensure accuracy of depiction of the valley sites	K. Diamond	Contracts for Other Contracts	Sole Source	Hi'ipaka	K18, K19
LK-18	Office of Hawaiian Affairs	23,225.02	Sublease of Waialua Courthouse property	Maile Furshpan	Contracts for Operations - rents	Service Agreement	Hi'ipaka	K18, K20, K21, K22
LK-19	Mele Apana Productions	30,000.00	Concert promotions - Summer concert series 2016	Richard Pezzulo	Contracts Summer Concert	Professional Services	Hi'ipaka	K18, K21
LK-20	Robin Erb	10,000.00	Graphic design services	Richard Pezzulo	Contracts for Graphic Design	Professional Services	Hi'ipaka	K03
LK-21	Pacific Current Industries LLC	58,770.00	Renovation of restroom in the visitors center	Randall Hoopai	Contracts for Capital Improvement Projects	RFP	Hi'ipaka	K03, K04, K05, K23
LK-22	OutreachSystems.com	9,750.00	Hosting of Client Relationship Management system, including setup and conversion of data from PTAssist, bid match annual subscription, and online training	Jadine Lee	Contracts for Operations	Small or Simplified Purchasing	Ho'okīpaipai	None
LK-23	ProService Pacific, LLC	208,724.00	Human Resources outsourcing services	Mona Bernardino	Contracts for Human Resources outsourcing - monthly and per person rates	Non-Competitive	Ho'okīpaipai	None

Attachment 03
Office of Hawaiian Affairs
List of LLC Contracts
Number of Contracts Tested: 30
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	Vendor Name	Contract Amount with Amendments	Purpose	Identify Contract Manager	Type of Contract	Procurement Method	LLC Name	CLA Observation Numbers
LK-24	Thomas Naylor, LLC	16,492.00	Staffing services to include chefs, sous chefs, bartender and wait staff	Richard Pezzulo	Contracts for Catering - hourly rates	Service Agreement	Hi'ipaka	K03, K04, K05, K18, K21
LK-25	Aecom Technical Services, Inc.	292,429.00	Rock-fall mitigation design and limited construction services	Richard Pezzulo	Contracts for Capital Improvement Projects	RFP	Hi'ipaka	K03, K04, K18, K21, K24
LK-26	Peter Hanohano, Jr.	1,960.00	Help co-teach the 4-weekend "leadership development and capacity- building" workshops during February to May on Moloka'i	Mona Bernardino	Contracts for capacity building	None specified	Hi'ilei Aloha	J01, J02, J03, J04, J05
LK-27	SAS Services, LLC	9,900.00	Nonprofit Fund Development - Social Enterprise Training Curriculum (Participant and Trainer Manuals), including agendas, materials, tools, and resource	Mona Bernardino	Contracts for capacity building	None specified	Hi'ilei Aloha	J01, J02, J03, J04, J05
LK-28	Hawaii Alliance for Community-Based Economic Development (HACBED)	10,000.00	Provide capacity building services and assist Haiohuli Hawaiian Homesteaders Association Inc. with feasibility study and business plan for phase 1 of the WHHA Community Center complex	Gigi Curiel	Contracts for capacity building	None specified	Hi'ilei Aloha	J01, J02, J03, J07, J08
LK-29	EAN Services LLC	2,341.00	Car rental services	Mona Bernardino	Car rental - rental rates	None specified	Hi'ilei Aloha	J01, J02, J03, J09, J10, J11, J12
LK-30	Pacific Park Plaza Owner LLC	16,428.00	Sublease agreement for Suite 1430 and Suite 1450 for general office use	Mona Bernardino	Contracts for Operations - rents	Sole Source	Ho'okīpaipai	L01

Attachment 04

Attachment 04
Office of Hawaiian Affairs
List of LLC Disbursements
Number of Disbursements Tested: 25
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	Check/ Payment Number	Check/ Payment Date	Payee/Vendor Name (From General Ledger)	Amount Paid (From General Ledger)	LLC Name	CLA Observation Numbers
LD-01	002724	07/20/2011	Julie Bernardino	$ 2,617.80	Hi'ilei Aloha	None
LD-02	003292	07/05/2012	RIM RIM Architects	18,936.12	Hi'ilei Aloha	M07
LD-03	003687	06/24/2013	LEHUA Lehua Poi Company	20,000.00	Hi'ilei Aloha	M01, M03
LD-04	A41114	04/11/2014	HIIPAKA Hiipaka LLC	347,767.00	Hi'ilei Aloha	None
LD-05	004597	09/03/2015	SLK Supporting Language of Kaua'i	60,000.00	Hi'ilei Aloha	M02, M04
LD-06	004863	05/31/2016	JTP Julie T. Percell	6,000.00	Hi'ilei Aloha	None
LD-07	001070	01/18/2012	WORLD World Wide Tours and Travel	3,859.60	Ho'okīpaipai	None
LD-08	001058	01/30/2012	MEOBDC MEO Business Development Cente	22,902.74	Ho'okīpaipai	None
LD-09	001276	02/26/2013	INTECH Integration Technologies Inc	2,010.68	Ho'okīpaipai	None
LD-10	001633	08/24/2015	UH HILO University of Hawaii at Hilo	20,000.00	Ho'okīpaipai	None
LD-11	001701	04/05/2016	HCC Honolulu Country Club	2,000.00	Ho'okīpaipai	None
LD-12	006422	10/04/2011	ALSTON HUNT FLOYD & ING	26,625.95	Hi'ipaka	M08
LD-13	007002	02/28/2012	50TH STATE AIRCONDITIONING AND	63,696.31	Hi'ipaka	None
LD-14	ACH506	05/02/2013	Bankcard	6,236.73	Hi'ipaka	M09
LD-15	011142	02/10/2014	Bankcard	3,325.71	Hi'ipaka	M10
LD-16	A0713	07/13/2015	AMERICAN EXPRESS	14,566.98	Hi'ipaka	None
LD-17	017026	01/19/2016	THE ISLANDER GROUP	3,094.42	Hi'ipaka	None
LD-18	DM 11	02/18/2016	GATOR MOTO UTILITY VEHICLES	21,090.00	Hi'ipaka	None
LD-19	001154	07/06/2011	Franklin Dusenberry	3,000.00	Hi'ipoi	M12
LD-20	001437	03/15/2012	Pural Water Speciality Co., In	16,448.92	Hi'ipoi	None
LD-21	001058	03/14/2013	Supporting the Language of Kau	10,000.00	Hi'ipoi	M06
LD-22	004494	12/27/2012	CDSI Commercial Dehydrator Systems	13,367.00	Hi'ilei Aloha	M05
LD-23	001310	04/03/2013	HALEKOA Hale Koa Hotel	11,263.39	Ho'okīpaipai	None
LD-24	009943	08/26/2013	EDWARDS ENTERPRISES	8,376.96	Hi'ipaka	M10, M11
LD-25	ACH704	06/02/2014	BANK OF HAWAII	5,827.30	Hi'ipaka	M09

Attachment 05

Attachment 05
Office of Hawaiian Affairs
Grant Contracts
Number of Contracts Tested: 39
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-06	2695	Young of Heart Workshop dba Pu'uhonua Society	$ 150,000.00	The Hawai'i Kakou mural and community engagement project will bear witness and validate an economy based on an indigenous valuing of place, stewardship, and care of the land/people	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	GRANT GA-1	A03, A06, A10, A14, A21, A36, A37, A38, A40
K-07	2717	Project Vision Hawai'i	24,900.00	Provide health screenings, patient information, and educational resources to Native Hawaiians so they can identify and address their chronic disease conditions	Shannon Toriki (Grants)	No longer employed by OHA at time of testing	GRANT GA-1	A03, A06, A07, A14, A20, A21, A24, A31
K-08	2719	Neighborhood Place of Puna	24,990.00	The Kamalama Parenting Project will provide Hawaiian value-based parenting classes to Hawaiian families at risk for child abuse and neglect in the Puna district so they can understand how their values relate to their parenting skills, keep their children safe and healthy and stay our of the child protective service system	Shannon Toriki (Grants)	No longer employed by OHA at time of testing	GRANT GA-1	A03, A06, A07, A10, A14, A20, A21, A24, A31
K-11	2726	I Ola Lāhui, Inc.	500,000.00	Provide evidence-based health interventions in the area of obesity management that are culturally minded and tailored to treat a broad spectrum of Native Hawaiians so they can achieve a healthy weight and reduce health risks associated with obesity	Edwina Minglana (Education Advocacy Coordinator)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A10, A12, A14, A20, A21, A29, A41

Attachment 05
Office of Hawaiian Affairs
Grant Contracts
Number of Contracts Tested: 39
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-13	2752	Girls Scouts of Hawai'i	24,500.00	Develop and implement an integrated native Hawaiian and Girl Scouts culture-based leadership training for guests of the Girls Scouts campus at Paumalū so they are responsible stewards of the natural and cultural resources of this ahupua'a and beyond	Shannon Toriki (Grants)	No longer employed by OHA at time of testing	GRANT GA-1	A03, A06, A07, A10, A13, A14, A15, A20, A21, A29, A31
K-14	2759	Special Olympics Hawaii, Inc.	24,834.00	Provide much needed health care and sports training to intellectually challenged Native Hawaiians and their families so they can experience activities and lifestyle choices that will improve the quality and longevity of life	Keith Yabusaki (TA Program Manager)	No longer employed by OHA at time of testing	GRANT GA-1	A03, A06, A07, A10, A14, A21, A29, A31
K-15	2761	Lāna'i Culture & Heritage Center	125,000.00	Fund an archeological and cultural survey of the treasured-but-threatened Ka'ā Ahupua'a Lana's landscape	Nancy King (Grants)	Questions submitted through Misti Pali-Oriol	GRANT GA-1	A03, A06, A07, A10, A14, A16, A20, A21, A40
K-22	2883	Parents and Children Together	500,000.00	Provide case management services that include outreach, intake, employment training and placement and career service planning	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A16, A21, A22, A29
K-23	2884	Kanu O Ka 'Āina Learning 'Ohana	1,500,000.00	Provide program activities to support seventeen Hawaiian-focused charter schools in providing a free and appropriate public education as chartered for school year 2012-2013	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A16, A21, A37, A38, A40
K-24	2886	Kāko'o 'Ōiwi	268,000.00	Advancing Pae 'Āina Sustainability in He'eia, O'ahu	Nancy King (Grants)	Questions submitted through Misti Pali-Oriol	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A16, A21, A25, A28, A29
K-25	2887	I Ola Lāhui, Inc.	500,000.00	Kūlana Hawai'i Weight Management Program	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A16, A21, A22, A29, A41
K-26	2892	Molokai Habitat for Humanity, Inc.	290,000.00	Molokai Habitat for Humanity Native Hawaiian Housing Program	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A16, A21, A25, A29

Attachment 05
Office of Hawaiian Affairs
Grant Contracts
Number of Contracts Tested: 39
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-27	2898	Goodwill Industries of Hawai'i, Inc.	300,000.00	Employment Core & Career Support Services for Low-Income Native Hawaiians	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A16, A21, A29
K-29	2903	Kōkua Kalihi Valley Comprehensive Family Services	495,335.00	Provide opportunities for keiki to learn to cook local and traditional foods and to prepare and share meals with their families	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A16, A17, A18, A20, A21, A25, A29
K-30	2911	Salvation Army Family Treatment Services	247,645.00	Women's way obesity and physical health improvements in Native Hawaiians	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Grant (Exempt - 10-17 (e))	A03, A06, A07, A10, A16, A21, A26, A29
K-31	2914	Hawaiian Community Assets, Inc.	248,645.00	Building stability in housing projects	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A16, A21, A28, A29, A30
K-32	2918	Waimea Hawaiian Homesteader's Association, Inc.	262,820.00	Farming for the Working Class	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A07, A10, A14, A16, A21, A24, A29
K-33	2922	Keiki O Ka 'Āina Preschool, Inc.	159,839.00	Implement One Board, One Stone, in Every Home program designed to decrease proficiency in the practice of carving papa ku'i'ai and pōhaku ku'i'ai among Native Hawaiians in furtherance of OHA's Strategic Result	Shannon Toriki (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A07, A10, A14, A16, A21, A24, A28, A29
K-38	2949	University of Hawaii Hilo	590,000.00	Provide educational enrichment programs for Native Hawaiian children in grades K through 12 throughout the State	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A10, A14, A16, A21, A37, A38, A40
K-39	2953	Native Hawaiian Education Association	150,000.00	Creating dialogs and action plans from local and international indigenous perspectives to address Native Hawaiian Education	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A01, A03, A06, A07, A14, A16, A21, A40
K-40	2955	University of Hawai'i Office of Research Services	100,000.00	Grant to UH-ORS on behalf of Hawaiinuiakea School of Hawaiian Knowledge to support Ka Papa Loi o Kanewai Cultural Resource Center	Nancy King (Grants)	Questions submitted through Misti Pali-Oriol	Grant (Exempt - 10-17 (e))	A03, A06, A10, A14, A16, A21, A22, A40

Attachment 05
Office of Hawaiian Affairs
Grant Contracts
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For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-42	2962	Hawai'i Community Foundation	330,000.00	Carry out the Higher Education Scholarship Program (Hawaii Community Foundation administers one of OHA's Higher Education Scholarship services to Native Hawaiians)	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A07, A10, A14, A21, A40
K-46	2978	Living Life Source Foundation	200,000.00	Grant to Living Life Source Foundation in support of Ho'opono Mamo	Jacee Smith (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A07, A10, A14, A16, A21, A40
K-48	2981	High Tech Youth Network	180,000.00	Deploy two new High Tech Youth community studios on Kauai to provide a creative environment for youth to work on digitally based projects by linking cultural knowledge and values with technology	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A16, A17, A21, A40
K-50	2994	Department of Labor and Industrial Relations	250,000.00	Prisoner reintegration job training services	Shannon Toriki (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A04, A09, A10, A14, A17, A21, A22, A40
K-53	3010	Hawai'i Community Foundation	330,000.00	Provide scholarship services to assist Native Hawaiians for academic year 2015-2016 in furtherance of OHA's strategic result	Clarita Hironaka (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A07, A10, A14, A17, A21, A40
K-57	3026	Akamai Foundation	2,598,000.00	To facilitate an election of delegates, election and referendum monitoring, a governance 'Aha, and a referendum to ratify any recommendation of the delegates arising out of the 'Aha	Sarah Antone (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A08, A10, A14, A21, A40, A42

Attachment 05
Office of Hawaiian Affairs
Grant Contracts
Number of Contracts Tested: 39
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-61	3039	Parents and Children Together	523,000.00	To implement the Ready to Work and Career Support Services project which will provide outreach and recruitment, intake and assessment, Competency Based Diploma preparation classes, employment training and placement, career service planning and ongoing case management to Native Hawaiians on O'ahu, in furtherance of OHA's Ho'okahua Waiwai (Economic Self-Sufficiency) Strategic Result	Jacee Smith (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A06, A07, A14, A17, A21, A22, A29
K-62	3041	The Queen's Medical Center	380,000.00	The purpose of the Hana Ola Project is to implement a culturally relevant, community-based program based on health and nutrition education, and physical activity to reduce the incidence and severity of obesity among Native Hawaiians, in order to improve their overall well-being, and reduce the burden of cardiovascular disease risk factors	Jacee Smith (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A07, A14, A21, A22, A27, A29
K-63	3043	Ka Honua Momona International	200,000.00	Return momona (health and abundance) to the land and people of Molokai through the community-based restoration of two ancient Hawaiian fishponds	Nancy King (Grants)	Questions submitted through Misti Pali-Oriol	Grant (Exempt - 10-17 (e))	A03, A07, A10, A14, A21, A22, A27, A29, A32
K-64	3046	Kōkua Kalihi Family Comprehensive Family Services	201,074.00	Restore the health of the Kalihi 'ahupua'a by promoting cultural practices for kama'āina (residents) and malihini (visitors) to ultimately improve the health of the Māluawai watershed thereby ensuring its long-term sustainability	Nancy King (Grants)	Questions submitted through Misti Pali-Oriol	Grant (Exempt - 10-17 (e))	A03, A07, A14, A17, A20, A21, A22, A27, A29

Attachment 05
Office of Hawaiian Affairs
Grant Contracts
Number of Contracts Tested: 39
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-65	3047	Boys and Girls Club of the Big Island	230,000.00	Strengthen health for Native Hawaiian and other Club members by skillfully instilling healthy lifelong fitness and diet habits in the youth of 5 Boys & Girls Club of the Big Island communities through culturally responsive minds-and-bodies-involved experiential healthy lifestyles education delivered by caring Club mentors	Jacee Smith (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A07, A14, A21, A27, A29
K-66	3050	Kualapu'u Public Conversion Charter School	270,512.00	Reduce the rate of childhood obesity in students in grades K-6 and empower students and families in making positive health choices through a school-based initiative that integrates physical activity, health and nutrition education, and family engagement with in-school student support and clinical health services	Jacee Smith (Grants)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A03, A07, A14, A21, A27, A29
K-68	3068	University of Hawaii Office of Research Services Maui College CareerLink	350,000.00	Provide intake and assessment, individual service plans, job preparation and financial literacy workshops, high school equivalency completion assistance, education and training scholarships, participant monitoring, and job placement and maintenance assistance and support in Maui County through the CareerLink project, in furtherance of OHA's Ho'okahua Waiwai (Economic Self-Sufficiency)	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Grant (Exempt - 10-17 (e))	A03, A06, A14, A21, A22, A29

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Office of Hawaiian Affairs
Grant Contracts
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CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-71	3086	Kanu O Ka 'Āina Learning Ohana on behalf of Na Lei Na'auao	3,000,000.00	Support all seventeen (17) Hawaiian-focused public charter schools (HPCS) to exceed educational standards by increasing the number of students who meet or exceed standard-based reading and math state assessments and are on-track for college and career readiness, through a culturally based education model that perpetuates Hawaiian languages, culture, and traditions	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Grant (Exempt - 10-17 (e))	A03, A07, A10, A14, A21, A37, A39, A40
K-76	2785	'Aha Kāne - Foundation for the Advancement of Native Hawaiian Males	200,000.00	Bettering the health and well being of families and communities and addressing the issues of Native Hawaiian male leadership and community involvement by focusing on the cultural history and roles of Native Hawaiian men; provide health and wellness screenings for conference participants	Edwina Minglana (Education Advocacy Coordinator)	No longer employed by OHA at time of testing	Grant (Exempt - 10-17 (e))	A02, A03, A06, A07, A13, A14, A15, A16, A19, A21, A37, A38, A39, A40
K-78	2983	Wai'anae Community Re-Development Corporation	249,811.00	Establish Ho'oulu Lāhui Aloha 'Āina, an opportunity that endows edu-preneurial options and resources for kanaka maoli youth, 'ohana, and community, in the fields of organic, sustainable, and just food systems	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Grant (Exempt - 10-17 (e))	A03, A07, A14, A16, A21, A37, A38, A39, A40
K-79	No Contract #	'Aha Kukui o Molokai	7,566.00	Energizes and educate the Molokai community about what families can do to reduce dependence on fossil fuels by changing to renewables, changing lifestyle and habits, modernize infrastructure, using demand side management, and home and localized generation to increase disposable income by preserving family budget	Not applicable - no contract number	Not applicable - no contract number	Grant (Exempt - 10-17 (e))	A03, A06, A08, A14, A16, A33, A35

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CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-80	No Contract #	Maui Nui Botanical Gardens, Inc.	9,990.00	Raise awareness and interest for Central Maui Native Hawaiians in Hawaiian cultural practices and natural environment so that they can be stewards of the land and increase their desire to perpetuate Hawaiian culture	Not applicable - no contract number	Not applicable - no contract number	Grant (Exempt - 10-17 (e))	**A05, A08, A11, A14, A16, A23, A33, A34, A35**

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Number of Contracts Tested: 39
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	CLA Selection/OHA Contract Number	K-06: 2695	K-07: 2717	K-08: 2719	K-11: 2726	K-13: 2752	K-14: 2759	K-15: 2761	K-22: 2883	K-23: 2884	K-24: 2886	K-25: 2887	K-26: 2892	K-27: 2898	K-29: 2903	K-30: 2911	K-31: 2914	K-32: 2918	K-33: 2922	K-38: 2949	K-39: 2953	K-40: 2955
HRS §84: Standards of Conduct																						
HRS § 84-14: Conflicts of Interest																						
[1]	Employees selecting the contractor did not have a financial interest.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, A01	✓
[2]	Employees selecting the contractor were not engaged as legal counsel, advisor, consultant, representative, or in any other agency capacity.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
HRS § 84-15(a): Contracts																						
[3]	The contract was not with a legislator or employee who has controlling interest.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
[4]	If the contract was with a legislator or employee who has controlling interest, alternative criteria were met.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
HRS § 84-15(b): Contracts																						
[5]	The person or the business entering into contract with OHA was not represented by a person employed by OHA in the preceding 2 years.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
[6]	If the person or business entering into contract with OHA was represented by a person employed by OHA in the preceding 2 years, the person did not participate in the matter with which the contract is directly concerned.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
HRS §10: Office of Hawaiian Affairs																						
HRS §10-17(a): Grants; conditions and qualifications																						
[7]	OHA received an application for the grant.	✓	✓	✓	✓	✓	✓	DM	DM	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	DM	DM	✓
[8-12]	The application met the minimum qualifications detailed in HRS §10-17(a).	✓	✓	✓	✓	✓	✓	DM	DM	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	DM	DM	✓
[13]	The activities of the grant were consistent with HRS §10-17.	✓	✓	✓	✓	✓	✓	DM	DM	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	DM	DM	✓
HRS §10-17(b): Grants; conditions and qualifications																						
[14]	The applicant applied for or received all license and permits, when required to conduct the activities.	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03
[15]	The applicant agreed to comply with federal, state, and county laws.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
[16]	The grant was not used for entertainment or perquisites.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
[17]	The applicant agreed to comply with federal, state, and county statutes and ordinances, including building code and agency rules.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
[18]	The applicant indemnified OHA.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
[19]	The applicant procured insurance if requested by OHA.	×, A06	×, A06	×, A06	×, A06	×, A06	×, A06	×, A06	×, A06	×, A06	×, A06	×, A06	×, A06	×, A06	×, A06	×, A06	×, A06	×, A06	×, A06	×, A06	×, A06	×, A06
HRS §10-17(c): Grants; conditions and qualifications																						
[20-23]	Based on the grant application, the applicant was an eligible organization as defined by HRS §10-17(c).	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
[24]	If the applicant was a nonprofit organization:																					
	[a] the governing board members have no material interest and serve without compensation,	✓	×, A07	×, A07	✓	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	N/A	×, A07	N/A
	[b] has bylaws regarding nepotism and conflict of interests, and	✓	×, A07	×, A10	✓	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	N/A	×, A07	N/A
	[c] employs no more than two or more family members.	✓	×, A07	×, A10	✓	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	N/A	×, A07	N/A
[25]	The applicant made all records relating to its operation of the activity available to OHA.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
[26]	The applicant satisfied OHA that sufficient funds were available for its operation or the grant activity.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
HRS §10-17(d): Grants; conditions and qualifications																						

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[66-72] [78-79]	Every grant shall be: (1) Monitored by the office to ensure compliance with this chapter and the purposes and intent of the grant; and (2) Evaluated annually to determine whether the grant attained the intended results in the manner contemplated.	The monitoring requirements defined under HRS §10-17(d) were tested concurrently with the criteria at [66-72] and [78-79].																				
OHA Fiscal Procedures Manual, revised March 2, 2009																						
2.2.4.1: Grants Review Process																						
[27]	Staff completed the sections for scope of work, compensation/payment and reporting requirements.	×, A10	✓	✓	×, A10	×, A10	×, A10	×, A10	✓	✓	✓	✓	✓	✓	✓	×, A10	✓	×, A10	×, A10	×, A10	✓	×, A10
[28]	No sections of the forms were altered.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
[29-31]	The grant was documented and completed on the appropriate form for the type of grant.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
[32]	The proof of award was submitted, including the grant award letter, Board minutes, or the approved Administrative Memo.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	DM	DM	DM	✓	DM	✓	✓	✓	✓	✓
[33]	If the award was over $2,500, the senior staff attorney signed the Procurement Document Checklist (PCL).	✓	✓	✓	DM	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
[34]	If the award was over $2,500, the award was submitted with the Procurement Document Checklist (PCL).	✓	✓	✓	DM	✓	✓	✓	✓	✓	✓	✓	DM	DM	DM	✓	DM	✓	✓	✓	✓	✓
2.2.4.3: Review Documentation [5]																						
[35]	A completed Purchase Requisition (PR) was submitted by a Purchase Requisition Representative.	✓	✓	✓	×, A12	×, A13	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
[36]	For grants using the OHA Long Contract:																					
	[a] an Accounting Checklist was submitted,	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14
	[b] funds were verified by the Budget Analyst, and	✓	✓	✓	✓	×, A15	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	[c] funds were certified by the CFO.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
[37]	For grants using the OHA Long Contract, a PCL was submitted and signed by a Hale Director.	✓	✓	✓	DM	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
[38-41][1, 2, 3, 4]	The legal relationship was documented on the appropriate form for the type of grant.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
OHA Operational Authority Delegation Hierarchy issued by the Chief Executive Officer on Interoffice Memorandum																						
Issued February 9, 2010 and revised December 12, 2012, May 19, 2015, October 21, 2015																						
[42-45]	The Purchase Requisition had appropriate approvals based on the Operational Authority Delegation Hierarchy.	✓	✓	✓	×, A12	×, A13	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
OHA Fiscal Procedures Manual, revised March 2, 2009																						
2.2.4.4: Purchase Review Process for Contracts and Grants																						
[46]	For grants over $2,500 the AP Supervisor approved the Procurement Document Checklist (PCL).	✓	✓	✓	DM	✓	✓	×, A16	×, A16	×, A16	×, A16	×, A16	×, A16	×, A16	×, A16	×, A16	×, A16	×, A16	×, A16	×, A16	×, A16	×, A16
[47]	The Budget Analyst verified the availability of funding and correct coding.	✓	✓	✓	✓	×, A13	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
[48]	A Purchase Order (PO) was issued by the Treasury and Other Services (TOS) to the preparer.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, A17	✓	✓	✓	✓	✓	✓	✓
2.2.7.4: Grants Payment Processing [6]																						
[49]	Payments were processed appropriately based on the type of Grantee Requirements and Grant Monitor Requirements.	✓	✓	✓	✓	✓	✓	✓	DM	DM	✓	✓	✓	✓	×, A18	✓	✓	✓	✓	DM	DM	✓
[50]	The Grant Monitor reviewed and approved the required grant reports within 5 working days.	✓	✓	✓	✓	✓	✓	✓	DM	DM	✓	✓	✓	✓	✓	✓	✓	✓	✓	DM	DM	✓
[51]	The Grant Monitor prepared the Contract Payment Request with the grantee invoice.	✓	×, A20	×, A20	×, A20	×, A20	✓	×, A20	✓	✓	✓	✓	✓	✓	×, A20	✓	✓	✓	✓	✓	✓	✓

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[53]	The Controller approved the Contract Payment Request.	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21
OHA Operational Authority Delegation Hierarchy issued by the Chief Executive Officer on Interoffice Memorandum																						
Issued February 9, 2010 and revised December 12, 2012, May 19, 2015, October 21, 2015																						
[54-57]	The Request for Payment on Contract had appropriate approvals based on the Operational Authority Delegation Hierarchy.	✓	×, A20	×, A20	×, A20	×, A20	✓	×, A20	×, A22	✓	✓	×, A22	✓	✓	×, A18, A20	✓	✓	✓	✓	✓	✓	×, A22
OHA Grants Program Standard Operating Procedures, revised July 1, 2015[7]																						
III. Procedures: (A) Community Grants[8]																						
[58 & 60]	The Community Grants application contains all of the required sections and minimum requirements.	N/A	✓	✓	✓	✓	✓	N/A	DM	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A
[59]	The application was received before the deadline.	N/A	×, A24	×, A24	✓	✓	✓	N/A	DM	N/A	×, A25	✓	×, A25	✓	×, A25	×, A26	✓	×, A24	×, A24	N/A	N/A	N/A
[61]	The grant was recommended by Grants Specialists and TAP Manager.	N/A	DM	DM	DM	DM	DM	N/A	DM	N/A	DM	DM	DM	DM	DM	DM	DM	DM	DM	N/A	N/A	N/A
[62]	The grant was reviewed by the CFO and approved by the COO and CFO.	N/A	✓	✓	✓	DM	✓	N/A	✓	N/A	DM	DM	DM	DM	DM	DM	DM	✓	DM	N/A	N/A	N/A
[63]	The grant award was approved by:																					
	[a] the Beneficiary Advocacy and Empowerment (BAE) and Assets and Resource Management (ARM) joint committee	N/A	N/A	N/A	✓	DM	N/A	N/A	✓	N/A	×, A28	DM	DM	DM	DM	DM	×, A28	✓	×, A28	N/A	N/A	N/A
	[b] confirmed at a full BOT meeting.	N/A	N/A	N/A	✓	DM	N/A	N/A	✓	N/A	×, A28	DM	DM	DM	DM	DM	×, A28	✓	×, A28	N/A	N/A	N/A
[64]	The grant agreement includes the required terms and conditions.	N/A	✓	✓	✓	✓	✓	N/A	✓	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A
[65]	For multi-year grants, a Purchase Requisition was submitted for each fiscal year to encumber funds.	N/A	✓	N/A	×, A29	×, A29	×, A29	N/A	×, A29	N/A	×, A29	×, A29	×, A29	×, A29	×, A29	×, A29	×, A29	×, A29	×, A29	N/A	N/A	N/A
[66]	The grant file contains the required progress and monitoring reports, including correspondence and payment copies.	DM	DM	DM	✓	✓	✓	✓	DM	DM	✓	✓	DM	✓	✓	✓	×, A30	✓	✓	DM	DM	✓
[67]	The Desktop Monitoring contains the required Progress Activity, Performance Measures, and Expenditures reports.	DM	✓	✓	✓	✓	✓	DM	DM	DM	✓	✓	✓	✓	✓	✓	✓	✓	✓	DM	DM	✓
[68]	The Grant Assessment form was approved by the TAP Manager.	DM	×, A31	×, A31	✓	×, A31	×, A31	DM	DM	DM	✓	✓	✓	✓	DM	✓	×, A30	✓	✓	DM	DM	✓
[69]	On-site monitoring was performed on an annual basis.	DM	DM	DM	✓	✓	✓	✓	DM	DM	✓	✓	DM	✓	✓	✓	DM	✓	✓	DM	DM	DM
[71]	The Grant Closeout Report was approved by the TAP Manager.	DM	DM	DM	✓	DM	DM	DM	DM	DM	✓	✓	✓	✓	✓	✓	✓	✓	✓	DM	DM	DM
[72]	A grant evaluation was conducted by the Program Improvement Program (PIP).	DM	DM	DM	✓	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM
III. Procedures: (B) 'Ahahui Grants																						
[73]	The application was received before the deadline.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
[74]	The review committee consisted of a minimum of three individuals who did not have a real or perceived conflict of interest.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
[75]	The grant was recommended by the Grants Specialists and TAP Manager.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
[76]	The grant was reviewed by the CFO and approved by the COO and CFO.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
[77]	The OHA Form GP-1 was signed by the awardee.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
[78]	The final reporting form was completed by the awardee and submitted to OHA within 30 days after the event completion.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
[79]	The OHA Staff Attendance Report form was completed and submitted to the Grants Specialist within 5 business days after the event completion.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
III. Procedures: (D) Kūlia Initiative[9]																						
[84]	The application or funding request includes the required information and supporting documentation for Kūlia Initiative awards.	×, A36, A37, A38	N/A	N/A	N/A	N/A	N/A	DM	N/A	×, A37, A38	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	×, A37, A38	DM	DM
[85]	The Grants Specialist recommended the funding request based on the merit and support of OHA's mission.	DM	N/A	N/A	N/A	N/A	N/A	DM	N/A	DM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	DM	DM	DM

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[86]	The Kūlia Initiative Review Form indicates how the funding request was assessed.	×, **A40**	N/A	N/A	N/A	N/A	N/A	×, **A40**	N/A	×, **A40**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	×, **A40**	×, **A40**	×, **A40**
[87]	The funding consideration was approved by the ARM/BAE and BOT as an Action Item.	✓	N/A	N/A	N/A	N/A	N/A	✓	N/A	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓
[66-72]	The Kūlia Initiative monitoring and evaluation process follows the Community Grants monitoring process. The on-site monitoring is conducted only as appropriate.	The monitoring and evaluation requirements defined under the OHA Grants Program Standard Operating Procedures were tested concurrently with the criteria at [66] through [72].																				
Other Testing Results																						
[88]	Sufficiency of contract oversight provided appropriately by the assigned contract manager/monitor.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
[89]	Deliverables were met by the contractor.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
[90]	No fraudulent or wasteful disbursements were made.	✓	✓	✓	×, **A41**	✓	✓	✓	✓	✓	✓	×, **A41**	✓	✓	✓	✓	✓	✓	✓	✓	×, **A01**	✓

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CLA Selection/OHA Contract Number		K-42: 2962	K-46: 2978	K-48: 2981	K-50: 2994	K-53: 3010	K-57: 3026	K-61: 3039	K-62: 3041	K-63: 3043	K-64: 3046	K-65: 3047	K-66: 3050	K-68: 3068	K-71: 3086	K-76: 2785	K-78: 2983	K-79	K-80: AHA2 14-24	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §84: Standards of Conduct																							
HRS § 84-14: Conflicts of Interest																							
[1]	Employees selecting the contractor did not have a financial interest.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, A02	✓	✓	✓	0	2	37	39
[2]	Employees selecting the contractor were not engaged as legal counsel, advisor, consultant, representative, or in any other agency capacity.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, A02	✓	✓	✓	0	1	38	39
HRS § 84-15(a): Contracts																							
[3]	The contract was not with a legislator or employee who has controlling interest.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	39	39
[4]	If the contract was with a legislator or employee who has controlling interest, alternative criteria were met.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	39	39
HRS § 84-15(b): Contracts																							
[5]	The person or the business entering into contract with OHA was not represented by a person employed by OHA in the preceding 2 years.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, A02	✓	✓	✓	0	1	37	38
[6]	If the person or business entering into contract with OHA was represented by a person employed by OHA in the preceding 2 years, the person did not participate in the matter with which the contract is directly concerned.	N/A	N/A	N/A	N/A	N/A	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	×, A02	N/A	N/A	N/A	0	1	38	39
HRS §10: Office of Hawaiian Affairs																							
HRS §10-17(a): Grants; conditions and qualifications																							
[7]	OHA received an application for the grant.	DM	DM	DM	DM	DM	DM	DM	✓	✓	✓	✓	✓	DM	✓	✓	DM	✓	DM	14	0	25	39
[8-12]	The application met the minimum qualifications detailed in HRS §10-17(a).	DM	DM	DM	DM	DM	DM	DM	✓	✓	✓	✓	✓	DM	✓	✓	DM	✓	DM	14	0	25	39
[13]	The activities of the grant were consistent with HRS §10-17.	DM	DM	DM	DM	DM	DM	DM	✓	✓	✓	✓	✓	DM	✓	✓	DM	✓	DM	14	0	25	39
HRS §10-17(b): Grants; conditions and qualifications																							
[14]	The applicant applied for or received all license and permits, when required to conduct the activities.	×, A03	×, A03	×, A03	×, A04	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A03	×, A05	0	39	0	39
[15]	The applicant agreed to comply with federal, state, and county laws.	✓	✓	✓	×, A04	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, A05	0	2	37	39
[16]	The grant was not used for entertainment or perquisites.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, A05	0	1	38	39
[17]	The applicant agreed to comply with federal, state, and county statutes and ordinances, including building code and agency rules.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, A05	0	1	38	39
[18]	The applicant indemnified OHA.	✓	✓	✓	×, A04	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, A05	0	2	37	39
[19]	The applicant procured insurance if requested by OHA.	×, A06	✓	×, A06	×, A04	×, A06	×, A06	×, A06	✓	✓	✓	✓	✓	×, A06	✓	×, A06	✓	×, A06	×, A05	0	31	8	39
HRS §10-17(c): Grants; conditions and qualifications																							
[20-23]	Based on the grant application, the applicant was an eligible organization as defined by HRS §10-17(c).	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	39	39
[24]	If the applicant was a nonprofit organization:																						
	[a] the governing board members have no material interest and serve without compensation,	×, A07	×, A07	×, A07	N/A	×, A07	×, A08	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	N/A	×, A07	×, A07	×, A07	×, A08	×, A08	0	33	6	39
	[b] has bylaws regarding nepotism and conflict of interests, and	×, A07	×, A07	×, A07	N/A	×, A07	×, A08	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	N/A	×, A07	×, A07	×, A07	×, A08	×, A08	0	33	6	39
	[c] employs no more than two or more family members.	×, A07	×, A07	×, A07	N/A	×, A07	×, A08	×, A07	×, A07	×, A07	×, A07	×, A07	×, A07	N/A	×, A07	×, A07	×, A07	×, A08	×, A08	0	33	6	39
[25]	The applicant made all records relating to its operation of the activity available to OHA.	✓	✓	✓	×, A09	✓	×, A08	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, A08	×, A08	0	4	35	39
[26]	The applicant satisfied OHA that sufficient funds were available for its operation or the grant activity.	✓	✓	✓	×, A09	✓	×, A08	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, A08	×, A08	0	4	35	39
HRS §10-17(d): Grants; conditions and qualifications																							

Attachment 05
Office of Hawaiian Affairs
Grant Contracts
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For the Period July 1, 2011 to June 30, 2016

CLA Selection/OHA Contract Number		K-42: 2962	K-46: 2978	K-48: 2981	K-50: 2994	K-53: 3010	K-57: 3026	K-61: 3039	K-62: 3041	K-63: 3043	K-64: 3046	K-65: 3047	K-66: 3050	K-68: 3068	K-71: 3086	K-76: 2785	K-78: 2983	K-79	K-80: AHA2 14-24	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[66-72] [78-79]	Every grant shall be: (1) Monitored by the office to ensure compliance with this chapter and the purposes and intent of the grant; and (2) Evaluated annually to determine whether the grant attained the intended results in the manner contemplated.	The monitoring requirements defined under HRS §10-17(d) were tested concurrently with the criteria at [66-72] and [78-79].																					
OHA Fiscal Procedures Manual, revised March 2, 2009																							
2.2.4.1: Grants Review Process																							
[27]	Staff completed the sections for scope of work, compensation/payment and reporting requirements.	×, A10	×, A10	✓	×, A10	×, A10	×, A10	✓	✓	×, A10	✓	✓	✓	✓	×, A10	✓	✓	✓	✓	0	17	22	39
[28]	No sections of the forms were altered.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	39	39
[29-31]	The grant was documented and completed on the appropriate form for the type of grant.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, A11	0	1	38	39
[32]	The proof of award was submitted, including the grant award letter, Board minutes, or the approved Administrative Memo.	✓	✓	✓	DM	✓	DM	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	6	0	33	39
[33]	If the award was over $2,500, the senior staff attorney signed the Procurement Document Checklist (PCL).	DM	✓	✓	DM	✓	DM	DM	DM	DM	DM	DM	DM	DM	DM	✓	✓	✓	✓	12	0	27	39
[34]	If the award was over $2,500, the award was submitted with the Procurement Document Checklist (PCL).	DM	✓	✓	DM	✓	DM	DM	DM	DM	DM	DM	DM	DM	DM	✓	✓	✓	✓	16	0	23	39
2.2.4.3: Review Documentation [5]																							
[35]	A completed Purchase Requisition (PR) was submitted by a Purchase Requisition Representative.	✓	✓	✓	✓	DM	DM	DM	✓	DM	DM	DM	DM	DM	DM	×, A13	✓	✓	✓	9	3	27	39
[36]	For grants using the OHA Long Contract:																						
	[a] an Accounting Checklist was submitted,	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	×, A14	0	39	0	39
	[b] funds were verified by the Budget Analyst, and	✓	✓	✓	✓	DM	DM	DM	✓	DM	DM	DM	DM	DM	DM	×, A15	✓	✓	✓	9	2	28	39
	[c] funds were certified by the CFO.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	DM	DM	2	0	37	39
[37]	For grants using the OHA Long Contract, a PCL was submitted and signed by a Hale Director.	DM	✓	✓	DM	✓	DM	DM	DM	DM	DM	DM	DM	DM	DM	✓	✓	N/A	N/A	12	0	27	39
[38-41] [1, 2, 3, 4]	The legal relationship was documented on the appropriate form for the type of grant.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, A11	0	1	38	39
OHA Operational Authority Delegation Hierarchy issued by the Chief Executive Officer on Interoffice Memorandum																							
Issued February 9, 2010 and revised December 12, 2012, May 19, 2015, October 21, 2015																							
[42-45]	The Purchase Requisition had appropriate approvals based on the Operational Authority Delegation Hierarchy.	✓	✓	✓	✓	DM	DM	DM	✓	DM	DM	DM	DM	DM	DM	×, A13	✓	✓	✓	9	3	27	39
OHA Fiscal Procedures Manual, revised March 2, 2009																							
2.2.4.4: Purchase Review Process for Contracts and Grants																							
[46]	For grants over $2,500 the AP Supervisor approved the Procurement Document Checklist (PCL).	DM	×, A16	×, A16	DM	✓	DM	DM	DM	DM	DM	DM	DM	DM	DM	×, A16	×, A16	×, A16	×, A16	12	21	6	39
[47]	The Budget Analyst verified the availability of funding and correct coding.	✓	✓	✓	✓	DM	DM	DM	✓	DM	DM	DM	DM	DM	DM	×, A13	✓	✓	✓	9	2	28	39
[48]	A Purchase Order (PO) was issued by the Treasury and Other Services (TOS) to the preparer.	✓	✓	×, A17	×, A17	×, A17	✓	×, A17	✓	✓	×, A17	✓	✓	✓	✓	✓	✓	DM	DM	2	6	31	39
2.2.7.4: Grants Payment Processing [6]																							
[49]	Payments were processed appropriately based on the type of Grantee Requirements and Grant Monitor Requirements.	DM	DM	DM	DM	DM	DM	DM	✓	✓	DM	✓	✓	✓	DM	✓	DM	DM	DM	16	1	22	39
[50]	The Grant Monitor reviewed and approved the required grant reports within 5 working days.	DM	DM	DM	DM	DM	DM	DM	✓	✓	DM	✓	✓	✓	DM	×, A19	DM	DM	DM	16	1	22	39
[51]	The Grant Monitor prepared the Contract Payment Request with the grantee invoice.	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, A20	✓	✓	✓	✓	✓	✓	N/A	N/A	0	7	32	39
[53]	The Controller approved the Contract Payment Request.	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	×, A21	N/A	N/A	0	37	2	39
OHA Operational Authority Delegation Hierarchy issued by the Chief Executive Officer on Interoffice Memorandum																							

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Issued February 9, 2010 and revised December 12, 2012, May 19, 2015, October 21, 2015																							
[54-57]	The Request for Payment on Contract had appropriate approvals based on the Operational Authority Delegation Hierarchy.	✓	✓	✓	×, A22	✓	✓	×, A22	×, A22	×, A22	×, A20, A22	✓	✓	×, A22	✓	✓	✓	✓	×, A23	0	16	23	39
OHA Grants Program Standard Operating Procedures, revised July 1, 2015[7]																							
III. Procedures: (A) Community Grants[8]																							
[58 & 60]	The Community Grants application contains all of the required sections and minimum requirements.	N/A	N/A	N/A	N/A	N/A	N/A	DM	✓	✓	✓	✓	✓	DM	N/A	N/A	N/A	N/A	N/A	3	0	36	39
[59]	The application was received before the deadline.	N/A	N/A	N/A	N/A	N/A	N/A	DM	×, A27	×, A27	×, A27	×, A27	×, A27	DM	N/A	N/A	N/A	N/A	N/A	3	13	23	39
[61]	The grant was recommended by Grants Specialists and TAP Manager.	N/A	N/A	N/A	N/A	N/A	N/A	DM	DM	DM	DM	DM	DM	✓	N/A	N/A	N/A	N/A	N/A	21	0	18	39
[62]	The grant was reviewed by the CFO and approved by the COO and CFO.	N/A	N/A	N/A	N/A	N/A	N/A	DM	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	10	0	29	39
[63]	The grant award was approved by:																						
	[a] the Beneficiary Advocacy and Empowerment (BAE) and Assets and Resource Management (ARM) joint committee	N/A	N/A	N/A	N/A	N/A	N/A	DM	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	7	3	29	39
	[b] confirmed at a full BOT meeting.	N/A	N/A	N/A	N/A	N/A	N/A	DM	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	7	3	29	39
[64]	The grant agreement includes the required terms and conditions.	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	0	0	39	39
[65]	For multi-year grants, a Purchase Requisition was submitted for each fiscal year to encumber funds.	N/A	N/A	N/A	N/A	N/A	N/A	×, A29	×, A29	×, A29	×, A29	×, A29	×, A29	×, A29	N/A	N/A	N/A	N/A	N/A	0	20	19	39
[66]	The grant file contains the required progress and monitoring reports, including correspondence and payment copies.	DM	DM	DM	DM	DM	DM	DM	✓	✓	DM	✓	✓	✓	DM	DM	DM	N/A	N/A	19	1	19	39
[67]	The Desktop Monitoring contains the required Progress Activity, Performance Measures, and Expenditures reports.	DM	DM	DM	DM	DM	DM	DM	✓	✓	DM	✓	✓	✓	DM	✓	DM	N/A	N/A	16	0	23	39
[68]	The Grant Assessment form was approved by the TAP Manager.	DM	DM	DM	DM	DM	DM	DM	✓	✓	DM	✓	✓	✓	DM	✓	DM	N/A	N/A	17	5	17	39
[69]	On-site monitoring was performed on an annual basis.	DM	✓	DM	DM	DM	DM	DM	✓	✓	DM	✓	✓	✓	DM	DM	DM	N/A	N/A	20	0	19	39
[71]	The Grant Closeout Report was approved by the TAP Manager.	DM	DM	DM	DM	DM	DM	DM	✓	×, A32	DM	✓	✓	✓	DM	✓	DM	N/A	N/A	21	1	17	39
[72]	A grant evaluation was conducted by the Program Improvement Program (PIP).	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM	N/A	N/A	36	0	3	39
III. Procedures: (B) 'Ahahui Grants																							
[73]	The application was received before the deadline.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	×, A33	0	1	38	39
[74]	The review committee consisted of a minimum of three individuals who did not have a real or perceived conflict of interest.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	×, A33	×, A33	0	2	37	39
[75]	The grant was recommended by the Grants Specialists and TAP Manager.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	×, A33	0	1	38	39
[76]	The grant was reviewed by the CFO and approved by the COO and CFO.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	0	0	39	39
[77]	The OHA Form GP-1 was signed by the awardee.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	×, A11	0	1	38	39
[78]	The final reporting form was completed by the awardee and submitted to OHA within 30 days after the event completion.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	×, A34	0	1	38	39
[79]	The OHA Staff Attendance Report form was completed and submitted to the Grants Specialist within 5 business days after the event completion.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	×, A35	×, A35	0	2	37	39
III. Procedures: (D) Kūlia Initiative[9]																							
[84]	The application or funding request includes the required information and supporting documentation for Kūlia Initiative awards.	DM	DM	DM	DM	DM	DM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	×, A37, A39	×, A37, A38, A39	×, A37, A38, A39	N/A	N/A	9	6	24	39
[85]	The Grants Specialist recommended the funding request based on the merit and support of OHA's mission.	DM	DM	DM	DM	DM	DM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	DM	DM	DM	N/A	N/A	15	0	24	39
[86]	The Kūlia Initiative Review Form indicates how the funding request was assessed.	×, A40	×, A40	×, A40	×, A40	×, A40	×, A40	N/A	N/A	N/A	N/A	N/A	N/A	N/A	×, A40	×, A40	×, A40	N/A	N/A	0	15	24	39
[87]	The funding consideration was approved by the ARM/BAE and BOT as an Action Item.	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	N/A	N/A	0	0	39	39

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[66-72]	The Kūlia Initiative monitoring and evaluation process follows the Community Grants monitoring process. The on-site monitoring is conducted only as appropriate.	The monitoring and evaluation requirements defined under the OHA Grants Program Standard Operating Procedures were tested concurrently with the criteria at [66] through [72].																					
Other Testing Results																							
[88]	Sufficiency of contract oversight provided appropriately by the assigned contract manager/monitor.	✓	✓	✓	✓	✓	×, **A42**	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	1	38	39
[89]	Deliverables were met by the contractor.	✓	✓	✓	✓	✓	×, **A42**	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	1	38	39
[90]	No fraudulent or wasteful disbursements were made.	✓	✓	✓	✓	✓	×, **A42**	✓	✓	✓	✓	✓	✓	✓	✓	×, **A02**	✓	✓	✓	0	5	34	39

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Footnotes

1	Grant Agreement Form GA-1 is used for Kaiaulu grants up to $100,000, CBED grants up to $50,000, and Kauhale grants up to $24,999.
2	Form CGA-1 is used for University of Hawai'i grants.
3	'Ahahui Agreement Form is used for 'Ahahui grants up to $10,000.
4	Small Governance Award Letter is used for Hawaiian Governance grants.
5	The testing of criteria [36] and [39] also satisfied the requirements of the Fiscal Procedures Manual, Section 2.2.6: Grants Contract Funding Certification.
6	Criterion [52] was tested concurrently with the Operational Authority Delegation Hierarchy.
7	The Grants Program Standard Operating Procedures are applicable only to grants awarded after July 1, 2015.
8	Criterion [70] is excluded as it was used by CLA to document information pertaining to the process of reviewing the On-Site Monitoring Report. CLA determined this criterion is not necessary to report the final results of testing.
9	Criteria [80] through [83] were applicable to Sponsorships. Sponsorships were tested as disbursements.

Tickmarks

✓	Contract complied
×	Contract did not comply
DM	Documents Missing - OHA could not locate document(s) to provide to CLA
N/A	Not Applicable
A01	A $150,000 Kūlia Initiative grant was awarded to the Native Hawaiian Education Association (NHEA) to sponsor the World Indigenous People's Conference on Education (WiPC:E) held May 19 to May 25, 2014 at Kapi'olani Community College. The sub-recipient of this grant, WiPC:E, engaged the former OHA CEO to be a keynote speaker at the event. NHEA did not disclose in its application that the former OHA CEO was a keynote speaker. NHEA also submitted a budget that lacked specific details on how the award funds were to be spent and did not specify whether the keynote speakers were compensated or received complimentary travel accommodations or meals. CLA could not determine if the former OHA CEO received compensation for the speech, was provided complimentary travel accommodations or meals, or if there was any possible financial benefit received.
A02	This grant was awarded to an organization that was founded by the former OHA CEO. The grantee, 'Aha Kāne, was founded by the former OHA CEO before he was employed at OHA. In 2012, 'Aha Kāne received an award of $200,000 to convene a gathering of Native Hawaiian men for leadership and community involvement instruction. At the time, documentation shows the former CEO was serving as an Advisory Chair to the grantee recipient. This information was not documented in the grant or disclosed in the grant application.
A03	The grant proposal, agreement, and review documentation do not contain enough information to answer a key requirement outlined in HRS 10-17, including information necessary for the awarding of the grant (HRS 10-17(b)). Specifically, there is not enough information to determine if OHA verified the applicant applied for or received all applicable licenses and permits, when such is required to conduct the activities or provide the services for which the grant is awarded.

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A04	The grant proposal, agreement, and review documentation do not contain enough information to answer a key requirement outlined in HRS 10-17, including information necessary for the awarding of the grant (HRS 10-17(b)). Specifically, there is not enough information to determine if: (1) the applicant applied for or received all applicable licenses and permits, when such is required to conduct the activities or provide the services for which the grant is awarded;...(3) the grant shall not be used for purposes of entertainment or perquisites; (4) all activities and improvements undertaken with funds received shall comply with all applicable federal, state, and county statutes and ordinances, including applicable building codes and agency rules; and (5) the applicant will indemnify and hold harmless the office, the State of Hawaii, its officers, agents, and employees from and against any and all claims arising out of or resulting from activities carried out or projects undertaken with funds provided hereunder, and procure sufficient insurance to provide this indemnification if requested to do so by the office.
A05	The grant award was not documented on an OHA contract or agreement form. Therefore, none of the minimum requirements under HRS §10-17 were met when the grant was awarded.
A06	The grant proposal, agreement, and review documentation do not contain enough information to answer a key requirement outlined in HRS 10-17, including information necessary for the awarding of the grant (HRS 10-17(b)). Specifically, there is not enough information to determine if OHA verified the applicant procured sufficient insurance to provide indemnification, if requested to do so by OHA.
A07	The grant proposal, agreement, and review documentation do not contain enough information to answer a key requirement as outlined in HRS 10-17, including information necessary for the applicant to receive the grant (HRS 10-17(c)). Specifically, there is not enough information to determine if the nonprofit organization governing body's members do not have a material interest and serve without compensation, has bylaws or policies that describe the manner in which business is conducted and policies relating to nepotism and management of potential conflict of interest situations, and employs or contracts with no more than two or more members of a family or kin of the first or second degree of consanguinity unless specifically permitted by OHA.
A08	The grant proposal, agreement, and review documentation do not contain enough information to answer a key requirement outlined in HRS 10-17, including information necessary for the applicant to receive the grant (HRS 10-17(c)). Specifically, there is not enough information to determine if (1) the nonprofit organization governing body's members do not have a material interest and serve without compensation, has bylaws or policies that describe the manner in which business is conducted and policies relating to nepotism and management of potential conflict of interest situations, and employs or contracts with no more than two or more members of a family or kin of the first or second degree of consanguinity unless specifically permitted by the office; (2) agree to make available to the office all records the applicant may have relating to the operation of the applicant's activity, business, or enterprise, to allow the office to monitor the applicant's compliance with the purpose of this chapter; and (3) establish, to the satisfaction of the office, that sufficient funds are available for the effective operation of the activity, business, or enterprise for the purpose for which the grant is awarded.
A09	The grant proposal, agreement, and review documentation do not contain enough information to answer a key requirement outlined in HRS 10-17, including information necessary for the applicant to receive the grant (HRS 10-17(c)). Specifically, there is not enough information to determine if the grant recipient: (1) agreed to make available to the office all records the applicant may have relating to the operation of the applicant's activity, business, or enterprise, to allow the office to monitor the applicant's compliance with the purpose of this chapter; and (2) establish, to the satisfaction of the office, that sufficient funds are available for the effective operation of the activity, business, or enterprise for the purpose for which the grant is awarded.
A10	The grant contract, on either the OHA Long Contract GA-1 or Grant Agreement CGA-1, was approved and finalized (by the appropriate authority following the Operational Authority Delegation Hierarchy) after the Time of Performance commenced.
A11	The 'Ahahui grant award was not documented on an 'Ahahui form GP-1. Therefore, none of the minimum requirements under OHA's Fiscal Procedures Manual section 2.2.4.1 were met when the grant was awarded.
A12	The grant file does not contain all of the Purchase Requisition forms equal to the amount awarded.
A13	The grant file does not contain all of the pages of the Purchase Requisition (PR) so there is no documentation of who approved the PR.

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A14	An Accounting Checklist was not included with the supporting documentation. According to OHA's Controller, the Accounting Checklist has not been used in a long time. The Accounting Checklist was used when purchasing was part of the accounting department, and there was a separate checklist for each group (accounting and procurement). Instead, OHA uses the Procurement Document Checklist (PCL) and Purchase Requisition (PR) to document the availability of funds was verified by the Budget Analyst. The CFO performs the certification of funds on the Purchase Order (PO). The Controller also confirmed only the Budget Analyst verifies the availability of funds when the purchase is above the required threshold, which is indicated in the Operational Authority Delegation Hierarchy.
A15	The grant is missing documentation that the Budget Analyst verified the availability of funding, correct coding was used, or installment payments coincided with the contract language.
A16	According to OHA's Controller, the AP Supervisor's approval of the Procurement Document Checklist (PCL) is not a control that OHA has utilized in her tenure and is not documented on the PCL. Instead, the PCL is forwarded to the Senior Staff Attorney for approval. Therefore, this step is conducted as a process and not a control.
A17	The final payment was not submitted with a Request to Close a Purchase Order and there is a partial amount that is not reconciled back to the original award amount.
A18	The amount recommended for Final Payment does not agree with the amount actually paid per the OHA Check Register. The Final Payment Amount recommended is $74,834.57, but the amount per the OHA Check Register is $78,284.57. OHA's explanation for the difference is that "it appears that the grantee submitted a late invoice for $3,450 for graphic design cost that the grant monitor approved payment for"; however, CLA did not receive any documentation of the late invoice.
A19	The Final Progress Report (the only report required by the contract) was received on August 24, 2012, which was after the contract deadline in the contract. The contract deadline was August 15, 2012.
A20	The grant file does not contain all of the Request for Payment on Contract forms equal to the amount disbursed on the check register and/or all of the Grantee Invoices that match the Request for Payment on Contract forms.
A21	There is no evidence that the Controller approved the Request for Payment on Contract; however, on the form, there are only places for the Program Manager, LOB Director, Other Authority, BOT Chairperson, and CEO's approval signature. All of the appropriate approvals on the form are complete and appear to be sufficient evidence that there was appropriate oversight of the disbursement process. Therefore, the Controller's approval, as required by the OHA Fiscal Procedure Manual, updated March 2, 2009, Section 2.2.7.4 Grants Payment Process, does not appear to have been based on the procedures in place at the time of the contract payment.
A22	The Request for Payment on Contract was not approved by the Resource Management LOB Director but instead by OHA's former controller on her behalf. The Operational Authority Delegation Hierarchy in effect at the time of the disbursement requires the LOB Director approve the payment request. In addition, there was no documentation of an Out of Office Delegation memo delegating the LOB Director's authority to the former Controller.
A23	The Request for Check Issuance form was approved, signed, and dated by the LOB Manager before the Procurement Document Checklist (PCL) was approved, signed, and dated by the Senior Staff Attorney.
A24	There is no indication or marking on the original application of the date the application was received.
A25	The original grant application was received after the solicitation deadline.
A26	The grant application was signed and dated by the grantee after the deadline for the OHA solicitation, which indicates the grant application was not submitted before the deadline.
A27	The grant application was submitted to OHA in a digital format and there is no indication of the date the application was received.
A28	There is no evidence that the BOT approved the Community Grant. The BOT Action Item does not contain the Attachment A - OHA FY 2014-15 Community Grant Recommendations Matrix, which lists the 30 Fiscal Biennium 2014-15 Community Grant recommendations for funding.

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A29	The grant file does not contain all of the Purchase Requisitions (PR) for each year that the grantee received funding. Either the Grants Specialist did not complete some or all of Purchase Requisitions in a multi-year grant award or the documentation is not present in the file. Multi-year grants require a PR be submitted to encumber each fiscal year's funds.
A30	The grant file does not contain all the Grant Assessment Forms for the Payment Requests.
A31	The Grant Assessment Form is not signed by the Community Relations Specialist.
A32	The Grant Closeout Report was not signed by the Transitional Assistance Program Manager.
A33	There is not enough information within the 'Ahahui grant application cover sheet or grant file to determine if the application was received before the submittal deadline, the review committee met the minimum requirements, or the review committee finalized the recommendation.
A34	The awardee completed a final reporting form but did not submit it to OHA within 30 days after the event completion. The form was received 32 days after the event was completed.
A35	The Community Engagement Staff did not complete the OHA Staff Attendance Report Form and submit it to the Grants Specialist within 5 business days of the event completion.
A36	On September 23, 2011, a $150,000 Kūlia Initiative grant was awarded to Young of Heart Workshop to create the Hawai'i Kakou mural and community engagement program. The grant did not disclose in the grant documents that the grantee that had a prior business relationship with OHA. CLA discovered during the course of testing OHA disbursements that in December 2009, OHA signed a lease guaranty for $150,000 on behalf of Mana Hawaii The Spirit Of Hawaii Nei, LLC, a company whose managing partner later applied for an OHA grant. In November 2011, Mana Hawaii The Spirit Of Hawaii Nei, LLC defaulted on its lease and OHA was required to pay the $150,000 to the lessor, ABW Holdings, LLC. The Executive Director of the grantee, Young of Heart Workshop dba Pu'uhonua Society, was the same person as the LLC's managing partner. The prior business relationship was not disclosed in the grant application, nor is there any documentation by the OHA grant monitor during the grant's time of performance that OHA had to cover the lease guaranty.
A37	The Kūlia (BOT) Initiative grant application does not contain language explaining why the request is not made through a Community Grants Program process.
A38	The Kūlia (BOT) Initiative grant application is missing a copy of the Certificate of Vendor Compliance.
A39	The Kūlia (BOT) Initiative grant application is missing a copy of the IRS letter of determination.
A40	The Kūlia (BOT) Initiative grant was not assessed using the Kūlia Initiative Review Form. OHA assessed the Kūlia Initiative using the OHA Progress Report, Expenditure, and Final Report forms.

Attachment 06

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HRS §103D-303 Competitive Sealed Proposals (RFP)
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CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-04	2688	ALU LIKE, INC.	$ 830,000.00	Contractor to operate a state-wide delivery system for the programs set forth: community resource access and assistance, individuals and families asset building, and assets for independence	Denise Iseri-Matsubara (Community Relations Director)	No longer employed by OHA at time of testing	Competitive Sealed Proposals - RFP (OHA 11-01)	**B-01 to B-06**
K-19	2865	Rider Levett Bucknall, LTD	150,000.00	Design of management and development framework for Kaka'ako Makai land parcels	Aedward Los Banos (COO)	No longer employed by OHA at time of testing	Competitive Sealed Proposals - RFP (13-02)	**B-01, B-02, B-07, B-08, B-20**
K-34	2926	HELPING HANDS HAWAII	1,600,000.00	Provide asset incentives, financial literacy, and multiservice referrals for Native Hawaiians	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Competitive Sealed Proposals - RFP	**B-01, B-02, B-04, B-06**
K-36	2932	THE SYSTEM CENTER, INC.	810,677.34	Provide furniture, fixtures, and equipment for gentry	Kawi Nui Yoon (Land and Property Manager)	No longer employed by OHA at time of testing	Competitive Sealed Proposals - RFP (OHA 13-03)	**B-01, B-02, B-07, B-09**
K-43	2963	Environmental Science International	361,959.00	Perform environmental consulting work in Kaka'ako Makai land parcel	Koa Kulukukui (Corporate Counsel Designee)	No longer employed by OHA at time of testing	Competitive Sealed Proposals - RFP	**B-01, B-02, B-06, B-07, B-10, B-11**
K-45	2976	SPIRE HAWAII LLP	723,380.00	Review budget documents, financial statements, audit reports and other internal and external documents relating to OHA operations, OHA's LLCs, BOT Policies, and other documents requested by BOT Chair	Peter Apo (BOT - ARM Chair)	No longer with OHA at time of testing	Competitive Sealed Proposals - RFP	**B-01, B-02, B-04, B-06, B-07, B-12**

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CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-52	3007	WCIT Architecture, Inc.	2,925,752.00	The purpose of this conceptual master plan is to take OHA from the framework plan to the point of being ready to issue an RFP to select a site developer	Allen Kam (Commercial Property Manager)	No longer employed by OHA at time of testing	Competitive Sealed Proposals - RFP	**B-02, B-04, B-13, B-14, B-15**
K-60	3036	HELPING HANDS HAWAII	1,660,000.00	Provide asset incentives, financial literacy, and multiservice referrals for Native Hawaiians	Misti Pali-Oriol (Grants)	Interviewed on June 5, 2019 & July 23, 2019	Competitive Sealed Proposals - RFP (TAP 2015-04)	**B-02, B-04, B-06, B-13**
K-77	2847	Absolute Plus Advisors	$185,000.00	Provide investment advisory services	Hawley Iona (CFO)	No longer employed by OHA at time of testing	Competitive Sealed Proposals - RFP	**B-01, B-02, B-04, B-07, B-16, B-17, B-18**

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HRS §84: Standards of Conduct														
HRS § 84-14: Conflicts of Interest														
[1]	Employees selecting the contractor did not have a financial interest.	DM	✓	DM	✓	✓	✓	✓	DM	DM	4	0	5	9
[2]	Employees selecting the contractor were not engaged as legal counsel, advisor, consultant, representative, or any other agency capacity.	DM	✓	DM	✓	✓	✓	✓	DM	DM	4	0	5	9
HRS § 84-15: Contracts														
[3]	The contract was not with a legislator or employee who has controlling interest.	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	9	9
[4]	If the contract was with a legislator or employee who has controlling interest, alternative criteria were met.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	9	9
[5]	The person or business entering into contract with OHA was not represented by a person employed by OHA in the preceding 2 years.	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	9	9
[6]	If the person or business entering into contract with OHA was represented by a person employed by OHA in the preceding 2 years, the person employed by OHA did not participate in the matter with which the contract is directly concerned.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	9	9
HRS §103D: Hawaii Public Procurement Code														
HRS §103D-101(a): Application of this chapter														
[7]	No evidence was observed of OHA employee(s) not acting as a fiduciary of public funds.	✓	✓	DM	✓	DM	✓	✓	✓	DM	3	0	6	9
[8]	No evidence was observed of OHA employee(s) not remaining independent of bidder, offeror, contractor, or business.	✓	✓	DM	✓	DM	✓	✓	✓	DM	3	0	6	9
[9]	No evidence was observed of OHA employee(s) not acting only in the public interest.	✓	✓	DM	✓	DM	✓	✓	✓	DM	3	0	6	9
[10]	No evidence was observed of disobedience to statutes and administrative rules relating to public procurement.	DM	✓	DM	✓	DM	✓	✓	DM	DM	5	0	4	9
[11]	No evidence was observed of inefficiencies in the public procurement process.	✓	✓	DM	✓	DM	✓	✓	✓	DM	3	0	6	9
[12]	No evidence was observed of persons not afforded an equal opportunity to compete in a fair environment.	DM	✓	DM	✓	DM	✓	✓	DM	DM	5	0	4	9

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[13]	No evidence was observed of intent or appearance of unethical behavior.	✓	✓	DM	✓	DM	✓	✓	✓	DM	3	0	6	9
[14]	No evidence was observed of social interactions with actual/prospective bidder.	✓	✓	DM	✓	DM	✓	✓	✓	DM	3	0	6	9
[15]	No evidence was observed of a failure to maintain confidentiality in a manner that ensures a fair procurement process.	DM	✓	DM	✓	DM	✓	✓	DM	DM	5	0	4	9
[16]	No evidence was observed of a failure to remain impartial in dealings with actual or prospective bidders, offeror, contractor, business, or interested parties.	✓	✓	DM	✓	DM	✓	✓	✓	DM	3	0	6	9
HRS §103D-101(b) & (c): Application of this chapter														
[17]	No evidence was observed of a failure to identify and eliminate conflict of interests for this contract.	✓	✓	DM	✓	DM	✓	✓	✓	DM	3	0	6	9
[18]	No evidence was observed that any party involved in the negotiation, performance, or administration of this contract did not act in good faith.	✓	✓	DM	✓	DM	✓	✓	✓	DM	3	0	6	9
HRS §103D-303 Competitive Sealed Proposals [1]														
[19]	Request for Proposal (RFP) was issued with proper adherence to HRS §103D-302(c).	✓	✓	DM	✓	✓	✓	✓	✓	DM	2	0	7	9
[21]	The number of days between the public notice of the invitation for bids and the opening of bids was reasonable.	✓	✓	DM	✓	✓	✓	✓	✓	DM	2	0	7	9
[22]	The form of the RFP notice was in accordance with board Policy.	✓	✓	DM	✓	✓	✓	✓	✓	DM	2	0	7	9
[23]	The manner in which the RFP notice was published was in accordance with OHA board policy.	DM	✓	DM	✓	DM	DM	✓	DM	DM	6	0	3	9
[24]	Proposals were opened in a manner that ensured no proposal materials were unfairly disclosed to competing offerors.	DM	✓	DM	✓	DM	DM	✓	DM	DM	6	0	3	9
[25]	A register of proposals was prepared and made available for public review.	DM	✓	DM	✓	DM	DM	✓	DM	DM	6	0	3	9
[26]	The RFPs included descriptions of the relative importance of price and any other factors considered in the selection process.	✓	✓	DM	✓	✓	✓	✓	✓	DM	2	0	7	9

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[27]	The award was made in writing to the most advantageous vendor after considering price and other factors set forth in the RFP and no other factors were considered if they were not in the official RFP.	DM	✓	DM	✓	DM	✓	✓	DM	DM	5	0	4	9
[28]	The design-build method was utilized for construction projects.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	9	9
[29]	For construction projects, prequalified offerors were selected prior to submittal of proposals and all offerors were notified of those offerors that had been short-listed.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	9	9
[30]	The project was a construction project and the cost was greater than $1,000,000.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	9	9
[31]	For construction projects, the conceptual design fee (if any) was properly disclosed in the request for proposals.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	9	9
[32]	A pre-bid conference was held for contracts valued at $100,000 or more or $500,000, or more, as applicable.	✓	✓	DM	✓	✓	✓	✓	✓	DM	2	0	7	9
[34]	All potential interested bidders, offerors, subcontractors, and union representatives were invited to attend the pre-bid conference.	✓	✓	DM	✓	✓	✓	✓	✓	DM	2	0	7	9
HRS §103D-309 Contract Not Binding Unless Funds Available														
[35]	The comptroller (CFO) endorsed a certificate that appropriation over and above all outstanding contracts, sufficient to cover the amount required by the contract, was made.	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	9	9
HRS §103D-312 Fair and Reasonable Pricing Policy - Cost Pricing Data														
[36]	The procurement officer made a written determination of whether a price was fair and reasonable for each contracting action, unless (c) (1) the contract is based on adequate price competition (2) the contract is based on established catalog prices or market prices, (3) the contract price is set by law, or (4) it is determined in writing in accordance with rules adopted by the policy board that the requirements of this section can be waived.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	9	9

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[37]	The procurement officer obtained certified cost of pricing data and other data as necessary to perform a cost analysis to determine a fair and reasonable price, unless (c) (1) the contract is based on adequate price competition (2) contract is based on established catalog prices or market prices, (3) contract price is set by law, or (4) it is determined in writing in accordance with rules adopted by the policy board that the requirements of this section can be waived.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	9	9
[38]	The procurement officer obtained from the contractor pricing data and certification that the cost/pricing data submitted was accurate, complete, and current as of a date mutually determined before the award of the contract, or the pricing of any change order, unless (c) (1) the contract is based on adequate price competition (2) the contract is based on established catalog prices or market prices, (3) the contract price is set by law, or (4) it is determined in writing in accordance with rules adopted by the policy board that the requirements of this section can be waived.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	9	9
[39]	If a certificate was required for a contract, change order, or contract modification, it contained a provision that the price shall be adjusted to exclude significant sums for an increase due to inaccurate, incomplete, or not current data as of the date agreed.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	9	9
HRS §103D-315 Multi-Term Contracts [2]														
[40]	The terms of the contract and conditions for renewal or extension were included in the solicitation.	✓	✓	DM	✓	✓	✓	✓	✓	DM	2	0	7	9
[42]	For multi-year contracts, it determined in writing that the estimated requirements cover the period and are reasonably firm and continuing.	✓	N/A	✓	✓	✓	✓	✓	✓	✓	0	0	9	9
[43]	For multi-year contracts, it was determined in writing that such contract serves in the best interest of OHA.	✓	N/A	✓	✓	✓	✓	✓	✓	✓	0	0	9	9

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	CLA Sample Number / OHA Contract Number	K-04: 2688	K-19: 2865	K-34: 2926	K-36: 2932	K-43: 2963	K-45: 2976	K-52: 3007	K-60: 3036	K-77: 2847	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[44]	For multi-year contracts, it was determined in writing that sufficient funds to pay for the initial term of the contract are available and funds necessary for the remaining terms are likely to be available from sources identified in writing.	✓	N/A	✓	✓	✓	✓	✓	✓	✓	0	0	9	9
HRS §103D-323 Bid Security														
[45]	Documentation to show that a bid security bond provided in an amount equal to at least five percent of the amount of the bid was obtained for construction projects.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	9	9
HRS §103D-324 Contract Performance and Payment Bonds														
[46]	A performance or payment bond in an amount equal to one hundred percent of the price specified in the contract was obtained, if the contract was over $25,000 and was for construction.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	9	9
P-10: OHA Purchase and Procurement Procedures, revised March 2, 2009														
2.2.1.9.3: Request for Proposal														
[47]	An Administrator made a written determination that a competitive sealed proposal was the more appropriate method.	✓	×, B07	N/A	×, B07	×, B07	×, B07	✓	N/A	×, B07	0	5	4	9
[48]	An Evaluation Committee or Procurement Officer was utilized to conduct the evaluation.	DM	✓	DM	✓	✓	✓	✓	DM	DM	4	0	5	9
[49]	The Procurement Officer prepared the RFP.	✓	✓	DM	✓	✓	✓	✓	✓	DM	2	0	7	9
[50]	The RFP was properly approved by an Administrator and Legal Office.	×, B01	×, B01	×, B01	×, B01	×, B01	×, B01	×, B13	×, B13	×, B01	7	2	0	9
[51]	The RFP was advertised in major newspapers and the OHA website.	DM	✓	DM	✓	DM	DM	✓	DM	DM	6	0	3	9
[52]	Proposals were fully evaluated, and if additional discussion was necessary, a priority list was prepared.	DM	✓	DM	✓	DM	✓	✓	DM	DM	5	0	4	9
2.2.2.1: Purchase Requisition														
[53]	A Hale Director or Deputy Administrator identified the need to create a Purchase Requisition.	✓	✓	✓	✓	✓	✓	✓	✓	×, B16	0	1	8	9
[54]	The Purchase Requisition complied with the OHA Procurement Policy.	✓	✓	✓	✓	✓	✓	✓	✓	×, B16	0	1	8	9
[55]	The Purchase Requisition documented the availability of funds for the procurement.	✓	✓	✓	✓	✓	✓	✓	✓	×, B16	0	1	8	9

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HRS §103D-303 Competitive Sealed Proposals (RFP)
Number of Contracts Tested: 9
For the Period July 1, 2011 to June 30, 2016

	CLA Sample Number / OHA Contract Number	K-04: 2688	K-19: 2865	K-34: 2926	K-36: 2932	K-43: 2963	K-45: 2976	K-52: 3007	K-60: 3036	K-77: 2847	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[56]	The Purchase Requisition was approved by the appropriate manager as per the delegation of authority document.	✓	✓	✓	✓	✓	✓	✓	✓	×, B16	0	1	8	9
[57]	A complete Purchase Requisition was submitted by a designated representative for the review process.	✓	✓	✓	✓	✓	✓	✓	✓	×, B16	0	1	8	9
2.2.4: Grants, Procurement, and Contracts Review Process														
[58]	**[a]** An Accounting Checklist was submitted.	×, B02	×, B02	×, B02	×, B02	×, B02	×, B02	×, B02	×, B02	×, B02	0	9	0	9
	[b] Funds were verified by the Budget Analyst.	✓	✓	✓	✓	✓	✓	✓	✓	×, B16	0	1	8	9
	[c] Funds were certified by the CFO.	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	9	9
[59]	The CFO certified the availability of funds on the Accounting Checklist.	×, B02	×, B02	×, B02	×, B02	×, B02	×, B02	×, B02	×, B02	×, B02	0	9	0	9
[60]	Unless not required by statute, the contractor submitted a Tax Clearance to OHA prior to executing the Purchase Order.	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	9	9
[61]	A Procurement Document Checklist was submitted and signed by a Hale Manager.	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	9	9
[62]	The owner of the business, except for sole proprietorships, charitable organizations, unincorporated associations, and foreign insurance companies, submitted a DCCA Verification showing Proof of Good Standing with the State of Hawaii.	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	9	9
[63]	The Hale Manager or Grants staff submitted a Standard Long Form Contract for Purchase of Services.	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	9	9
2.2.4.2: Purchase of Goods and Services Review Process [3]														
[64]	The standard contract was used for the purchase of services and it included all of the provisions outlined in the Standard Long Form Contract.	×, B03	✓	✓	✓	✓	✓	✓	✓	✓	0	1	8	9
[65]	The senior staff attorney signed the Procurement Document Check List to ensure compliance with State Procurement Laws for purchases of more than $2,500.	✓	✓	✓	✓	×, B10	✓	✓	✓	✓	0	1	8	9
[66]	The senior staff attorney signed the contract.	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	9	9

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	CLA Sample Number / OHA Contract Number	K-04: 2688	K-19: 2865	K-34: 2926	K-36: 2932	K-43: 2963	K-45: 2976	K-52: 3007	K-60: 3036	K-77: 2847	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[68]	The appropriate signatures were obtained on contract based on the Operational Authority Delegation Hierarchy revised 12/12/12, 5/19/15, and 10/21/15, as applicable.	✓	✓	✓	✓	✓	✓	×, B14	✓	✓	0	1	8	9
[69]	A copy of the Purchase Order was issued to the preparer to indicate the contract encumbrance process was complete.	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	9	9
2.2.5: Purchase Orders														
[71]	The Purchase Order was reviewed and signed by the Controller or the CFO, as applicable.	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	9	9
2.2.7.3: Contract Payment Process [4, 5]														
[72]	The "Request for Contract Payment," was signed by the Hale Director for contracts, or a receipt of goods/services was received.	✓	×, B08	✓	✓	✓	✓	✓	✓	✓	0	1	8	9
[75]	The "Request for Payment on Contract" was reviewed and signed by the Hale Director and Administrator, or Deputy Administrator as, applicable.	✓	×, B08	✓	✓	✓	✓	✓	✓	✓	0	1	8	9
[78]	The payment was approved by the appropriate level based on Operational Authority Delegation Hierarchy revised 12/12/12, 5/19/15, and 10/21/15, as applicable.	✓	×, B08	✓	✓	✓	✓	✓	✓	✓	0	1	8	9
2.2.7.5: Check Issuance														
[79]	The invoice was stamped "Paid" and marked with the check number.	×, B04	×, B08	×, B04	×, B09	×, B11	×, B04	×, B04	×, B04	×, B04	0	9	0	9
Other Testing Results														
[80]	Deliverable was met by the contractor.	×, B05	✓	✓	✓	✓	×, B12	×, B15	DM	×, B17	1	4	4	9
[81]	There was sufficient oversight of project/work by the contract monitor/manager.	×, B06	×, B20	×, B06	✓	×, B06	×, B06	✓	×, B06	×, B18	0	7	2	9
[82]	There was no evidence of fraud, waste, or abuse.	DM	DM	✓	✓	✓	DM	×, B15	DM	×, B17, B18	4	2	3	9

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Footnotes

1	Criteria [20] and [33] were also tested here but are excluded as it was used by CLA to document information pertaining to the procurement process, such as the number of days between the public notice of the invitation for bids and the opening of the bids; however, this information is not necessary to report the final results of the testing.
2	Criteria [41] was also tested here but is excluded as it was used by CLA to document whether the contract was a multi-year contract. This information is not necessary to report the final results of the testing as it is address within criteria [42].
3	Criteria [67] and [70] were also tested here but are excluded as they were used by CLA to document the name of the individual who approved the Requisition form and the date when the Purchase Requisition was signed; however, this information is not necessary to report the final results of the testing.
4	Criteria [73] and [74] were also tested here but are excluded as they were used by CLA to document the name of the Hale Director, and the date of certification of receipts of goods/services; however, this information is not necessary to report the final results of the testing.
5	Criteria [76] and [77] were also tested here but are excluded as they were used by CLA to document the name of the Hale Director or Administrator (Deputy Administrator); however, this information is not necessary to report the final results of the testing.

Tickmark

✓	Contract complied
×	Contract did not comply
DM	Documents missing - OHA could not locate document(s) to provide to CLA
N/A	Not applicable
B01	The OHA Fiscal Policies Manual states on section 2.2.1.9.3: Request for Proposal that administrator and legal counsel must properly approve the RFP prior to the RFP being published. However, based on the documentation received, it appears that review by legal counsel prior to the RFP being issued was not documented prior to January 2015. Prior to January 2015, the first document that records review by legal counsel is the Procurement Document Checklist which is completed prior to executing the contract but well after the RFP was published. Two contracts tested by CLA that were procured after January 2015 contained a document titled Procurement Solicitation Routing form. This form has a location to document legal counsel's review of RFP.

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B02	An Accounting Checklist was not included with the supporting documentation. According to Gloria Li, Controller, the Accounting Checklist has not been used in a long time and the Procurement Document Checklist is used instead. The Accounting Checklist was used back when purchasing was part of the accounting department, and there was a separate checklist for each group (accounting and procurement). Now that procurement is its own department, only the Procurement Document Checklist is used. The availability of funds is verified on the Purchase Requisition by the Budget Analyst. The CFO's certification of funds is documented on the Purchase Order. See criteria [58][b] and [c] for funding verification by the Budget Analyst and certification by the CFO. Although Ms. Li did not recall the approximate dates of when the Accounting Checklist stopped being used, CLA noticed that only one of the selected contracts (K-01) contained this document within its files. The date the Accounting Checklist inluded in K-01 was signed was 10/5/2009. Based on this evidence it appears that the Accounting Checklist has not been used, likely, since 2009. Nonetheless, the Fiscal Procedures Manual has not been updated for this change.
B03	CLA received the original agreement for this contract; however, an amendment appears to have been executed and CLA was not provided with the contract amendment # 2688.01.
B04	Although the payment process indicates that the invoice will be stamped "Paid" and list the check number; per review of the provided support, the stamp and listing of check number is taking place on the Request for Payment on Contract form.
B05	This contract, including one amendment, totaled $1,660,000. The contract terms detailed the payments to be contingent on deliverables as follows: 1: $260,000 payable upon execution of agreement 2: $200,000 upon approval of first quarterly report, expenditure report, and invoice for the period of 7/1/11-9/30/11 3: $200,000 upon approval of second quarterly report, expenditure report, and invoice for the period of 10/1/11-12/31/11 4: $200,000 upon approval of third quarterly report, expenditure report, and invoice for the period of 1/1/12-3/31/12 5: $70,000 upon approval of fourth quarterly report, expenditurereport, and invoice for the period of 4/1/12-6/30/12 There were no deliverables provided to CLA for any of the payments made on this contract. Although invoices were located for payments 1 through 4, for payment 5, in addition not being able to locate evidence of deliverables, OHA was also unable to locate the corresponding invoice.
B06	The contract effective date was prior to the contract execution date. Executing a contract after the effective date is not a best business practice and provides indication of deficiencies in the contract oversight.
B07	Per 2.2.1.9.3 of the OHA Policies and Procedures manual, the RFP process must follow the described process: Although the flowchart calls for a written determination by the Administrator that a competitive sealed proposal is the more appropriate method of contracting rather than competitive bidding, the documentation included for this contract does not contain such written determination. Furthermore, the Procurement Documentation Checklist contains a box to be checked for "Copy of CPO or ADM written determination on use of RFP" This box was not checked. Therefore, it appears that a written determination was not included with the documents for this RFP.

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B08	There were a total of five $30,000 payments for this contract, the first payment of $30,000 was made at the time of contract execution, and four other payments of $30,000 were all made with one single check on 12/6/2013. However, CLA received only supporting documentation for the first payment. Attached to the supporting documentation for the first payment was a sticky note stating "contract closed - Can't find other payments." Therefore, CLA was unable to review the supporting documentation for a total of $120,000 paid to this vendor. CLA confirmed with OHA that it was unable to locate the requested documentation. Although the payment information was not located by OHA for the second through last payment, OHA provided CLA with the deliverables for the project.
B09	As explained in observation B02, the stamp and listing of check the number was taking place on the Request for Payment on Contract page. That was the case for three of the four payments made on this contract. However, for the final payment totaling $262,293.37, which was paid with check # 58223, although the Request for Payment on Contract form had the stamp that normally includes a listing of the check number written in, the check number was not written in on this location. Additionally, there was a note stating "Do not mail, pls, fwd check to Miki."
B10	OHA's Policy and Procedures manual on section 2.2.4.3 indicates that all purchases $1,000 or more, require the senior staff attorney's signature on the Procurement Document Checklist to ensure compliance with State Procurement Laws. However, the Procurement Document Checklist for this contract was not signed by a senior staff attorney. It was only signed by the procurement officer.
B11	This contract after one amendment totaled $297,225 and seven payments were made for the period tested by CLA. One of the seven payments for this contract was for two separate charges, one for $1,365.00 and the other for $545.45 for a total invoice of $1,910.45; however, the payment made was for $545.45 and for $1,910.45 for a total check of $2,455.90. An excess $545.45 payment appears to have been processed for this vendor. This appears to have been an accounting error at the time of entry. Additionally, although the payment process indicates that the invoice will be stamped paid and list the check number, the check number was not listed on the Request for Contract Payment for this payment.
B12	The contract stated that invoices must include a detailed breakdown of contractor's time charges and be accompanied by a verbal or written activity report. Only one of the seven invoices tested by CLA had the required detailed breakdown of the contractor's time charged. The only invoice that included the detailed break down for contractor's charges was the invoice paid with check # 58605 for $15,892.66. The other six invoices did not contain the detailed breakdown and CLA was not provided with any written reports.
B13	Per 2.2.1.9.3 of the OHA Policies and Procedures manual, the RFP process must follow the described process: However, although a Solicitation Routing form was approved by the program manager, the LOB Director, and the COO, the location for documenting the legal review for the solicitation was left blank, appearing to indicate that Legal Review was not conducted on this solicitation prior to publication. There were only two contracts tested that had the document titled Solicitation Routing Form which intended to document appropriate approvals prior to publication of an RFP. These two contracts were K-52 and 5-60 executed on 12/11/14 and 7/10/15, respectively.

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B14	The Delegation of Authority document in effect for the period in which this contract was executed stated that the CEO is responsible for signing program level contracts and amendments of $150,001 and higher. The COO is able to sign contracts up to $150,000. This contract was for over $150,000, yet the COO signed this contract when the CEO should have signed it. CLA did not receive a memorandum or any other type of documentation recording that the CEO delegated this authority to the COO.
B15	The supporting documentation provided does not include any of the deliverables for the contract. Based on a review of board minutes by CLA, it appears that presentations were made to the board as part of the work for this contract. However, CLA did not identify all board presentations. CLA requested the deliverables provided by the vendor to OHA; however, current OHA employees were not able to provide those deliverables. According to the contract, the purpose of this conceptual master plan was to take OHA from the Framework plan to the point of being ready to issue an RFP to select a site developer. Based on review of the OHA website, it appears that the Kaka'ako Makai parcel conceptual plan was to be completed before the end of 2015 at which time the Environmental Impact Statement would take place in 2015/16, followed by the Permitting in 2016/17, and the development process would have been started by the beginning of 2018. CLA discussed with the Resource Manager & Land Assets Director ,Miles Nishijima, on October 16, 2019, whether there was any indication that the deliverable was actually provided to OHA. Mr. Nishijima communicated to CLA that the vendor did provide the deliverables that included an environmental impact report. The vendor took that analysis and prepared a presentation to the Board of Trustees. The analysis was to be incorporated into the design guidelines. The deliverables by the vendor were presented to the Board in closed session and OHA is not able to provide to CLA the deliverables or the minutes of the closed session. CLA will rely on the conversation held with Mr. Nishijima and on the agenda item that lists this closed meeting as evidence that some type of deliverable was provided by the vendor. Mr. Nishijima stated that OHA was very satisfied with the vendor's work and the contract was allowed to expire before all of the work listed in the contract was completed. This was because the delay was on OHA's side. OHA will use the input provided by the work performed by the vendor to complete the work. According to Mr. Nishijima, the target is to complete the design guidelines by the end of 2019.
B16	The contract file did not include a Purchase Requisition for the oringinal contract. The contract file provided to CLA contained three versions of a Purchase Requisition for the contract amendment. The Purchase Requistions were dated 5/24/13 for $50,000; 9/6/13 for $35,000 but then marked for an additional $50,000; 9/6/13 for $35,000 without the marking; and second copy of the 9/6/13 $35,000 PR. Additionally, it included another Purchase Requisition dated 7/22/14 for $50,000, but marked with pen for $46,500. Although there were several Purchase Requesitions for the 2013 and the 2014 years, the contract file did not include the purchase request that should have been in place at the time the contract was entered into on 12/31/2012. Because the original Purchase Requisition was not loacted, CLA is unable to determine whether the availability of funds was verified on the Purchase Requisition by the Budget Analyst the initial contract executed on 12/31/2012. Current OHA employees were not able to locate the original Purchase Requisition and were not able to provide responses to CLA regarding this contract.

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B17	The contract file did not contain any deliverables. The terms of the contract required invoices to include a detailed breakdown of contractor's time charges attributable to the particular billing period and be accompanied by a verbal and/or written report identifying the activities, tasks, and/or work product completed. Although the contract required the invoices to include a detailed breakdown of contractor's time charges attributable to the particular billing period and to be accompanied by verbal and/or written report identifying the activities , tasks, and/or work product completed. These deliverables were not provided to CLA. CLA inquired with OHA, however, current employees were not able to locate any deliverables or speak to the possibility that the reports that were supposed to accompany the invoices were perhaps provided verbally.
B18	The contract amendment effective date for contract 2847.01 was prior to the contract amendment execution date. The original contract was to be effective 1/1/13 to 12/31/13. The amendment for this contract was not executed until 4/25/14 and it was to be effective retroactive to 1/1/14. Even though the amendment had not been executed, the LOB director (CFO) Hawley Iona, nonetheless approved payments for January and February invoices, on 3/17/14 and for March 2014 invoices on 4/9/14. The contractor continued to invoice OHA after his initial contract had expired in 12/31/13, and the OHA CFO approved these three payments before the amendment was executed on 4/25/14; however, the payment was not prepared until 5/23/14, which is after the contract amendment was executed on 4/29/14. The invoices from this vendor contain listings of expenses relating to his travel to conferences and all associated expenses as part of his out-of-pocket expenses. The invoices include out of pocket expenses for several investment conferences and also includes monthly parking at the Honolulu Club for a number of months. These were expenses that were listed as business expenses; however, no additional charge to OHA was added from these listed expenses, as the contract called for fixed fee monthly payments. The monthly payment was made in the same amount regardless of the hours listed on the invoice and regardless of the out-of-pocket expenses listed on the invoice. The totality of the observations for this contract suggest a greater risk of possible waste, or abuse a the payments made to the vendor were schedule to be fixed rather than based on the number of productive hours of his work that brought benefit to OHA.

Attachment 07

Attachment 07
Office of Hawaiian Affairs
HRS §103D-304 Professional Services Testing
Number of Contracts Tested: 14
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-01	2499	Oahu Publications, Inc.	$ 508,548.00	Printing of Ka Wai Ola Newsletter	Blaine Fergerstom (Public Information Director / Acting Director of Communications)	No longer employed by OHA at time of testing	Professional Services	C-01 to C-08
K-03	2683	PAPA OLA LOKAHI	160,000.00	Provide support for designing healthy work sites	Esther Kia'aina (Chief Advocate)	No longer employed by OHA at time of testing	Professional Services	C-01, C-03, C-04, C-07 to C-12
K-05	2689	Native Hawaiian Legal Corporation	2,097,600.00	Render legal services and provide legal representation to clients in substantive areas	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Professional Services	C-01, C-03, C-04, C-07 to C10, C-13
K-10	2725	Townscape, Inc.	20,000.00	Advise OHA regarding Kaka'ako Makai	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Professional Services	C-01 to C-04, C-07, C-10
K-16	2799	McGregor, Davianna	110,500.00	Support of OHA governance initiatives and other purposes	Breann Nu'uhiiwa (Chief Advocate)	No longer employed by OHA at time of testing	Professional Services	C-01, C-03, C-04, C-07 to C-10, C-14 to C-16
K-17	2828	Mid-Continent Research for Education & Learning dba Mid-Continent Regional Educational Laboratory	99,716.00	Kukulu Hou assesement framework project (Mana Scale) consulting and advisement phase	Kamana'opono Crabbe (CEO)	Unsucessful attempts to interview	Professional Services	C-01, C-03, C-04, C-07 to C-10, C-17

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CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-28	2900	Native Hawaiian Legal Corporation	2,097,600.00	Render legal services and provide legal representation to clients in substantive areas	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Professional Services (LEGAL PROVISO)	C-01 to C-04, C-07, C-08, C-10, C-18
K-35	2931	Oiwi Television Network	1,000,000.00	Producing broadcast media content	Ryan Gonzalez (CE Director / Designee)	No longer employed by OHA at time of testing	Professional Services (STATE PROVISO)	C-01 to C-04, C-07, C-08, C-10, C-19 to C-21
K-37	2948	McCorriston Mukai Miller Mackinnon LLP	50,000.00	Render legal srevices as requested by OHA	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Professional Services	C-01 to C-04, C-07, C-08, C-10, C-22
K-41	2961	Good Juju Co., The	148,297.00	Produce a 45-60 minute animated educational video relating to the historical facts and events of Hawaii's Monarchy and its overthrow	Alice Silbanuz (Digital Manager)	Interviewed on July 23, 2019	Professional Services	C-01 to C-04, C-07, C-08, C-10, C-23
K-55	3022	Stryker, Weiner & Yokota Public Relations, Inc.	256,000.00	Provide research services to developing uniform communications and messaging highlighitng OHA	Kamana'opono Crabbe (CEO)	Last day with OHA was June 30, 2019	Professional Services	C-01, C-03, C-04, C-07, C-10, C-24, C-25
K-56	3025	Reed Smith LLP	200,000.00	Provide legal services regarding native Hawaiians	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Professional Services	C-01 to C-04, C-07, C-08, C-10, C-26 to C-30
K-58	3031	Peninsula Real Estate Partners LLC	90,000.00	Provide analysis of financial and budgetary data	Hulu Lindsey (BOT Member)	Current - Interview not needed	Professional Services	C-01 to C-04, C-07, C-10, C-31

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CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-67	3058	Native Hawaiian Legal Corporation	2,097,600.00	Render legal services and provide legal representation to clients in substantive areas	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Professional Services (LEG PROVISO HB 209 H.C. 25.D.2.C.D.1.)	**C-01, C-03, C-04, C-07, C-08 to C-10, C-16**

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Office of Hawaiian Affairs
HRS §103D-304 Professional Services Testing
Number of Contracts Tested: 14
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number / OHA Contract Number		K-01: 2659	K-03: 2683	K-05: 2689	K-10: 2725	K-16: 2799	K-17: 2828	K-28: 2900	K-35: 2931	K-37: 2948	K-41: 2961	K-55: 3022	K-56: 3025	K-58: 3031	K-67: 3058	Contracts with Missing Documents	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §84: Standards of Conduct																			
HRS § 84-14: Conflicts of Interest																			
[1]	Employees selecting the contractor did not have a financial interest.	✓	DM	DM	✓	DM	DM	✓	✓	✓	✓	DM	✓	✓	DM	6	0	8	14
[2]	Employees selecting the contractor were not engaged by the contractor as legal counsel, advisor, consultant, representative, or other agency capacity.	✓	DM	DM	✓	DM	DM	✓	✓	✓	✓	DM	✓	✓	DM	6	0	8	14
HRS § 84-15 & §84-18: Contracts																			
[3]	The contract was not with a legislator or employee who has controlling interest.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	14	14
[4]	If the contract was with a legislator or employee who has controlling interest, alternative criteria were met.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	14	14
[5]	The person or the business entering into contract with OHA was not represented by a person employed by OHA in the preceding 2 years who was employed by OHA for more than 181 days in the preceding year.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, C26	✓	✓	0	1	13	14
[6]	If the person or business entering into contract with OHA was represented by a person employed by OHA in the preceding 2 years, the person did not participate in the matter with which the contract is directly concerned.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, C26	✓	✓	0	1	13	14
HRS §103D: Hawaii Public Procurement Code																			
HRS §103D-101(a) & (b): Requirements of Ethical Public Procurement																			
[7]	No evidence was observed of OHA employee(s) not acting as a fiduciary of public funds.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	DM	1	0	13	14
[8]	No evidence was observed of OHA employee(s) not remaining independent of bidder, offer or, contractor, or business.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, C27	✓	DM	1	1	12	14
[9]	No evidence was observed of OHA employee(s) not acting only in the public interest.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	DM	1	0	13	14
[10]	No evidence was observed of disobedience to statutes and administrative rules relating to public procurement.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, C27	✓	DM	1	1	12	14
[11]	No evidence was observed of inefficiencies in the public procurement process.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, C27	✓	DM	1	1	12	14
[12]	No evidence was observed of persons not afforded an equal opportunity to compete in a fair environment.	×, C01	×, C01	×, C01	×, C01	×, C14	×, C01	×, C18	×, C01	×, C01	×, C01	×, C24	×, C27	×, C01	DM	1	13	0	14
[13]	No evidence was observed of intent or appearance of unethical behavior.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, C27	✓	DM	1	1	12	14
[14]	No evidence was observed of social interactions with actual/prospective bidder.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, C27	✓	DM	1	1	12	14
[15]	No evidence was observed of a failure to maintain confidentiality in a manner that ensures a fair procurement process.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, C27	✓	DM	1	1	12	14
[16]	No evidence was observed of a failure to remain impartial in dealings with actual or prospective bidders, offeror, contractor, business, or interested parties.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, C27	✓	DM	1	1	12	14
HRS §103D-101(c): Requirements of Ethical Behavior																			

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[17]	No evidence was observed of a failure to identify and eliminate conflict of interests for this contract.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, C27	✓	DM	1	1	12	14
[18]	No evidence was observed that any party involved in the negotiation, performance, or administration of this contract did not act in good faith.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, C27	✓	DM	1	1	12	14
HRS §103D-304 Procurement of Professional Services																			
[19]	Professional service was procured in accordance with 103D-302 (Competitive Sealed Bidding), 103D-303 (Competitive Sealed Proposal), 103D-305 (Small Purchases and P-Card), 103D-306 (Sole Source Procurement) or 103D-307 (Emergency Procurement), if not in accordance with this section, 103D-304.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	14	14
[20]	Professional engineers, architects, surveyors and landscape architects were procured using this section, 103D-304 (Procurement of Professional Services) or 103D-307 (Emergency Procurement).	N/A	✓	N/A	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	14	14
[21]	Contract was awarded on basis of competence/qualifications to provide required services at fair and reasonable prices.	✓	DM	DM	✓	DM	DM	✓	✓	✓	✓	DM	✓	✓	DM	6	0	8	14
[22]	Notices were published before the beginning of each year inviting professional service organizations to submit statements of qualifications and expressions of interest.	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	0	14	0	14
[23]	The selection committee was of sufficient education/training/licensure designated to review the professional service providers.	✓	DM	DM	✓	DM	DM	✓	✓	✓	✓	DM	✓	✓	DM	6	0	8	14
[24]	Steps were taken to ensure the Review Committee members and the Selection Committee members would be impartial and independent in their review of professional service providers.	×, C02	DM	DM	×, C02	DM	DM	×, C02	×, C02	×, C02	×, C02	DM	×, C02	×, C02	DM	6	8	0	14
[25]	The names of individuals designated to the Review Committee were noted in the contract file.	✓	DM	DM	✓	DM	DM	✓	✓	✓	✓	DM	✓	✓	DM	6	0	8	14
[26]	The Selection Committee's selection criteria was employed in descending order of importance by relevant experience, past performance or similar projects, and capacity.	✓	DM	DM	✓	DM	DM	✓	✓	✓	✓	DM	✓	✓	DM	6	0	8	14
[27]	The Selection Committee rankings, as well as a summary of qualifications that make up the ranking, were provided to the head of purchasing.	✓	DM	DM	✓	DM	DM	✓	✓	✓	✓	DM	✓	✓	DM	6	0	8	14
[28]	The contract was awarded to the first-ranked person.	✓	×, C09	×, C09	✓	×, C09	×, C09	✓	✓	✓	✓	×, C24	✓	✓	×, C09	0	6	8	14
[29]	The contract included fair/reasonable terms of compensation considering the scope and complexity of services to be rendered.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	14	14
[30]	If other than first-ranked was selected, the documentation that supported selection of the next-ranked person (or other-than-first person) was included with the contract.	✓	×, C09	×, C09	✓	DM	×, C09	✓	✓	✓	✓	×, C24	✓	✓	DM	2	4	8	14
[31]	Contracts in excess of $5,000 were electronically posted within 7 days after the contract was awarded.	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	0	14	0	14
[32]	The Selection Committee's rankings were included in the posting.	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	0	14	0	14
[33]	The organization receiving the award was included in the posting.	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	0	14	0	14
[34]	The dollar amount of the contract was included in the posting.	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	0	14	0	14

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[35]	The name of the designee(s) making the selection was included in the posting.	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	0	14	0	14
[36]	Any existing relationships between the principals of the service provider and the official making the award decision were included in the posting.	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	×, C03	0	14	0	14
[37]	Contracts of less than $100,000 ($250,000 for construction projects) were properly reviewed by the head of the purchasing agency, or designee, with at least two persons on the Selection Committee.	N/A	N/A	N/A	DM	N/A	DM	N/A	N/A	DM	N/A	N/A	N/A	N/A	N/A	3	0	11	14
[38]	Contracts that were in excess of $100,000 were not unnecessarily split or parceled out to allow for this method of contract approval.	✓	✓	✓	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	14	14
HRS §103D-315: Multi-Term Contracts [1]																			
[39]	The terms of the contract and conditions for renewal or extension were included in the solicitation.	×, C04	×, C04	×, C04	×, C04	×, C04	×, C04	×, C04	×, C04	×, C04	×, C04	×, C04	×, C04	×, C04	×, C04	0	14	0	14
[41]	For multi-year contracts, it was determined in writing that the estimated requirements cover the period and are reasonably firm and continuing	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	14	14
[42]	For multi-year contracts, it was determined in writing that such contracts serve in the best interest of OHA.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	14	14
[43]	For multi-year contracts, it was determined in writing that sufficient funds to pay for the initial term of the contract are available and funds necessary for the remaining terms are likely to be available from sources identified in writing.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	14	14
P-10: OHA Purchase and Procurement Procedures, revised June 2008																			
2.2.1.8: Professional Services [2]																			
[44]	Professional services were solicited no later than May of each year.	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	0	14	0	14
[45]	A procurement notice was issued requesting proposals from the appropriate service providers.	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	0	14	0	14
[46]	Notices were posted on the Procurement Notices System and in major newspapers.	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	×, C01	0	14	0	14
2.2.2.1: Purchase Request																			
[47]	A Hale Director or Deputy Administrator identified the need to create a Purchase Requisition.	✓	✓	✓	✓	✓	DM	✓	✓	✓	✓	✓	✓	✓	✓	1	0	13	14
[48]	The Purchase Requisition complied with the OHA Procurement Policy.	✓	✓	✓	✓	✓	DM	✓	✓	✓	✓	✓	✓	✓	✓	1	0	13	14
[49]	The Purchase Requisition documented the availability of funds for the procurement.	✓	✓	✓	✓	✓	DM	✓	✓	✓	✓	✓	✓	✓	✓	1	0	13	14
[50]	The Purchase Requisition was approved by the appropriate manager as per the delegation of authority document.	✓	✓	✓	✓	✓	DM	✓	✓	✓	✓	✓	✓	✓	✓	1	0	13	14
2.2.4: Grants, Procurement, and Contracts Review Process																			
[51]	A complete Purchase Requisition was submitted by a designated representative for the review process.	✓	✓	✓	✓	✓	DM	✓	✓	✓	✓	✓	✓	✓	✓	1	0	13	14
[52]	**[a]** An Accounting Checklist was submitted.	✓	×, C10	×, C10	×, C10	×, C10	×, C10	×, C10	×, C10	×, C10	×, C10	×, C10	×, C10	×, C10	×, C10	0	13	1	14

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	[b] Funds were verified by the Budget Analyst.	✓	✓	✓	✓	✓	DM	✓	✓	✓	✓	✓	✓	✓	✓	1	0	13	14
	[c] Funds were certified by the CFO.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	14	14
[53]	The CFO certified the availability of funds on the Accounting Checklist.	✓	×, C10	×, C10	×, C10	×, C10	×, C10	×, C10	×, C10	×, C10	×, C10	×, C10	×, C10	×, C10	×, C10	0	13	1	14
[54]	Unless not required by statute, the contractor submitted a Tax Clearance to OHA prior to executing the Purchase Order.	✓	✓	✓	✓	✓	✓	✓	×, C19	✓	✓	✓	×, C29	✓	✓	0	2	12	14
[55]	A Procurement Document Checklist was submitted and signed by a Hale Manager.	✓	✓	✓	✓	×, C15	✓	DM	✓	✓	✓	DM	×, C28	✓	✓	2	2	10	14
[56]	The owner of the business (except for sole proprietorships, charitable organizations, unincorporated associations, and foreign insurance companies) submitted a DCCA Verification showing Proof of Good Standing with the State of Hawaii.	✓	✓	✓	✓	✓	✓	✓	×, C19	✓	✓	✓	×, C29	✓	✓	0	2	12	14
[57]	The Hale Manager or Grants staff submitted a Standard Long Form Grant Agreement or Contract for Purchase of Services.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	14	14
2.2.4.2: Purchase of Goods and Services Review Process [3]																			
[58]	The Standard Long Contract was used for the purchase of services and it included all of the provisions outlined in the Standard Long Form Contract.	×, C05	✓	×, C13	✓	×, C16	✓	✓	×, C20	✓	✓	✓	✓	✓	×, C16	0	5	9	14
[59]	The senior staff attorney signed the Procurement Document Check List to ensure compliance with State Procurement Laws for purchases of more than $2,500.	✓	✓	✓	✓	×, C15	✓	DM	✓	✓	✓	DM	×, C28	✓	✓	2	2	10	14
[60]	The senior staff attorney signed the contract.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	14	14
[62]	The appropriate signatures were obtained on the contract based on Operational Authority Delegation Hierarchy revised 12/12/12, 5/19/15, and 10/21/15, as applicable.	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, C23	✓	✓	✓	✓	0	2	12	14
2.2.5.2: Receiving on a Purchase Order [4]																			
[65]	The Purchase Order was reviewed and signed by the Controller or the CFO as applicable.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	14	14
[66]	The Request for Contract Payment, signed by the Hale Director for contracts, or a receipt of goods/services was received.	×, C06	×, C11	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, C30	✓	✓	0	3	11	14
2.2.7.3: Contract Payment Process [5]																			
[69]	The Request for Payment on Contract was reviewed and signed by the Hale Director and Administrator, or Deputy Administrator, as applicable.	×, C06	×, C11	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	2	12	14
[72]	The payment was approved by the appropriate level based on Operational Authority Delegation Hierarchy revised 12/12/12, 5/19/15, and 10/21/15, as applicable.	×, C06	×, C11	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	2	12	14
2.2.7.5: Check Issuance																			
[73]	The invoice was stamped "Paid" and marked with the check number.	×, C07	×, C07	×, C07	×, C07	×, C07	×, C07	×, C07	×, C07	×, C07	×, C07	×, C07	×, C07	×, C07	×, C07	0	14	0	14
Other Testing Results																			
[74]	Deliverable was met by the contractor.	DM	×, C12	✓	✓	✓	×, C17	✓	×, C21	×, C22	✓	✓	✓	✓	✓	1	4	9	14

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[75]	There was sufficient oversight of project/work by the contract monitor/manager.	×, C08	×, C08	×, C08	✓	×, C08	×, C08	×, C08	×, C08	×, C08	×, C08	✓	×, C08	×, C31	×, C08	0	12	2	14
[76]	There was no evidence of fraud, waste, or abuse.	DM	✓	✓	✓	✓	×, C17	✓	✓	✓	✓	×, C25	×, C27	✓	✓	1	3	10	14

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Footnotes

1	Criteria [40] was also tested here but is excluded as it was used by CLA to document whether the contract was a multiyear contract
2	Criteria [23] and [27] were also tested here as part of section 2.2.1.8 Professional Services but are not shown in this section to avoid duplication.
3	Criteria [61], [63] and [64] were also tested here but are excluded as they were used by CLA to document the name of the individual approving the Purchase Requisition and the date of the approval; however, this information is not necessary to report the final results of the testing.
4	Criteria [67] and [68] were also tested here but are excluded as they were used by CLA to document the name of the Hale Director or Administrator (Deputy Administrator) and the date of receipt of services; however, this information is not necessary to report the final results of the testing.
5	Criteria [70] and [71] were also tested here but are excluded as they was used by CLA to document the Hale Director or Administrator (Deputy Administrator) approval and date of approval; however, this information is not necessary to report the final results of the testing.

Tickmarks

✓	Contract complied
×	Contract did not comply
DM	Documents missing - OHA could not locate document(s) to provide to CLA
N/A	Not applicable
C01	HRS §103-304(b) Procurement of Professional Services: requires at a minimum that, before the beginning of each fiscal year, the head of each purchasing agency publish a notice inviting persons engaged in providing professional services which the agency anticipates needing in the next fiscal year to submit current statements of qualifications and expressions of interest to the agency. CLA was unable to confirm that this required step took place; however, there are indicators that in high likelihood the publication took place because of the record of responding professionals. Documentation exists prepared by OHA to provide notice to providers of professional services. This documentation includes annual memorandums to all OHA programs requesting a listing of all the professional services that they anticipate needing in the following year. The memorandums also state that the Notice to Providers of Professional Services will be published in the Honolulu Star and posted on the state Procurement Notices System (PNS) website before the deadline (before the beginning of the new fiscal year). Nonetheless, CLA was unable to review a newspaper clipping or screenshot of the notice posted to the PNS. The Procurement Manager explained that although this process is completed, normally a printout of the published notice is not included in the Professional Services binder for the year.
C02	HRS §103-304(d) requires that in designating the members of the selection committee, the head of the purchasing agency shall ensure the impartiality and independence of committee members. Per review of the supporting documentation provided, CLA did not identify any documentation that the head of the purchasing agency completed this step. The procurement Manager explained that documentation of independence for the review committee and the selection committee members was not consistently done.
C03	HRS §103-304(i) requires that contracts awarded under this HRS section for $5,000 or more shall be posted electronically within seven days of the contract award by the chief procurement officer or designee and shall remain posted for at least one year. Information to be posted shall include, but not be limited to: the names of the persons submitted under section (g); the name of the person or organization receiving the award; the dollar amount of the contract; the name of the head of the purchasing agency or designee making the selection; and any relationship of the principals to the official making the award. Per discussion with the Procurement Manager, although this step was completed for the contracts selected of testing, a printout was normally not included in the contract file.
C04	HRS §103D-315(a) requires that unless otherwise provided by law, a contract for goods or services may be entered into for any period of time deemed to be in the best interests of the governmental body, provided the term of the contract and conditions of renewal or extension, if any, are included in the solicitation. Based on the supporting documentation provided, CLA did not identify the original solicitation, therefore, CLA could not determine whether the terms of the contract and conditions of renewal or extension were included. The Procurement Manager communicated that for professional services obtained from vendors on the Professional Service Providers annual approval list, there is no other solicitation that will be sent to multiple vendors. Normally, a selection committee will rank the vendors to identify the most qualified vendor for that type of service and the top listed vendor is normally contacted at the time the services are needed.
C05	CLA received a copy of the original contract and of two contract amendments. No additional amendments were provided; however, per notes included in the general ledger it appears that there were 9 total amendments to this contract.

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C06	CLA received payment supporting documentation (request for payment and invoices) and verified that payments were processed according to established procedures for the years prior fiscal year 2013; however, the payment information for the payments made from fiscal year 2013 through to fiscal year 2016 were not provided to CLA. CLA requested the support for the following sample of invoice numbers; however, the payment support was not available and were not provided to: # I00466281-10312012 # I00515975-04302013 # I00588473-12272013 # I00624716-04302014 # I00674680-09302014 # I00750138-04302015 # I00812307-10302015 # I00870593-04292016
C07	Although the payment process indicates that the invoice will be stamped "Paid" and list the check number; per review of the provided support, the stamp and listing of check number is taking place on the Request for Payment on Contract form.
C08	The contract effective date was before the contract execution date. Therefore the contract was effective retroactively, which means the vendor may have started to incur cost that it was planning to invoice to OHA before a formal agreement was in place. This is not a best practices as there could be instances were the written contract is not approved for execution and in these instances the vendor may believe that it has a verbal agreement with OHA that led the vendor to believe that a contract would be forthcoming. This may present an issue if a contract is ever not approved but the vendor has already incurred costs that it expects to recover from OHA.
C09	HRS §103-304 (c) to (g) states that during the course of the fiscal year, whenever the agency needs a particular professional service, the head of the purchasing agency shall designate a selection committee to evaluate the statements of qualification and performance data of those persons on the list prepared pursuant to subsection (cc) along with any other pertinent information, including references and reports. There are additional requirements for the qualification of those participating in the selection committee and for how the professional service providers must be evaluated. However, for this contract, even though there were more than one vendor in the approved listing for this category and the selected vendor was not the first vendor listed, no review committee matrix was included in the contract file. The Procurement Manager informed CLA that the process to select a contract from the list of approved vendors consists of having a Selection Committee evaluate and identify the most qualified vendor from the original responses (Statements of Qualification) received. However, no documentation of this assessment was provided to CLA.
C10	An Accounting Checklist was not included with the supporting documentation. According to Gloria Li, Controller, the Accounting Checklist has not been used in a long time and the Procurement Document Checklist is used instead. The Accounting Checklist was used back when purchasing was part of the accounting department, and there was a separate checklist for each group (accounting and procurement). Now that procurement is its own department, only the Procurement Document Checklist is used. The availability of funds is verified on the Purchase Requisition by the Budget Analyst. The CFO's certification of funds is documented on the Purchase Order. See criteria [52][b] and [c] for funding verification by the Budget Analyst and certification by the CFO. Although Ms. Li did not recall the approximate dates of when the Accounting Checklist stopped being used, CLA noticed that only one of the selected contracts (K-01) contained this document within its files. The date the Accounting Checklist included in K-01 was signed was 10/5/2009. Based on this evidence it appears that the Accounting Checklist has not been used, likely, since 2009. Nonetheless, the Fiscal Procedures Manual has not been updated for this change.
C11	Supporting documentation was not located for three invoice payments (#83111, #7681, #7690) totaling $70,000.
C12	The contract stipulated that the contractor would submit nine (9) written reports on its finding which shall be received by OHA no later than the dates listed in the contract: YR1: 10/1/11, 1/1/12, 4/1/12, 7/1/12; YR2: 10/1/12, 1/1/13, 4/1/13, 7/1/13; YR3: 1/1/14. The support provided to CLA included the reports for only two dates, 4/1/13 and 7/1/13. No other deliverables were provided to CLA.
C13	The Purchase of Goods and Services Review Process section 2.2.4.2 of the OHA Policies and Procedures Manual states that for the purchase of services, staff must use the standard contract template provided by the legal office. Each contract should include a number of provisions including an insurance provision; however, this contract did not include an insurance provision. Although the contract did not include an insurance provision, the insurance certificate for the vendor was included in the support for this contract.

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C14	HRS §103-304(b) Procurement of Professional Services requires at a minimum, before the beginning of each fiscal year, the head of each purchasing agency shall publish a notice inviting persons engaged in providing professional services which the agency anticipates needing in the next fiscal year, to submit current Statements of Qualifications and expressions of interest to the agency. The only document provided to CLA includes the supplemental list #1 dated 7/12/11 for the 2012/13 year. The supporting documentation does not include a newspaper clipping or screenshot of the online publication to provide evidence that the notice was actually posted; therefore, CLA was not able to verity that this public notice actually took place for the supplemental list #1 dated 7/12/11 for the 2012/13 years. Per discussion with the Procurement Manager, although this process is completed, normally a printout of this is not included in the Professional Services binder for the year.
C15	Section 2.2.2.4 of the OHA Policies and Procedures Manual (revised March 2009) states that the Hale Manager and senior staff attorney must sign the Procurement Document Check list. Although the Hale Manager and senior staff attorney signed the procurement document checklist, no procurement method was indicated. Additionally, no SPO (State Procurement Office) forms and documents used for this procurement were indicated. The Procurement Document Checklist contained only the purchasers name, division name, name of vendor, description of purchase, and the signature of preparer and legal counsel.
C16	Section 2.2.4.2 Of the OHA Policies and Procedures Manual (revised March 2009) states that for the purchase of services, staff must use the standard contract template provided by the legal office. Each contract should include a number of provisions including an insurance provision. This contract in addition to not containing the insurance provision section, it also did not contain a copy of the insurance certificate that should have been provided by the vendor.
C17	Contract #2828 with Mid-Continent Research for Education and Learning was executed on 9/7/2012, but made effective from 5/11/2012 to 5/31/2013 for a total contract amount of $99,716. The scope of services included consulting and advisement. Vendor was to collaborate with OHA on the culturally recognized domains of mana to determine the scope, attributes, and sub-constructs of the phenomenon to be assessed. Vendor was to contribute a total of no less than 700 staff hours for all tasks within this agreement. The contract specifically listed contract deliverable as per the following schedule: 1: Execution of contract (first payment $19,943.20); 2: Corpus study report (second payment $23,267.07); 3: Literature review report (third payment $23,267.07) 4: Focus group report (Fourth payment $23,267.07) 5: Annotated bibliography (fifth payment $9,971.60) Only the first payment of $19,943.20 was made on 2/4/13. There were no additional payments made during the contract's time of performance and through the end of the original contract period. A contract amendment was made on 6/26/13 but effective from 6/1/13 (the day after the ending period of the original contract) to 6/30/14. The scope of the contract was changed and additional funds were added to the contract for a total contract amount of $349,527 (two additional amendments only extended the time of performance, first to 6/30/15, and then to 8/31/15). The first amendment(2828.01) on 6/26/13 listed the following: 1: Execution of amendment agreement (first payment $49,962.20); 2: Instrument facilitation guide (second payment $58,289.23); 3: Assessment blue prints (third payment $58,289.23); 4: Assessment pilot Tool (fourth payment $58,289.23); 5: Report of phase II (final payment $24,981). None of the deliverables for the original contract were located. None of the deliverables for the second amendment were located. Based on the fact that no payments were made during the initial contract period, aside from the payment upon execution, it appears that the original contract period expired without any work being performed and without any deliverable being provided. The contract file contained an email communication form Gerald Honda (Procurement Manager at the time) to the CEO's Executive Assistant regarding the first contract amendment in preparation for the first contract amendment. The CEO's Executive Assistant forwarded this email to Ernie Kimoto, Corporate Counsel; however, the contents of her communication to Mr. Kimoto were redacted from the copy of the email included in the contract file that was provided to CLA. Additionally, the response from Mr. Kimoto was also redacted. Based on the language of the original contract, the language of the first amendment, the lack of additional payments during the original contract period, the change in scope for the first amendment, the additional payment due upon the execution of the contract amendment, and the change in scope, it appears to CLA that none of the work for the original contract was performed.

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C18	HRS §103-304(b) states that at a minimum, before the beginning of each fiscal year, the head of each purchasing agency shall publish a notice inviting persons engaged in providing professional services which the agency anticipates needing in the next fiscal year to submit current statements of qualifications and expressions of interest to the agency. Based on the responses from applicants it appears that this notice was published; however, the application included in the contract file for this vendor appears to be responsive to the prior year's publication for consideration in the year 2012/13 and not for the year 2013/14, which is when the contract was actually awarded. The vendor was in the list of approved vendor for 2012/13 and 2013/14; however, no selection committee scoring matrix was provided for CLA's review
C19	Section 2.2.4 Grants, Procurement, and Contracts Review Processes of the OHA Policies and Procedures Manual states that unless not required by statute, the contractor should submit a Tax Clearance to OHA prior to executing the Purchase Order. For this contract there was no Certificate of Vendor Compliance (where the tax clearance is verified) obtained prior to the execution of the first contract and prior to the establishment of the Purchase Order. The Procurement Package Checklist had a check mark in the box for "not required for grants or for this payment if less than $25,000." This check mark appears to convey that these documents were not applicable to this contract; however, this contract was for $1 million, therefore, it did require this verification. The contract file did have a Certificate of Vendor Compliance for the final payment as required by the contract. The fact that the certificate was in the contract file for the final payment additionally suggests that the certificate should have been obtained prior to the original contract being executed.
C20	Section 2.2.4.2 Purchase of Goods and Services Review Process section of the OHA Policies and Procedures Manual states that for the purchase of services, staff must use the standard contract template provided by the legal office. Each contract should include a number of provisions including a section for "Other Terms and Conditions." The contract stated that the Other Terms and Conditions section was attached to the contract; however, this attachment was not included in the supporting documentation provided to CLA and it was not located after additional requests.
C21	This contract required delivery of reports prior to payments 2 through 5. Only three of the four reports were included in the contract file provided to CLA.
C22	The contract listed specific types of professional legal services to be provided; however, the invoices submitted by the attorney in request for payment contained redactions applied by OHA's Corporate Counsel, therefore CLA was unable to determine whether the services provided by the vendor were the services listed in the contract.
C23	The Operational Authority Delegation Hierarchy updated 12/12/12 and effective through 5/18/2015, stated that contract executions and amendments of up to $150,000 can have the final execution by the COO; however, contract executions of more than $150,000 must be executed by the CEO. For this contract, the original contract was for under $150K and the COO, Kawika Burgess, executed the contract, which was appropriate based on the delegated authority; however, the amendments, which amounted to a total contract of $209,426 exceeded the COO's delegated authority and should have been executed by the CEO as well. The CEO did not sign these contracts.
C24	HRS §103D-101 Requirements of Ethical Public Procurement requires that OHA must abide by the statutes and administrative rules relating to public procurement. For this contract CLA was not provided with supporting documentation related to the procurement process. Although the Memorandum of Professional Service Review Committee Recommendations lists this vendor in the recommended approval for this category, CLA was not provided with the scoring matrix which would have shown whether the Review Committee selected this candidate as the top vendor. Therefore, CLA is unable to determine whether the contract was awarded on the basis of competence/qualifications to provide the required services at a fair and reasonable price, awarded to the first-ranked person/company.

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C25	Contract 3022 was executed on 4/1/15 with Stryker Weiner & Yokota Public Relations, Inc. with effective date of 4/1/15 to 3/31/17 for $256,000. The scope of services listed the project name as "Integrated Marketing Communications Plan" and the description included stated, "Uniform communications and messaging highlighting OHA." Among other deliverables, the vendor was to provide training to the Board of Trustees, Executive Team and all OHA staff. The Integrated Marketing Communications Plan, was to provide OHA a strategic plan to increase the positive image of OHA among the Native Hawaiians and the general public. This plan was to include, among other items, four trainings at three levels to be presented to the Board of Trustees, the Executive Team, and all OHA staff. One amendment was executed for this contract on 9/25/15, which added $37,969.24 to bring the total contract amount to $293,969.24. Total payments made on this contract amounted to $215,969.24 for the period tested by CLA (through 6/30/16). The contract file contained the deliverables and included records of a Beneficiary Advocacy and Empowerment (BAE) committee meeting on 8/24/16. This meeting was held to discuss approving the "One Voice, One Message" method for communication action item based on the work performed by Stryker Weiner & Yokota Public Relations, Inc. The Action Item BAE 16-02 stated "To approve an OHA Board of Trustees Executive Communications Policy Plan called 'one Voice, One Message.'" Based on the minutes of this BAE meeting, it appears that a trustee disagreed with the plan stating that, as elected officials, the Board of Trustees could not be told not to speak their minds. Another Trustee stated that the policy, as it was being presented for vote, was unconstitutional as it would be a violation of the First Amendment and cited *Bond v. Floyd*, which stated that legislators have an obligation to take positions on controversial political questions so that their constituents can be fully informed and be better able to asses their qualifications for office. There was lengthy discussion on the issue, and having not agreed on a decision for the proposed BAE, it was tabled. The CEO stated during this meeting: "I think the discussion has raised a legal issue regarding the Constitutionality, which we did not look at, and we will get a legal perspective on it and look to revising this." CLA inquired whether this item was brought back to the Board of Trustees for discussion. OHA communicated to CLA that as of October 2019, a revised "Integrated Marketing Communications Plan" was not brought back to the Board of Trustees and there was no action taken by the Board of Trustees on this item. However, the other aspects of the communications plan are actively used by OHA to guide OHA's internal and external communications. Based on the fact that the objective of this contract, in the amount of $293,969.21 (including amendment), was to devise an "integrated Marketing Communications Plan" that in part involved action by the Board of Trustees, it would have been prudent to discuss with the Board of Trustees regarding the objective of the proposed work prior to beginning the procurement process, and certainly prior to entering into this contract. OHA administration should not have waited until all the work was performed, to have one of the objectives of the deliverable be questioned by certain members of the Board of Trustees, which in effect rendered portion of the deliverable unusable by OHA. For this reason, CLA questions whether part of this expenditure was a waste of OHA's resources.
C26	Contract 3025 with Reed Smith LLP was executed on 5/5/15, but effective 9/7/2014, for $200,000 to provide non-litigation legal expertise and advice to OHA in connection with OHA's advocacy in the areas of Native Hawaiian language immersion education. The contract stated that time expended by timekeepers who have not been approved by OHA are not billable and listed as approved for billing Breann Y.S. Nu'uhiwa. HRS 84-18 (C) states: No former employees, within twelve months after termination of the former employee's employment, shall represent any person or business for a fee or other consideration, on matters in which the former employee participated as an employee or on matters involving official action by the particular state agency or subdivision thereof with which the former employee had actually served. This section shall not apply to a task force member who, but for the service as a task force member, not be considered an employee. (e) This section shall not apply to any person who is employed by the state for a period of less than one hundred and eighty-one (181) days. Based on review of documentation provided by OHA, it appears that the listed provider of services, Ms. Nu'uhiwa, was employed by OHA as the Chief Advocate from 4/23/12 to 9/4/13. Based on the date of ending of employment it appears that the contract with Reed Smit LLP was effective after one year after her employment ended with OHA. However, according to Raina Gushiken, OHA's Senior Legal Counsel, Ms. Nu'uhiwa provided services to OHA on a "pro-bono" basis from the time her employment with OHA ended until 9/6/2014. Please refer to tickmark **C27** below for additional details that call into question whether there may be a perception that consideration was provided during the one year after Ms. Nu'uhiwa's employment with OHA ended, which could be contrary to HRS 84-18 (C).

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	As stated in C26 above, contract 3025 with Reed Smith LLP was executed on 5/5/15 but effective 9/7/2014 for $200,000 to provide non-litigation legal expertise and advice to OHA in connection with OHA's advocacy in the areas of Native Hawaiian language immersion education. The contract stated that time expended by timekeepers who have not been approved by OHA are not billable and listed as approved for billing Breann Y.S. Nu'uhiwa and "paralegals." The following are details relevant to this contract: - 4/23/12 to 8/30/13: Ms. Nu'uhiwa employed by OHA as the Chief Advocate - 9/6/2013: Last day of Ms. Nu'uhiwa's employment with OHA, according to Raina Gushiken, OHA's Senior Legal Counsel. - 9/27/13: Date of Statement of Qualifications submitted by Reed Smith LLP, which included Ms. Nu'uhiwa as the key contact for Reed Smith LLP. Ms. Nu'uhiwa was the only attorney for whom a biography was included in the Statement of Qualifications. Her employment history did not list employment with OHA and the first reference provided included Dr. Kamana'opono Crabbe, OHA's CEO. The executive summary included in the Statement of Qualifications stated that the service provider understood that OHA anticipated the need for legal services from 7/1/13 to 6/30/14. - 10/2/13: Professional Service Review Committee recommended approval of Reed Smith LLP (Ms. Nu'uhiwa) for the category of Legal Services - Native Hawaiian affairs - 10/3/13: The CEO approved the Professional Services Review Committee Recommendation; however, a contract was not established at this time and according to OHA's Senior Legal Counsel, Ms. Nu'uhiwa provided services to OHA on a "pro-bono" basis for the one year after her employment with OHA ended. - 8/26/14: Purchase Requisition was prepared for the 2014/15 contract listing expected amount at $200,000 and estimated start date of 9/7/2014 - 9/5/14: Purchase Requisition was approved by the CFO for $200,000 of legal services for advocacy in the areas of Native Hawaiian self governance and language immersion education - 9/7/14: Contract's effective date for a contract amount of $200,000 for the provision of legal services. The contract stated that $112,500 would be paid upon contract execution. The contract stated that payment of a retainer ($112,500) did not release the contractor from the obligation to provide detailed statements for itemized costs and expenses - 9/15/14: Memorandum of appointment of Professional Services Selection Committee members including: 1) Albert Tiberi, 2) Kawika Riley, and 3) Ernie Kimoto - 9/16/14: The CEO (Dr. Crabbe) approved the appointment of the Professional Services Selection Committee members - 11/5/14: Email from Wendell Tengan, Procurement Specialist, expressing concern that he, "did a quick check of Gerald's desk and only found a PR copy and an email from you (Shirley Okamoto) saying that this procurement should be on a fast track because of a start date of 9/7/14 (already past). The appointment form should have been completed before the evaluations." The response by Shirley Okamoto was "That is what Gerald provided." - 11/6/14: Interoffice memorandum communicated that for the category of legal services - Native Hawaiian Affairs for Project: Advocacy-Native Hawaiian Self Governance/Hawaiian Language immersion education, there were 6 vendors recommended for professional services for the year 2014/15. One of the vendors was Reed Smith LLP

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C27	- 11/14/14: The Procurement Document Checklist was prepared and identified the contract as an "Exempt Purchase" citing 103D-102(b)(4)(J). None of the check boxes that would indicate that the appropriate documents were completed were checked. - 12/6/2014: The Procurement Documentation Checklist was signed by Senior Corporate Counsel - 5/5/15: The CEO signed the contract for $200,000 with $112,500 due upon contract execution (Contract execution date was 5/5/15 while the effective date was 9/7/14) - 5/11/15: The Authorization to Proceed with Contract form was signed by the procurement specialist, Wendell Tengan, and by the CFO Hawley Iona. This form listed the contract effective date of 9/7/14 - 5/15/15: The Procurement Package Checklist was completed and signed by the procurement specialist, the procurement manager, and the controller. It listed the procurement as Professional services (not as Exempt Purchase) - 5/21/15: The Purchase Order was established indicating an exempt purchase under 103D-102(b)(4)(J) and listing payment of $112,500 upon contract execution - 6/3/15: The Request for Payment on Contract form was stamped "paid." The CEO had approved it on 6/2/15 and payment of $112,500 was issued on 6/3/15 - 12/31/15: DRAFT invoice dated 12/31/15 communicated charges incurred from 9/10/14 through 9/30/15 totaling $84,728.42. The contract file did not contain a final invoice and current OHA employees were unable to locate a final invoice - 2/1/16: Request to Close a Purchase Order form was completed for this contract. No other payments aside from the initial $112,500 payments were made - 5/31/17: Reed Smith LLP refunded OHA $27,771.58 (the difference between the amount of the retainer payment and the amount of the draft invoice). A cover letter dated 5/31/17 stated, "we are now returning the balance as no current work is being done on this matter." The observations made by CLA pertaining to this contract are the following: 1: Possible non compliance with HRS §84: As mentioned in observation C26, Ms. Nu'uhiwa worked for OHA one "pro-bono" basis for the one year after her employment ended. However based on this irregularities identified in the procurement process, the perception may be that Ms. Nu'uhiwa provided the services to OHA for the one year after separation for the consideration of obtaining the contract once the one-year period expired. 2: Non compliance with HRS §103D-304: The persons selecting the professional services provider may not have been independent and may not have been impartial in their selection for the following reasons: CEO who approved the contract was listed as the first reference in the vendors. One of the individuals in the Selection Committee, Kawika Riley, was a direct report to Ms. Ms. Nu'uhiwa during her time of employment with OHA. 3: Failure to follow the appropriate contract execution process: The contract was executed before the Authorization to Proceed with Contract form and before the Procurement Package Checklist was completed. The contract should only be executed after these two forms are completed. 4: Failure to follow OHA procurement process for Professional Services: The contract effective date was, before the appointment of the Selection Committee, before the evaluation by the Selection Committee, before the recommendation by the Selection Committee, and before the contract execution date. 5: Possible inappropriate use of Exemption Method of procurement: All of the documentation contained in the contract file indicated this contract was procured through the Professional Services method, with the exemption of the Procurement Document Checklist and the Purchase Order. However, the fact that the Procurement Documentation Checklist indicated "Exempt Purchase" citing 103D-102(b)(4)(J) calls into question whether because of the irregularities observed in the procurement process were noticed, it was decided that the contract could be executed if determined to qualify under an exemption. The Exemption listed 103D-102(b)(4)(J), which provides "for services of attorneys employed or retained to advise, represent, or provide any other legal service to the State or any of its agencies, on matters resulting under laws of another state or foreign country, or in an action brought in another state, federal or foreign jurisdiction, when substantially all legal services are expected to be performed outside of this state." This does not seem to be an appropriate exemption for this work as further explained in Observation **C28** below.
C28	As mentioned in observation **C-27** above, although most of the procurement documents included in the contract file are those of a Professional Service procurement process, two documents, the Procurement Document Checklist and the Purchase Order, identify this contract as exempt from HRS § 103D-304 under HRS 103D-102 (b)(4)(J). HRS § 103D-102 (b)(4)(J) indicates "Services of attorneys employed or retained to advise, represent, or provide any other legal service to the State or any of its agencies, on matters arising under laws of another state or foreign country, or in an action brought in another state, federal, or foreign jurisdiction, when substantially all legal services are expected to be performed outside this State." It is questionable whether this contract would fit the cited exemption as the exemption applies to "matters arising under laws of another state or foreign county." However, this contract was to provide non-litigation legal expertise and advice in the areas of Native Hawaiian self-governance and Hawaiian language immersion education. Additionally, the draft invoice listed "RE: Advice and Counsel on Nation-Building" and the detailed descriptions of the time entries for work performed reference work performed such as conferences and analysis of "ANPRM" (Advance Notice of Proposed Rulemaking (ANPRM) for procedures for reestablishing a government-to-government relationship with the Native Hawaiian community). There are also entries related to the following topics, among others: Hawaiian Language Immersion testing, Native Hawaiian Roll Commission, HB 1252, Mo'olelo, HHCA (Hawaiian Homes Commission Act). Based on the contract details and on the contents of the draft invoice, it is not clear to CLA that this contract would qualify under the cited exemption.
C29	No Tax Clearance or Certificate of Good Standing was included in the contract file. As mentioned in observation **C-27** above, contract #3025 was executed on May 5, 2015, with Smith Reed LLC for $200,000 to provide legal advice regarding Native Hawaiian Self Governance and Hawaiian Language immersion education. The Procurement Package Checklist included in the contract file has a check mark in the box that indicates compliance documents "not required for grants or for this payment if less than $25,000." Additionally, the Professional Service Provider Review Worksheets state that the vendor was not registered with the State of Hawai'i; however, under current Hawai'i law, any business entity intending to enter into (or bid on) a contract with an agency of the State is required to obtain a tax clearance certificate prior to entering into a State contract, as well as upon completion of the contract before the final payment is made

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C30	As mentioned in observation C-27, the contract states that the payment of a retainer ($112,500) does not release the contractor from the obligation to provide detailed statements for itemized costs and expenses - this provision requires that detailed statement and itemized cost and expenses be submitted to OHA by the vendor; however, the contract file only contained a draft invoice with description of work performed. Therefore, CLA was not able to verify whether the vendor submitted a finalized invoice.
C31	The contract was executed to be effective 6/9/15; however, there were three charges included in the first invoice that preceded the contract effective date as follows: 5/28/15 for attending committee meeting for $385; 6/1/15 and 6/2/15 for 8 hours of review of documents for $1,120; and 6/3/15 for meeting with Trustee for $175. All of these charges were incurred before the contract effective date. Documentation for the payment includes an email from the Land Director on 9/24/15 that confirms the charges for services prior to the contract effective date are legitimate and recommends to treat it as a procurement violation, and to proceed with payment. The land Director had originally approved the payment on 9/14/15, but was questioned on the services that predated the contract effective date by the Controller. On 9/23/15 the full payment was made. There was no documentation in the contract file to determine whether a procurement violation report was completed in order to process the payment.

Attachment 08

Attachment 08
Office of Hawaiian Affairs
HRS §103D-305 Small Purchases
Number of Contracts Tested: 1
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CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-51	2996	Inkinen & Associates	$ 24,998.00	Personnel search for Land & Property Director recruitment	Edwina Minglana (Education Advocacy Coordinator)	No longer employed by OHA at time of testing	Small Purchase	F-01

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HRS §103D-305 Small Purchases
Number of Contracts Tested: 1
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CLA Sample Number / OHA Contract Number		K-51: 2996	Contracts with Missing Documents	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §84: Standards of Conduct						
HRS § 84-14: Conflicts of Interests						
[1]	Employees selecting the contractor did not have a financial interest.	✓	0	0	1	1
[2]	Employees selecting the contractor were not engaged as legal counsel, advisor, consultant, representative, or any other agency capacity.	✓	0	0	1	1
HRS § 84-15: Contracts						
[3]	The contract was not with a legislator or employee who has controlling interest.	✓	0	0	1	1
[4]	If the contract was with a legislator or employee who has controlling interest, alternative criteria were met.	N/A	0	0	1	1
[5]	The person or business entering into contract with OHA was not represented by a person employed by OHA in the preceding 2 years.	✓	0	0	1	1
[6]	If the person or business entering into contract with OHA was represented by a person employed by OHA in the preceding 2 years, the person did not participate in the matter with which the contract is directly concerned.	✓	0	0	1	1
HRS §103D: Hawaii Public Procurement Code						
HRS §103D-101(a): Requirements of Ethical Procurement						
[7]	No evidence was observed of OHA employee(s) not acting as a fiduciary of public funds.	✓	0	0	1	1
[8]	No evidence was observed of OHA employee(s) not remaining independent of bidder, offeror, contractor, or business.	N/A	0	0	1	1
[9]	No evidence was observed of OHA employee(s) not acting only in the public interest.	✓	0	0	1	1
[10]	No evidence was observed of disobedience to statutes and administrative rules relating to public procurement.	✓	0	0	1	1
[11]	No evidence was observed of inefficiencies in the public procurement process.	N/A	0	0	1	1
[12]	No evidence was observed that persons were not afforded an equal opportunity to compete in a fair environment.	N/A	0	0	1	1
[13]	No evidence was observed of intent or appearance of unethical behavior.	✓	0	0	1	1

Attachment 08
Office of Hawaiian Affairs
HRS §103D-305 Small Purchases
Number of Contracts Tested: 1
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number / OHA Contract Number		K-51: 2996	Contracts with Missing Documents	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[14]	No evidence was observed of social interactions with actual/prospective bidder.	✓	0	0	1	1
[15]	No evidence was observed of a failure to maintain confidentiality in a manner that ensures a fair procurement process.	N/A	0	0	1	1
[16]	No evidence was observed of a failure to remain impartial in dealings with actual or prospective bidders, offeror, contractor, business, or interested parties.	✓	0	0	1	1
HRS §103D-101(b) & (c): Requirements of Ethical Procurement						
[17]	No evidence was observed of a failure to identify and eliminate conflict of interests for this contract.	✓	0	0	1	1
[18]	No evidence was observed that any party involved in the negotiation, performance, or administration of this contract did not act in good faith.	✓	0	0	1	1
HRS §103D-305(a): Small Purchases						
[19]	Procurement was of less than $100,000 ($250,000 for construction projects) was made in accordance with the policy board that are designed to ensure administrative simplicity and as much competition as practicable.	N/A	0	0	1	1
[20]	Multiple expenditures were not created at the inception of the transaction or project so as to evade the requirements of 103D-305	✓	0	0	1	1
HRS §103D-305(b): Small Purchases						
[21]	Security by performance and payment bonds was required for procurements relating to construction greater than $50,000 for construction projects.	N/A	0	0	1	1
HRS §103D-305(c): Small Purchases						
[22]	Procurement of $25,000 - $249,999 was made in accordance with small purchase procedures and through an electronic system (HePS)	N/A	0	0	1	1
P-10: OHA Purchase and Procurement Procedures, revised June 2008						
2.2.1.5: Small Purchases Procedures						
[23]	At least 3 verbal quotes were obtained.	✓	0	0	1	1
[24]	Form SPO-10 Record of Procurement was prepared.	✓	0	0	1	1

Attachment 08
Office of Hawaiian Affairs
HRS §103D-305 Small Purchases
Number of Contracts Tested: 1
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number / OHA Contract Number		K-51: 2996	Contracts with Missing Documents	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[25]	The purchaser completed the Procurement Check List (PCL).	✓	0	0	1	1
[26]	Form SPO-10 was submitted to Hale Director for review and approval.	✓	0	0	1	1
[27]	The purchaser completed the review process outlined in 2.2.4.4 Purchase Review Process for Contracts and Grants	✓	0	0	1	1
[28]	A contract was prepared for purchase of services	✓	0	0	1	1
[29]	Vendors were notified to register with HePS for procurements of $25,000 - $249,999.	N/A	0	0	1	1
[30]	A requisition/solicitation was created for procurements of $25,000 - $249,999.	N/A	0	0	1	1
[31]	The Hale Director submitted a solicitation notice and recommended names of bid review committee members for procurements of $25,000 - $249,999.	N/A	0	0	1	1
[32]	The solicitation notice and bid review committee members were approved by the Administrator/Division Manager for procurements of $25,000 - $249,999.	N/A	0	0	1	1
[33]	The solicitation was released through Helps with closing date indicated for procurements of $25,000 - $249,999.	N/A	0	0	1	1
[34]	An HePS PO Summary Report was prepared for procurements of $25,000 - $249,999.	N/A	0	0	1	1
2.2.1.10: Small Purchases Procedures- P Cards						
[35]	A request for issuance of a P-Card was transmitted by the Deputy Administrator or Hale Director, including the reason and need for the card, the people responsible for the card's use and security measures for the card.	N/A	0	0	1	1
[36]	The P-Card charge was reviewed and approved by the Administrator.	N/A	0	0	1	1
2.2.2.1: Purchases Requisition Procedures [1]						
[37]	The Purchase Requisition information was entered in the online Oracle Purchase Requisition form.	✓	0	0	1	1
[38]	If funds are available, the Purchase Requisition was sent to the appropriate manager for review.	✓	0	0	1	1
[39]	The Purchase Requisition was approved.	✓	0	0	1	1
[40]	If not approved, the Purchase Requisition was appropriately cancelled.	N/A	0	0	1	1

Attachment 08
Office of Hawaiian Affairs
HRS §103D-305 Small Purchases
Number of Contracts Tested: 1
For the Period July 1, 2011 to June 30, 2016

	CLA Sample Number / OHA Contract Number	K-51: 2996	Contracts with Missing Documents	Contracts with Observations	Contracts without Observations	Total Contracts Tested
2.2.5: Purchase Orders [2]						
[43]	The Purchase Order was reviewed and signed by the Controller or the CFO, as applicable.	✓	0	0	1	1
[44]	The Request for Contract Payment, signed by the Hale Director for contracts, or a receipt of goods/services was received.	✓	0	0	1	1
2.2.5.2: Receiving on a Purchase Orders						
[47]	The payment was approved by the appropriate level based on Operational Authority Delegation Hierarchy revised 12/12/12, 5/19/15, and 10/21/15 as applicable.	✓	0	0	1	1
2.2.7.5: Check Issuance and Distribution						
[48]	The invoice was stamped "paid" and marked with the check number.	×, **F01**	0	1	0	1
Other Testing Results						
[49]	Deliverable was met by the contractor.	✓	0	0	1	1
[50]	There was sufficient oversight of project/work by the contract monitor/manager.	✓	0	0	1	1
[51]	There was no evidence of fraud, waste, or abuse.	✓	0	0	1	1

Attachment 08
Office of Hawaiian Affairs
HRS §103D-305 Small Purchases
Number of Contracts Tested: 1
For the Period July 1, 2011 to June 30, 2016

Footnotes

1	Criteria [41] and [42] were also tested here but are excluded as they were used to document the name of the individual approving the Purchase Requisition and the date of the approval; however, this information is not necessary to report the final results of the testing.
2	Criteria [45] and [46] were also tested here but are excluded as they were used to document the name of the Hale Director or Administrator (Deputy Administrator) and the date of receipt of services; however, this information is not necessary to report the final results of the testing.

Tickmarks

✓	Contract complied
×	Contract did not comply
DM	Documents missing - OHA could not locate document(s) to provide to CLA
N/A	Not Applicable
F01	Although the payment process indicates that the invoice will be stamped "Paid"and list the check number, per review of the provided support, the stamp and listing of check number is taking place on the Request for Payment on Contract form.

Attachment 09

Attachment 09
Office of Hawaiian Affairs
HRS §103D-102b Exempt Contracts (Non-Grant)
Number of Contracts Tested: 17
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-02	2659	University of Hawaii	$ 650,000.00	Create programs and primers and conduct workshops and clinics to include the "A'o Aku A'o Mai" program	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Exempt Contract (Non-Grant): 103D-102(B)(2)(G)	**E01, E03, E04, E05, E06, E53**
K-09	2721	The Kalaimoku Group, LLC	50,000.00	Public relations and messaging services related to the proposed Kaka'ako Makai settlement	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Exempt Contract (Non-Grant): 3-120 Exh. A No. 1	**E01, E07, E08, E09, E10, E11, E53**
K-12	2741	University of Hawaii - Office of Research Services	360,000.00	Native Hawaiian Rights training course	Jocelyn Doane (Public Policy Advocate)	Interviewed on July 23, 2019	Exempt Contract (Non-Grant): 3-120 Exh. A No. 1	**E01, E02, E05, E12, E13, E14**
K-18	2857	Native Hawaiian Education Association	99,600.00	Scholarship production and facilitation services	Edwina Minglana (Education Advocacy Coordinator)	No longer employed by OHA at time of testing	Exempt Contract (Non-Grant): 3-120-4(3)	**E01, E05, E15, E16, E17, E18, E19, E57**
K-20	2879	Kuauli'Aina-Based Insights LLC	435,000.00	Documenting the sale of the former Hawaiian Kingdom Government and Crown Lands	Kamoa Quitevis (Research Designee)	No longer employed by OHA at time of testing	Exempt Contract (Non-Grant): 3-120 (1)	**E01, E05, E06, E16, E18, E20, E21, E22, E23, E53**
K-21	2880	DL Consulting LTD.	284,880.00	Services related to Papakilo Database	Kale Hannahs (Research Designee)	Interviewed on July 24, 2019	Exempt Contract (Non-Grant): 3-120 (1)	**E01, E05, E08, E16, E22, E24**
K-44	2967	Rider Levett Bucknall, LTD	10,000.00	Present the management and development framework on the Kaka'ako Makai land parcels	Allen Kam (Commercial Property Manager)	No longer employed by OHA at time of testing	Exempt Contract (Non-Grant): 103D-102(b)(4)(G)	**E01, E05, E25, E26, E27, E28, E29, E30, E56**
K-47	2979	Sai, David Keanu	25,000.00	Providing memorandums and lectures regarding political science perspective under the framework of international law	Kamana'opono Crabbe (CEO)	Last day with OHA was June 30, 2019	Exempt Contract (Non-Grant): 3-120-4(3)	**E01, E05, E06, E31, E32, E33, E34, E35, E56**

Attachment 09
Office of Hawaiian Affairs
HRS §103D-102b Exempt Contracts (Non-Grant)
Number of Contracts Tested: 17
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-49	2985	University of Hawaii - Office of Research Services	65,000.00	Pili Ohana Partnership to address obesity and diabetes for native Hawaiians and Pacific Islander	Leanne Fox (Executive Manager to CEO)	On leave at the time of testing; questions submitted through Phyllis Ono-Evangelista & Raina Gushiken	Exempt Contract (Non-Grant): 103D-102(b)(2)(G)	**E01, E05, E18, E36, E37, E53**
K-54	3019	McCorriston Mukai Miller MacKinnon LLP	150,000.00	OHA's designated insurance defense counsel	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Exempt Contract (Non-Grant): INSURANCE APPOINTED DEFENSE COUNSEL	**E01, E05, E38, E39, E40, E45, E56**
K-59	3032	Hawaii Housing Finance Development Corporation	24,500.00	Cooperative Purchasing Agreement for 2015 Hawaii Housing Planning Study	Deja Ostrowski	No longer employed by OHA at time of testing	Exempt Contract (Non-Grant): 103D-102(b)(2)(G)	**E01, E05, E22, E41, E53**
K-69	3072	McCorriston Mukai Miller MacKinnon LLP	250,000.00	Defense counsel to represent insureds in litigation and/or employment practices liability matters	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Exempt Contract (Non-Grant): INSURANCE APPOINTED DEFENSE COUNSEL	**E01, E05, E08, E40, E42, E43, E44, E45, E56**
K-70	3073	McCorriston Mukai Miller MacKinnon LLP	179,500.00	Initiate a mediated effort to resolve existing disputes between OHA, the State of Hawaii, the University of Hawaii, and any other interested parties admitted to the mediation proceedings	Ernest Kimoto (Corporate Counsel)	No longer employed by OHA at time of testing	Exempt Contract (Non-Grant): INSURANCE APPOINTED DEFENSE COUNSEL	**E01, E05, E08, E40, E42, E44, E45, E46, E47, E56**
K-72	3100	Bishop Museum	300,000.00	Licensing to disseminate files, images and providing indexing services	Kale Hannahs (Research Designee)	Interviewed on July 24, 2019	Exempt Contract (Non-Grant): 3-120-4(1)	**E01, E05, E16, E22, E48**

Attachment 09
Office of Hawaiian Affairs
HRS §103D-102b Exempt Contracts (Non-Grant)
Number of Contracts Tested: 17
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	OHA Contract Number	Vendor Name	Contract Amount with Amendments	Purpose	Contract Manager (Identified by OHA)	Status of Employment with OHA	Procurement Method (Identified by OHA)	CLA Observation Numbers
K-73	3101	Ayda Aukahi Austin Seabury	30,062.50	Transcription and facilitation services	Kealoha Fox	On leave at the time of testing; questions submitted through Phyllis Ono-Evangelista & Raina Gushiken	Exempt Contract (Non-Grant): 3-120-4	**E01, E05, E16, E18, E49, E50, E51, E56**
K-74	3104	MP Associates	157,550.00	Leadership development training	Lisa Victor (COO)	Questions submitted through Phyllis Ono-Evangelista and Raina Gushiken	Exempt Contract (Non-Grant): 3-120-4(3)	**E01, E05, E52, E58**
K-75	3110	Raedeen M. Keahiolalo LLC	45,000.00	Complete Kukulu Hou Assessment Project	Kealoha Fox	On leave at the time of testing; questions submitted through Phyllis Ono-Evangelista & Raina Gushiken	Exempt Contract (Non-Grant): 3-120-4(1)	**E01, E05, E18, E51, E54, E55, E59**

Attachment 09
Office of Hawaiian Affairs
HRS §103D-102b Exempt Contracts (Non-Grant)
Number of Contracts Tested: 17
For the Period July 1, 2011 to June 30, 2016

	CLA Sample Number: OHA Contract Number	K-02: 2659	K-09: 2721	K-12: 2741	K-18: 2857	K-20: 2879	K-21: 2880	K-44: 2967	K-47: 2979	K-49: 2985	K-54: 3019	K-59: 3032	K-69: 3072	K-70: 3073	K-72: 3100	K-73: 3101	K-74: 3104	K-75: 3110	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §84: Standards of Conduct																						
HRS § 84-14: Conflicts of Interest																						
[1]	Employees selecting the contractor did not have a financial interest.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	17	17
[2]	Employees selecting the contractor were not engaged as legal counsel, advisor, consultant, representative, or other agency capacity.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	17	17
HRS § 84-15: Contracts																						
[3]	The contract was not with a legislator or employee who has controlling interest.	✓	✓	✓	✓	×, E20	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	1	16	17
[4]	If the contract was with a legislator or employee who has controlling interest, alternative criteria were met.	N/A	N/A	N/A	N/A	×, E20	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	1	16	17
[5]	The person or business entering into contract with OHA was not represented by a person employed by OHA in the preceding 2 years.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	17	17
[6]	If the person or business entering into contract with OHA was represented by a person employed by OHA in the preceding 2 years, the person did not participate in the matter with which the contract is directly concerned.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	17	17
HRS §103D: Hawaii Public Procurement Code																						
HRS §103D-102(b): Application of this chapter																						
[7]	The service or goods qualify as a listed exemption in 103D-102(b).	✓	×, E07	N/A	×, E15	×, E21	×, E24	×, E25	×, E31	✓	×, E38	✓	×, E42	×, E42	N/A	×, E49	N/A	×, E54	0	11	6	17
[8]	Document the specific exemption number.	103D-102(b)(2)(G)	×, E07	N/A	×, E15	×, E21	×, E24	×, E25	×, E31	103D-102(b)(2)(G)	×, E38	103D-102(b)(2)(G)	×, E42	×, E42	N/A	×, E49	N/A	×, E54	0	11	6	17
P-10: OHA Purchase and Procurement Procedures, revised March 2, 2009																						
2.2.1.3: Exempt Procurements [1]																						
[9]	If not qualified under the list of exemptions in 103D-102(b), the goods/service qualify as an exempt purchase under Hawai'i Administrative Rules Section 3-120-4 – Exhibit A.	N/A	×, E07	✓	×, E15	×, E21	×, E24	×, E25	×, E31	N/A	×, E38	N/A	×, E42	×, E42	✓	×, E49	✓	×, E54	0	11	6	17
[10]	Document the specific exemption number.	N/A	×, E07	HAR 3-120-4(3)	×, E15	×, E21	×, E24	×, E25	×, E31	N/A	×, E38	N/A	×, E42	×, E42	HAR 3-120-4(1)	×, E49	HAR 3-120-4(3)	×, E54	0	11	6	17
2.2.1.3: Exempt Purchase Procedure																						
[11]	The need to create a Purchase Requisition was identified by a Hale Director or Deputy Administrator.	✓	✓	DM	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	0	16	17
[12]	The Purchase Requisition complied with the OHA Procurement Policy (Attachment 19 to Fiscal Procedures Manual). Attachment 19 is a table that summarizes the value (amount) and type of good/service being purchased and the procurement method required. The testing of proper procurement method is documented in criteria [7] - [10] above.	✓	×, E07	DM	×, E15	×, E21	×, E24	×, E25	×, E31	✓	×, E38	✓	×, E42	×, E42	✓	×, E49	✓	×, E54	1	11	5	17
[13]	The Purchase Requisition representative checked if funds were available for the procurement.	✓	✓	DM	✓	✓	✓	✓	×, E32	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	1	15	17
[14]	The Purchase Requisition was approved by the appropriate manager (see Operational Authority Delegation Hierarchy for appropriate approval levels).	✓	×, E10	DM	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	1	15	17
[15]	For amounts under $2,500, identify the name of the Purchaser.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	17	17

Attachment 09
Office of Hawaiian Affairs
HRS §103D-102b Exempt Contracts (Non-Grant)
Number of Contracts Tested: 17
For the Period July 1, 2011 to June 30, 2016

	CLA Sample Number: OHA Contract Number	K-02: 2659	K-09: 2721	K-12: 2741	K-18: 2857	K-20: 2879	K-21: 2880	K-44: 2967	K-47: 2979	K-49: 2985	K-54: 3019	K-59: 3032	K-69: 3072	K-70: 3073	K-72: 3100	K-73: 3101	K-74: 3104	K-75: 3110	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[16]	For amounts under $2,500, identify the name of person preparing the check request.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	17	17
[17]	For amounts under $2,500, identify the name of the person(s) approving the check request.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	17	17
[18]	For amounts equal to or greater than $2,500, the Purchaser completed the Procurement Document Checklist. (See section 2.2.4 below)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, E46	✓	✓	✓	✓	0	1	16	17
2.2.4: Grants, Procurement, and Contracts Review Process																						
[19]	A complete Purchase Requisition was submitted by a designated Purchase Requisition Representative for the review process.	✓	✓	DM	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	0	16	17
[20]	**[a]** An Accounting Checklist was submitted.	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	0	17	0	17
	[b] Funds were verified by the Budget Analyst.	✓	✓	DM	✓	✓	✓	✓	×, E32	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	1	15	17
	[c] Funds were certified by the CFO.	DM	✓	DM	×, E16	×, E16	×, E16	✓	✓	✓	✓	✓	✓	✓	×, E16	×, E16	✓	✓	2	5	10	17
[21]	Unless not required by statute, the contractor submitted a Tax Clearance to OHA prior to entering into the contract.	✓	✓	N/A	N/A	✓	✓	✓	✓	N/A	✓	N/A	✓	×, E47	✓	✓	✓	✓	0	1	16	17
[22]	A Procurement Document Checklist was submitted and signed by a Hale Manager.	✓	×, E08	✓	✓	✓	×, E08	✓	✓	✓	✓	✓	×, E08	×, E08	✓	✓	✓	✓	0	4	13	17
[23]	The owner of the business (except for sole proprietorships, charitable organizations, unincorporated associations, and foreign insurance companies) submitted a DCCA Verification showing Proof of Good Standing with the State of Hawaii.	✓	✓	N/A	N/A	✓	✓	✓	✓	N/A	✓	N/A	✓	×, E47	✓	✓	✓	✓	0	1	16	17
[24]	The Hale Manager submitted a Contract for Purchase of Services.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	17	17
2.2.4.2: Purchase of Goods and Services Review Process																						
[25]	For the purchase of services, staff used the standard contract and it include all required provisions.	×, E03	✓	×, E02	✓	✓	✓	×, E26	✓	×, E36	×, E39	×, E41	×, E43	✓	✓	✓	✓	×, E55	0	8	9	17
2.2.4.3: Review Documentation																						
[26]	The senior staff attorney signed the Procurement Document Checklist.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	17	17
[27]	The senior staff attorney signed the contract.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	17	17
2.2.4.4: Purchase Review Process for Contracts [2]																						
[28]	The Accounting Check List (ACL) was submitted to the Budget Analyst to ensure availability of funding, correct coding, and installment payments coincided with contract language.	×, E01	×, E01	×, E12	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	×, E01	0	17	0	17
[29]	**[a]** Appropriate signatures were obtained on the contract (see Operational Authority Delegation Hierarchy).	×, E04	✓	×, E13	✓	✓	✓	×, E27	×, E33	✓	✓	✓	×, E44	×, E44	×, E48	✓	✓	✓	0	7	10	17
	[b] Services began after the contract was fully executed by OHA.	×, E53	×, E53	✓	×, E57	×, E53	✓	×, E56	×, E56	×, E53	×, E56	×, E53	×, E56	×, E56	✓	×, E56	×, E58	×, E59	0	14	3	17
2.2.5: Purchase Orders																						
[32]	The Purchase Order was reviewed and signed by the CFO.	DM	✓	DM	×, E16	×, E16	×, E16	✓	✓	✓	✓	✓	✓	✓	×, E16	×, E16	✓	✓	2	5	10	17
2.2.5.2: Receiving on a Purchase Order Process [2]																						
[33]	The Request for Payment on Contract was reviewed and signed by the Hale Director and Administrator, or Deputy Administrator, based on the table on page 108 of the Fiscal Procedures Manual.	✓	✓	×, E14	×, E17	×, E22	×, E22	×, E28	✓	×, E37	✓	×, E22	✓	✓	×, E22	×, E50	×, E52	✓	0	10	7	17
2.2.7.3: Contract Payment Process [2, 3]																						

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	CLA Sample Number: OHA Contract Number	K-02: 2659	K-09: 2721	K-12: 2741	K-18: 2857	K-20: 2879	K-21: 2880	K-44: 2967	K-47: 2979	K-49: 2985	K-54: 3019	K-59: 3032	K-69: 3072	K-70: 3073	K-72: 3100	K-73: 3101	K-74: 3104	K-75: 3110	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[38]	The payment was approved by the appropriate level based on the Operational Authority Delegation Hierarchy.	✓	✓	✓	✓	✓	✓	✓	✓	×, E37	✓	✓	✓	✓	✓	×, E50	✓	✓	0	2	15	17
[39]	The invoice was stamped "paid" and marked with the check number.	×, E05	×, E09	×, E05	×, E05	×, E05	×, E05	×, E05	×, E05	×, E05	×, E05	×, E05	×, E05	×, E05	×, E05	×, E05	×, E05	×, E05	0	17	0	17
Other Testing Results																						
[40]	Deliverable was met by the contractor.	×, E06	✓	✓	DM	×, E06	✓	DM	×, E06	DM	×, E40	✓	×, E40	×, E40	✓	DM	✓	DM	5	6	6	17
[41]	There was sufficient oversight of the project/work by the contract monitor/manager.	✓	✓	✓	×, E18	×, E18	✓	×, E29	×, E34	×, E18	✓	✓	✓	✓	✓	×, E18	✓	×, E18	0	7	10	17
[42]	There was no evidence of fraud, waste or abuse.	✓	×, E11	✓	×, E19	×, E23	✓	×, E30	×, E35	✓	×, E45	✓	×, E45	×, E45	✓	×, E51	✓	×, E51	0	10	7	17

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1	Criteria [7] and [8] were also tested as part of OHA Purchase and Procurement Procedures (revised March 2, 2009) section 2.2.1.3. Exempt Procurements, but are not shown in this section to avoid duplication.
2	Criteria [30], [31], [34], [35], [36], and [37] are excluded as they were used by CLA to document information pertaining to the contract approval and execution, such as the name of the OHA staff that approved the Purchase Requisition; however, are not necessary to report the final results of the testing.
3	Criteria [33] was also tested as part of OHA Purchase and Procurement Procedures (revised June 2008) section 2.2.7.3. Contract Payment Process, but is not shown in this section to avoid duplication.

Tickmarks

✓	Contract complied
×	Contract did not comply
DM	Document missing - OHA could not locate document(s) to provide to CLA
N/A	Not Applicable
E01	An Accounting Checklist was not included with the supporting documentation. According to Gloria Li, Controller, the Accounting Checklist had not been used in several years, and CLA did not observe the use of an Accounting Checklist for any of the contracts tested. According to Ms. Li, the Procurement Document Checklist is used instead. The Accounting Checklist was used back when purchasing was part of the accounting department, and there was a separate checklist for each group (accounting and procurement). Now that procurement is its own department, only the Procurement Document Checklist is used. The availability of funds is verified on the Purchase Requisition by the Budget Analyst. The CFO's certification of funds is documents on the Purchase Order. See criteria [20][b] and [c] for funding verification by the Budget Analyst and certification by the CFO.
E02	A Cooperative Agreement (OHA Form CAG-1A) was used to document the original agreement. The copy provided to CLA appears to be missing every other page; therefore, CLA could not verify that all required sections were included. Amendments were documented using a Cooperative Agreement Amendment.
E03	A Cooperative Agreement (OHA Form CAG-1A) was used to document the original agreement, which did not include the following sections from the standard contract terms: Time and Manner of Performance; Indemnification and Injuries; Insurance; Dispute; and Waiver of Violations. All amendments were documented using a Cooperative Agreement Amendment. This contract was with the University of Hawai'i, which is another governmental entity; therefore, the risk to OHA is not as great as if this were a contract with a for profit entity.
E04	The applicable Delegation of Authority (dated 2/9/2010) does not include a category identifying the required signatures for contracts. The Cooperative Agreement was signed by the CEO, Corporate Counsel, and the Contract Monitor (which was also Corporate Counsel).
E05	Rather than the invoice, the "Request for Payment on Contract Form" is stamped paid and marked with the check number.

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E06	Only a portion of the deliverables required by the contractor could be provided to CLA for review.
E07	According to the Procurement Documentation Checklist, the listed exemption is 3-120-4(1) HAR, which states "research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases." Based on the scope of work in the contract, the services provided are "public relations and messaging services" which does not appear to fall within this category of "research, reference, and educational materials." CLA could not identify an allowable exemption for this service through review of HRS 103D-102(b) or Hawai'i Administrative Rules Section 3-120-4 - Exhibit A. In addition, this vendor (The Kalaimoku Group) was added to the list of approved professional service providers after approval by the CEO on 9/12/2011 under the category of "Community Planning." Over 20 other vendors were approved under this category. It appears that the procurement process should have followed the professional services procurement method, which would have required a selection committee to rate the approved vendors based on the specific need, and then OHA would make contact with the vendor that was rated the highest to negotiate a contract. The "Community Planning" category includes the services of media consulting, radio production and broadcast, research and marketing, administrative assistant to Washington DC office. See also the May 1, 2017 letter from the State of Hawaii - State Procurement Office, which indicates that Exemption #1 under HAR 3-120 is used for "already published" research, reference, and educational material.
E08	According to Phyllis Ono-Evangelista, the Procurement Document Checklist requires only the identification of the Preparer in Purchasing, approval by Corporate Counsel, and initials by the Procurement Manager, currently Ms. Ono-Evangelista. This is the way that Ms. Ono-Evangelista was trained when she became Procurement Manager in 2013. Her initials indicate that she reviewed the form and the procurement went through Purchasing. The Hale Manager (Program/LOB Manager) does not have to sign the form. Because the purpose of the Procurement Document Checklist is to validate the procurement method used and supporting documentation as identified on the document (page 91 of the Fiscal Procedures Manual), this process appears sufficient. CLA verified the Preparer was identified and the signature of Corporate Counsel was present; however, the initials of Ms. Ono-Evangelista (or her predecessor, Emmit Ford Jr.) were not present.
E09	Neither the invoice nor the "Request for Payment on Contract Form" are stamped paid. The check number is documented on the "Request for Payment on Contract Form."
E10	Delegation of Authority dated 2/9/2010 indicates that for Program Purchases from $50,000 to $99,999 require the approval of the Program Manager and LOB Director. The purchase requisition contained the approval of the Program Manager (Garett Kamemoto); however, there was no signature for the LOB Director (Richard Pezzulo).
E11	The procurement process used does not appear to comply with HRS Sec. 103D. Additionally, the invoices submitted are dated approximately 6 weeks apart; however, they are sequential in number. Based on a search of public information, the vendor was established in 2011, the same year as the contract with OHA was executed. These are indicators of potential fraud, waste, or abuse.

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E12	An Accounting Checklist was not included with the supporting documentation. According to Gloria Li, Controller, the Accounting Checklist had not been used in several years, and CLA did not observe the use of an Accounting Checklist for any of the contracts tested. According to Ms. Li, the Procurement Document Checklist is used instead. The Accounting Checklist was used back when purchasing was part of the accounting department, and there was a separate checklist for each group (accounting and procurement). Now that procurement is its own department, only the Procurement Document Checklist is used. The availability of funds is verified on the Purchase Requisition by the Budget Analyst; however, the Purchase Requisition was not available for this contract.
E13	The applicable Delegation of Authority (dated 2/9/2010) does not include a category identifying the required signatures for contracts. The Cooperative Agreement was signed by the CEO, Corporate Counsel, the Contract Monitor, and the Chief Advocate (LOB Director).
E14	For this contract, the "Request for Payment on Contract" for 7 of the 9 invoices tested was not signed by the Administrator (CEO) or Deputy Administrator (COO). For the remaining 2 invoices tested, the COO signed the Request for Payment on Contract when the CEO should have signed. This purchase was for the Public Policy division, which falls under the Advocacy LOB (Washington DC Bureau). Requests for Payment on Contracts for Advocacy must be approved by the Administrator (CEO).
E15	The Procurement Document Checklist (PCL) indicates that this contract is exempt under 3-120-4(3) HAR, which states "Services of lecturers, speakers, trainers, facilitators and scriptwriters, when the provider possess specialized training methods, techniques or expertise in the subject matter." According to the scope of the contract, Native Hawaiian Education Association was paid for the "production and facilitation of eighteen (18) scholarship 'aha for Native Hawaiian students." Although the work included "facilitation," it appears that this was not a service provided directly to OHA but was a program to benefit Native Hawaiians (similar to a grant or sponsorship). Additionally, the organization's website lists 'aha dates for 2018-19, which may be an indication that this is an ongoing program of the organization and not a service to OHA. Whether or not this type of program/service qualifies under HAR 3-120-4(3) would require a review by the State of Hawaii.
E16	The Controller signed on behalf of the CFO; however, there is no documentation that the Controller was given signing authority by the CFO. The signature of the CFO on the Purchase Order is the process by which the availability of funds is "certified."
E17	For 4 of 6 invoices tested, the "Request for Payment on Contract" was not signed by the Administrator (CEO) or Deputy Administrator (COO). For the remaining 2 invoices tested, this purchase was categorized under the Research LOB; therefore, all Requests for Payment on Contracts should have been approved by the Research Director and Administrator (CEO). The Request for Payment on Contract was signed only by the COO.
E18	Because there is no evidence of deliverables or only a portion of the deliverables could be provided, CLA is unable to determine whether there was sufficient oversight of the contract.

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E19	The procurement method used is questionable. There is no evidence of deliverables, which was required by the contract. This contract was for the facilitation and issuance of scholarships; however, the 990s filed by the contractor for 2013 and 2014 do not list any expenses for scholarships, and most expenses were for conferences, conventions, and meetings. These are indicators of possible fraud, waste, or abuse.
E20	Kamana Beamer, the owner of Kuauli Anina-Based Insights LLC, became a commissioner for the Hawaii State Commission on Water Resource Management, with his first term beginning on July 1, 2013. CLA is unable to conclude as to whether this position is considered a legislator. Other concerns regarding possible conflict of interest due to a possible personal relationship between Kamana'opono Crabbe and Kamana Beamer as Mr. Beamer was listed as one of the supporters for Mr. Crabbe on a petition posted on 5/10/2014, at the time of this contract.
E21	The Procurement Document Checklist (PCL) indicates that this contract is exempt under 3-120 (1), which states, "Research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases." Based on the scope of work in the contract, the services provided were "documenting the sale of former Hawaiian Kingdom Government and Crown Lands" in an Excel spreadsheet and to provide geo-reference select maps for lands sold from 1893-1959. The State of Hawaii - State Procurement Office issued a letter dated May 1, 2017 regarding the procurement method used for this purchase. The letter stated on page 4, "The SPO notified OHA, on December 16, 2016, that Exemption #1 is used for already published research material and not for contracting a vendor to conduct research and create a report, which is a service. The subject contract's scope of work did not fit within the confines of this exemption and therefore the subject contract's award to Kuauli 'Aina-Based Insights does not comply with the Procurement Code."
E22	For some or all invoices tested for these contracts, the "Request for Payment on Contract" was not signed by the Administrator (CEO) or Deputy Administrator (COO).
E23	The procurement method used is questionable. There is only partial evidence that the contractor provided all deliverables required by the contract. The invoice numbers are sequential even though they are dated months apart. The filing date for the contractor is 2/4/2013, which is approximately 4 months prior to the final execution of the contract. There is also evidence of a possible personal relationship between the contractor and former CEO as the contractor's name is associated with a petition of support for the former CEO that was posted online on 5/10/14 at the site: hawaiiankingdom.org. These are indicators of potential fraud, waste, or abuse.

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E24	According to the Procurement Documentation Checklist, the listed exemption is 3-120 #1. This is "research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases." Based on the scope of work in the contract, the services provided are to make updates and other integration tasks for the Papakilo Database, which does not seem to fit into this exemption category. CLA could not identify an allowable exemption for this service through review of HRS 103D-102(b) and Exhibit A. See also the May 1, 2017 letter from the State of Hawaii - State Procurement Office, which indicates that Exemption #1 under HAR 3-120 is used for "already published" research, reference, and educational material. Based on the interview with Kale Hannahs, contract manager, DL Consulting was originally retained by OHA in 2007 through an RFP process to develop the Papakilo Database. This new contract was executed in 2013 as they had completed the first stage of building out the database. The contracts were based on the stages and available funds. According to Mr. Hannahs, his understanding was this was a sole source contract because DL Consulting had already done the work to build-out and customize the database. Through internet searches, CLA identified a Notice & Request for Sole Source for DL Consulting related to updates and maintenance on the Papakilo Database for the period 6/1/18 - 6/1/19. It appears that this contract should have been processed as a sole source contract with appropriate notice and request made.
E25	The exemption reference listed on the Procurement Document Checklist is HAR 103D-102(b)(4)(G), which is "Performances, including entertainment, speeches, and cultural and artistic presentations." This does not seem to be an appropriate exemption for this work. The scope of this contract required the vendor to present the "management and development framework" on the Kaka'ako Makai land parcels to OHA leadership and project managers. The listed exemption appears applicable to entertainment performances, speeches and other cultural and artistic works. A presentation of the results of professional services provided to the organization does not seem an appropriate use of this exemption. This vendor had a previous contract with OHA (#2865) to perform the analysis and other work related to the Kaka'ako Makai lands. It seems more appropriate that this additional cost for a presentation would have been processed as an addendum to that original contract.
E26	The contract was missing the following provisions: Other Conditions of Use of Funds.
E27	Based on Delegation of Authority effective 12/12/12, COO-Level Contracts & Amendments require execution by the COO and CEO. Only the COO executed this contract.
E28	This purchase was categorized under the COO LOB and Land Acquisition division; therefore, all Requests for Payment on Contracts should have been approved by the COO and Administrator (CEO). The Request for Payment on Contract was signed only by the COO.
E29	This contract provided additional work and compensation to the contractor related to work performed by this contractor under a separate contract. See OHA Contract #2865 tested in the section for Competitive Sealed Proposals (RFP). The majority of work performed by this contractor was under the original contract (#2865), and the sufficiency of oversight provided by the contract manager was assessed as part of that contract testing.

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E30	The original contract (#2865) included in the scope section (#7) includes presenting "these findings to OHA project managers and decision-makers upon request." The scope covered by this contract appears duplicative of the original contract, which calls into question the need to pay the additional amount under this contract. This is an indicator of potential waste.
E31	The Procurement Document Checklist (PCL) indicates that this contract is exempt under 3-120-4(3) HAR, which states "Services of lecturers, speakers, trainers, facilitators and scriptwriters, when the provider possess specialized training methods, techniques or expertise in the subject matter." The contract indicates that the contractor will be conducting research related to international law and the sovereignty of Hawaii. The scope of work also states, "To perform lectures based on the memorandum developed for OHA, upon OHA assignment." OHA was unable to provide information regarding whether any lectures were provided. If lectures were not provided, it is not apparent that this would have been exempt under statute, as there is no exemption for research services. Additionally, the professional services procurement process includes a category for Legal Services - "Native Hawaiian Affairs" which includes "sovereignty" and "Native Hawaiian Rights and Entitlements" and had 9 approved vendors for FY2013-14 (when this contract was signed).
E32	The Purchase Requisition was not signed by the Budget Analyst to verify the availability of funds as required for purchases over $2,500.
E33	Based on Delegation of Authority effective 12/12/12, LOB level contracts require approval by the LOB Director, Corporate Counsel, COO, and CEO. The COO did not approve this contract. All contracts require COO approval regardless of type or amount.
E34	CLA was unable to get answers to questions related to this contract. CLA requested an interview of Kamana'opono Crabbe, the former CEO, prior to his last day at OHA; however, CLA was unable to get an interview with Mr. Crabbe. No one else within OHA was able to provide responses to questions, and OHA could not provide information on whether lectures were provided and when.
E35	The procurement method used is questionable. Based on redacted emails provided to CLA, it appears that lectures may have been added to the scope as a means to get the contract approved through the exempt method. Work was performed prior to having an approved contract in place. The first invoice was dated 3 days after the contract execution date. Contract effective date was prior to when the contract was executed. The memo and letter that were included in the scope of this contract were both dated prior to when the contract was executed. These are indicators of potential fraud, waste, or abuse.
E36	The contract was missing the following provisions: Responsibility for Accuracy; Insurance; Dispute; Severability; Waiver of Contractual Rights.
E37	For 1 of 2 invoices tested for this contract, the Request for Payment was signed only by the COO as the LOB Director. According to OHA, this was a Memorandum of Agreement that was approved by the CEO, and it was a CEO contract; therefore, the program was "Chief Executive Officer." Signature by only the COO does not appear appropriate. The signatures for the 2nd invoice appear appropriate.

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E38	The Procurement Document Checklist marked this as an "Exempt" contract; however, the applicable section under 103D(b) that qualifies this contract as exempt is not documented. The listing of contract managers and contract types provided by Phyllis Ono-Evangelista indicates this contract is "exempt insurance appointed defense counsel." There is no specific exemption criteria listed in HRS 103D under which this contract seems to comply. According to OHA, this contract is exempt under 3-120-4, Exhibit A, No. 6, which exempts purchases of insurance, including insurance broker services. OHA's insurance broker helps the agency obtain appropriate insurance coverage for OHA's assets and activities. For OHA's POL/EPL policy, the insurance carrier has an approved panel of counsel and/or the agency can obtain a Choice of Counsel endorsement. OHA provided a copy of the Choice of Counsel endorsement, which listed McCorriston Miller Mukai Mackinnon LLP and Alston Hunt Floyd & Ing. CLA is unable to determine whether legal services qualifies as an "insurance broker service" and would be exempt under HRS 103D. This is one of three contracts executed with this contractor. See also **E42**.
E39	The contract was missing the following provisions: Waiver of Violations.
E40	A detailed invoice was submitted to substantiate hours and costs incurred. However, the labor descriptions were redacted. The level of detail on the invoices appears adequate; however, CLA cannot verify without the descriptions that the services provided relate to the scope of work per the contract.
E41	The standard contract for purchase of service was not used as this was a cooperative agreement between multiple government entities. The terms covered by the cooperative agreement included purpose, effective dates, solicitation and contract development, type of contract, term of contract, and point of contact information. This contract was amongst multiple government agencies; therefore, the risk to OHA is not as great as if this were a contract with a for profit entity.
E42	The Procurement Document Checklist marked this as "Exempt." According to OHA, it is exempt under 3-120-4, Exhibit A, No. 6, which includes purchases of insurance, including insurance broker services. OHA's insurance broker helps the agency obtain appropriate insurance coverage for OHA's assets and activities. For OHA's POL/EPL policy, the insurance carrier has an approved panel of counsel and/or the agency can obtain a Choice of Counsel endorsement. OHA provided a copy of the Choice of Counsel endorsement, which listed McCorriston Miller Mukai Mackinnon LLP and Alston Hunt Floyd & Ing. CLA is unable to determine whether legal services qualifies as an "insurance broker service" and would be exempt under HRS 103D. This tickmark applies to two contracts with this contractor, which are two of three contracts executed with this contractor. See also **E38**.
E43	The contract was missing the following provisions: Termination of Agreement.
E44	According to the Delegation of Authority effective May 19, 2015, all corporate counsel contracts and amendments must be initiated by corporate counsel and signed by the CFO and CEO. This contract was signed only by corporate counsel and the CEO.
E45	The procurement method used is questionable and did not provide for any competition in price. This is an indicator of potential waste.

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E46	The Procurement Document Checklist, which is used to document that the proper procurement method was followed, was not completed, reviewed, and signed until October 6, 2015, which is after the Purchase Requisition was approved (9/28/2015) and the contract was signed by OHA (10/5/2015).
E47	The Certificate of Vendor Compliance (tax clearance and DCCA verification) was not issued until October 6, 2015, which is after the Purchase Requisition was approved (9/28/2015) and the contract was signed by OHA (10/5/2015).
E48	This contract was for $300,000. The Delegation of Authority dated 10/21/2015 requires that Program-Level contracts over $150,000 be executed by the COO and CEO and the "form approval" be completed by Corporate Counsel. This contract was executed by the CEO and the "form approval" was completed by Corporate Counsel; however, the COO did not execute the contract.
E49	According to the Procurement Documentation Checklist, the listed exemption is 3-120-4(1) HAR, which states "research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases." Based on the scope of work in the contract, the services provided transcription services, which does not appear to fall within this category of "research, reference, and educational materials." CLA could not identify an allowable exemption for this service through review of HRS 103D-102(b) or 3-120-4. Based on the type of service, it seems the procurement of these services should have gone through the professional services procurement process. See also the May 1, 2017 letter from the State of Hawaii - State Procurement Office, which indicates that Exemption #1 under HAR 3-120 is used for "already published" research, reference, and educational material.
E50	The Request for Payment on Contract was signed by the Requestor (Kealoha Fox), Program Manager (Kealoha Fox), and Lisa Victor in the space designated for the LOB Director. However, when CLA inquired with OHA about who the LOB Director was for this contract, OHA indicated that the Contract Routing Form identified the LOB Director as CEO, Kamana'opono Crabbe. Dr. Crabbe did not sign the payment request. According to the Delegation of Authority dated 10/21/15, the LOB Director is the final approver for contract disbursements up to $150,000. As the LOB Director for this contract, Dr. Crabbe should have signed the Request for Payment on Contract.
E51	Procurement method is questionable. Deliverables could not be located by OHA, and there was no one in OHA with knowledge of the contract that could answer CLA's questions. These are indicators of potential fraud, waste, or abuse.
E52	This purchase was categorized under the COO LOB and division; therefore, all Requests for Payment on Contracts should have been approved by the COO and Administrator (CEO). The Request for Payment on Contract was signed only by the COO.
E53	The TOP (time of performance) beginning date of the contract was prior to the date the contract was fully executed by OHA. Invoices did not contain sufficient detail to indicate when the contractor actually began services.

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E54	According to the Procurement Documentation Checklist, the listed exemption is 3-120-4(1) HAR, which states "research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases." Based on the scope of work in the contract, the services provided were writing and editing of the Kukulu Hou Assessment Project, which does not appear to fall within this category of "research, reference, and educational materials." CLA could not identify an allowable exemption for this service through review of HRS 103D-102(b) or 3-120-4. Based on the type of service, it seems the procurement of these services should have gone through the professional services procurement process. See also the May 1, 2017 letter from the State of Hawaii - State Procurement Office, which indicates that Exemption #1 under HAR 3-120 is used for "already published" research, reference, and educational material.
E55	The contract included ONLY the following provisions: Background, Project Scope, Project Process, Timeline, Payment Schedule, and Deliverables. No other provisions were included.
E56	The TOP (time of performance) beginning date was prior to the date the contract was fully executed by OHA. The description on the invoice(s) also indicates that services began prior to when the contract was fully executed by OHA.
E57	The contract was executed by OHA on February 14, 2013; however, the effective date of the contract is December 3, 2012. A schedule attached to the contract provides the Scholarship ʻAha dates for 2012-13, which begin on November 27, 2012 and go through January 24, 2013. All dates are prior to when the contract was executed by OHA. This indicates that the activities of NHEA may have occurred prior to when the contract was approved and executed.
E58	The TOP (time of performance) beginning date was prior to the date the contract was fully executed by OHA. Within the documents provided, there is a document labeled "OHA Leadership and Team Development - Final Report - Summary of Deliverables" which indicates that services were provided beginning in November 2015. The TOP beginning date was 2/1/16.
E59	The TOP (time of performance) beginning date was not stated in the contract. The contract was fully executed by OHA on March 8, 2016. The first invoice from the vendor was dated March 7, 2016.

Attachment 10

Attachment 10
Office of Hawaiian Affairs
CEO Sponsorships
Number of Disbursements Tested: 10
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	Check Number	Check Date	Method of Disbursement	Payee/Vendor Name (From OHA General Ledger)	Amount Paid (From OHA General Ledger)	Disbursement Type	CLA Observation Numbers
D-03	25415	11/10/2011	Check	HI'IPAKA	$ 6,472.90	Grant	F01, F04, F06, F10
D-08	26042	03/05/2012	Check	HI'ILEI ALOHA, LLC	24,700.00	Grant	F02, F05, F06, F10, F14
D-09	26307	04/20/2012	Check	UNIVERSITY OF HAWAII	30,000.00	Grant	F06, F10, F11
D-19	27638	01/03/2013	Check	SUPPORTING THE LANGUAGE OF KAUAI INC.	25,000.00	Grant	F03, F10, F21
D-29	30126	05/14/2014	Check	NATIVE HAWAIIAN EDUCATION ASSOCIATION	20,000.00	Grant	F06, F10, F12
D-30	30149	05/19/2014	Check	SMITHSONIAN/NMAI	25,000.00	Grant	F03, F10, F12, F19, F22
D-31	30190	05/27/2014	Check	NATURE CONSERVANCY, THE	24,999.00	Grant	F03, F9, F10, F15, F16, F17, F20, F23
D-32	30196	05/29/2014	Check	ALOHA FIRST	25,000.00	Grant	F03, F08, F09, F10, F15
D-40	32731	10/14/2015	Check	NATIONAL INDIAN EDUCATION ASSOCIATION	5,000.00	Grant	F07, F09, F10, F18
D-43	33539	04/21/2016	Check	EDITH KANAKAOLE FOUNDATION	25,000.00	Grant	F07, F09, F10, F13, F20, F24

Attachment 10
Office of Hawaiian Affairs
CEO Sponsorships
Number of Disbursements Tested: 10
For the Period July 1, 2011 to June 30, 2016

	CLA Selection	D-03	D-08	D-09	D-19	D-29	D-30	D-31	D-32	D-40	D-43	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §84: Standards of Conduct															
HRS § 84-14: Conflicts of Interest															
[1]	Employees selecting the contractor did not have a financial interest.	×, **F01**	×, **F02**	✓	✓	✓	✓	✓	✓	✓	✓	0	2	8	10
[2]	Employees selecting the contractor were not engaged as legal counsel, advisor, consultant, representative, or other agency capacity.	×, **F01**	×, **F02**	✓	✓	✓	✓	✓	✓	✓	✓	0	2	8	10
HRS § 84-15(a): Contracts															
[3]	The contract was not with a legislator or employee who has controlling interest.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	10	10
[4]	If the contract was with a legislator or employee who has controlling interest, alternative criteria were met.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	10	10
HRS § 84-15(b): Contracts															
[5]	The person or the business entering into contract with OHA was not represented by a person employed by OHA in the preceding 2 years.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	10	10
[6]	If the person or business entering into contract with OHA was represented by a person employed by OHA in the preceding 2 years, the person did not participate in the matter with which the contract is directly concerned.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	10	10
HRS §10: Office of Hawaiian Affairs															
HRS §10-17(a): Grants; conditions and qualifications															
[7]	The Office of Hawaiian Affairs received an application for the grant.	DM	DM	DM	✓	DM	✓	✓	✓	DM	DM	6	0	4	10
[8-12]	The application met the minimum qualifications detailed in HRS §10-17(a).	DM	DM	DM	×, **F03**	DM	✓	✓	✓	DM	DM	6	1	3	10
[13]	The activities of the grant were consistent with HRS §10-17.	DM	DM	DM	×, **F03**	DM	✓	✓	✓	DM	DM	6	1	3	10
HRS §10-17(b): Grants; conditions and qualifications															
[14]	The applicant applied for or received all licenses and permits, when required to conduct the activities.	DM	DM	DM	×, **F03**	DM	×, **F03**	×, **F03**	×, **F03**	DM	DM	6	4	0	10
[15]	The applicant agreed to comply with federal, state, and county laws.	DM	DM	DM	×, **F03**	DM	×, **F03**	×, **F03**	×, **F03**	DM	DM	6	4	0	10
[16]	The grant was not used for entertainment or perquisites.	DM	DM	DM	×, **F03**	DM	✓	✓	✓	DM	DM	6	1	3	10
[17]	The applicant agreed to comply with federal, state, and county statutes and ordinances, including building code and agency rules.	DM	DM	DM	×, **F03**	DM	×, **F03**	×, **F03**	×, **F03**	DM	DM	6	4	0	10
[18]	The applicant indemnified OHA.	DM	DM	DM	×, **F03**	DM	×, **F03**	×, **F03**	×, **F03**	DM	DM	6	4	0	10
[19]	The applicant procured insurance if requested by OHA.	DM	DM	DM	×, **F03**	DM	×, **F03**	×, **F03**	×, **F03**	DM	DM	6	4	0	10
HRS §10-17(c): Grants; conditions and qualifications															
[20-23]	Based on the grant application, the applicant was an eligible organization as defined by HRS §10-17(c).	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	10	10
[24]	If the applicant was a nonprofit organization,														
	[a] the governing board members have no material interest and serve without compensation,	×, **F04**	×, **F05**	×, **F06**	×, **F03**	×, **F06**	×, **F03**	×, **F03**	×, **F03**	×, **F07**	×, **F07**	0	10	0	10
	[b] has bylaws regarding nepotism and conflict of interests, and	×, **F04**	×, **F05**	×, **F06**	×, **F03**	×, **F06**	×, **F03**	×, **F03**	×, **F03**	×, **F07**	×, **F07**	0	10	0	10
	[c] employs no more than two or more family members.	×, **F04**	×, **F05**	×, **F06**	×, **F03**	×, **F06**	×, **F03**	×, **F03**	×, **F03**	×, **F07**	×, **F07**	0	10	0	10

Attachment 10
Office of Hawaiian Affairs
CEO Sponsorships
Number of Disbursements Tested: 10
For the Period July 1, 2011 to June 30, 2016

	CLA Selection	D-03	D-08	D-09	D-19	D-29	D-30	D-31	D-32	D-40	D-43	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[25]	The applicant made all records relating to its operation of the activity available to OHA.	×, F06	×, F06	×, F06	×, F03	×, F06	×, F03	×, F03	×, F03	×, F07	×, F07	0	10	0	10
[26]	The applicant satisfied OHA that sufficient funds were available for its operation or the grant activity.	×, F06	×, F06	×, F06	×, F03	×, F06	×, F03	×, F03	×, F03	×, F07	×, F07	0	10	0	10
HRS §10-17(d): Grants; conditions and qualifications															
[83]	The monitoring requirements defined under HRS §10-17(d) were tested concurrently with the criteria at [83].	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM	10	0	0	10
OHA Fiscal Procedures Manual, revised March 2, 2009															
2.2.4.1: Grants Review Process															
[27]	Staff completed the sections for scope of work, compensation/payment and reporting requirements.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	×, F08	N/A	N/A	0	1	9	10
[28]	No sections of the forms were altered.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	×, F08	N/A	N/A	0	1	9	10
[29-31]	The grant was documented and completed on the appropriate form for the type of grant.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	10	10
[32]	The proof of award was submitted, including the grant award letter, Board minutes, or the approved Administrative Memo.	DM	DM	DM	DM	DM	DM	×, F09	×, F09	×, F09	×, F09	6	4	0	10
[33]	If the award was over $2,500, the senior staff attorney signed the Procurement Document Checklist (PCL).	✓	✓	✓	✓	✓	✓	✓	✓	DM	DM	2	0	8	10
[34]	If the award was over $2,500, the award was submitted with the Procurement Document Checklist (PCL).	DM	DM	DM	DM	DM	DM	×, F09	×, F09	×, F09	×, F09	6	4	0	10
2.2.4.3: Review Documentation															
[35]	A completed Purchase Requisition (PR) was submitted by a PR Representative.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	10	10
[36][5]	For grants using the OHA Long Contract,														
	[a] an Accounting Checklist was submitted,	×, F10	×, F10	×, F10	×, F10	×, F10	×, F10	×, F10	×, F10	×, F10	×, F10	0	10	0	10
	[b] funds were verified by the Budget Analyst, and	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	10	10
	[c] funds were certified by the CFO.	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM	10	0	0	10
[37]	For grants using the OHA Long Contract, a PCL was submitted and signed by a Hale Director.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	10	10
[38-41][1, 2, 3, 4, 5]	The legal relationship was documented on the appropriate form for the type of grant.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	10	10
OHA Operational Authority Delegation Hierarchy issued by the Chief Executive Officer on Interoffice Memorandum															
Issued February 9, 2010 and revised December 12, 2012, May 19, 2015, October 21, 2015															
[42-45]	Purchase Requisition had appropriate approvals based on the Operational Authority Delegation Hierarchy.	✓	✓	×, F11	✓	✓	✓	✓	✓	✓	✓	0	1	9	10
OHA Fiscal Procedures Manual, revised March 2, 2009															
2.2.4.4: Purchase Review Process for Contracts and Grants															
[46]	For grants over $2,500 the AP Supervisor approved the Procurement Document Checklist (PCL).	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	DM	DM	2	0	8	10
[47]	The Budget Analyst verified the availability of funding and correct coding.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	10	10

Attachment 10
Office of Hawaiian Affairs
CEO Sponsorships
Number of Disbursements Tested: 10
For the Period July 1, 2011 to June 30, 2016

CLA Selection		D-03	D-08	D-09	D-19	D-29	D-30	D-31	D-32	D-40	D-43	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[48]	A Purchase Order (PO) was issued by the Treasury and Other Services (TOS) to the preparer.	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM	10	0	0	10
2.2.7.4: Grants Payment Processing [6]															
[49]	Payments were processed appropriately based on the type of Grantee Requirements and Grant Monitor Requirements.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	10	10
[50]	The Grant Monitor reviewed and approved the required grant reports within 5 working days.	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM	10	0	0	10
OHA Operational Authority Delegation Hierarchy issued by the Chief Executive Officer on Interoffice Memorandum															
Issued February 9, 2010 and revised December 12, 2012, May 19, 2015, October 21, 2015															
[54-57]	Request for Check Issuance had appropriate approvals based on the Operational Authority Delegation Hierarchy.	✓	✓	×, **F11**	✓	×, **F12**	×, **F12**	✓	✓	✓	×, **F13**	0	4	6	10
OHA Grants Program Standard Operating Procedures, revised July 1, 2015[7,8]															
III. Procedures: (C) Sponsorships															
[80]	The formal letter of request includes the information required by the Grants Program Standard Operating Procedures.	DM	×, **F14**	DM	DM	DM	✓	×, **F15**, **F16**	×, **F15**	DM	DM	6	3	1	10
[81]	The CEO approved the final award.	DM	×, **F14**	DM	DM	DM	DM	×, **F17**	✓	×, **F18**	✓	5	3	2	10
[82]	OHA documented evidence that the applicant received the Notice of Award, either via email or a letter signed by the Transitional Assistance Program (TAP) Manager.	DM	×, **F14**	DM	DM	DM	DM	DM	DM	DM	DM	9	1	0	10
[83]	OHA documented evidence that it received participation and/or recognition benefits.	DM	×, **F14**	DM	DM	DM	DM	DM	DM	DM	DM	9	1	0	10
Other Testing Results															
[84]	Compliance with budget restrictions.	✓	✓	✓	✓	✓	×, **F19**	×, **F20**	✓	✓	×, **F20**	0	3	7	10
[85]	No fraudulent or wasteful disbursements were made.	✓	✓	×, **F11**	×, **F21**	✓	×, **F22**	×, **F23**	✓	✓	×, **F24**	0	5	5	10

Attachment 10
Office of Hawaiian Affairs
CEO Sponsorships
Number of Disbursements Tested: 10
For the Period July 1, 2011 to June 30, 2016

Footnotes

1	Grant Agreement Form GA-1 is used for Kaiaulu grants up to $100,000, CBED grants up to $50,000, and Kauhale grants up to $24,999.
2	Grant Agreement Form CGA-1 is used for University of Hawai'i grants.
3	'Ahahui Agreement Form is used for 'Ahahui grants up to $10,000.
4	Small Governance Award Letter is used for Hawaiian Governance grants.
5	The testing of criteria [36] and [39] also satisfied the requirements of the Fiscal Procedures Manual, Section 2.2.6: Grants Contract Funding Certification.
6	Criteria [51] through [53] refer to the Fiscal Procedures Manual, Section 2.2.7.4: Grants Payment Processing. The criteria applied to the Request for Payment on Contract, which CLA determined was not applicable, since CEO Sponsorships were paid with the Request for Check Issuance form.
7	Criteria [58] through [79] relate to Grants Program Standard Operating Procedures for CEO Sponsorships and results for these criteria are included in the Grants Contract Testing section.
8	The Grants Program Standard Operating Procedures are applicable only to grants awarded after July 1, 2015.
9	Criteria [58] through [79] were applicable to Grants. Grants were tested as contracts.

Tickmarks

✓	Contract complied
×	Contract did not comply
DM	Documents Missing - OHA could not locate document(s) to provide to CLA
N/A	Not Applicable
F01	The CEO took an official action directly affecting a business in which the CEO was engaged in an agency capacity. As both the CEO of OHA and one of the managers of Hi'ipaka LLC, the former OHA CEO approved a CEO Sponsorship to cover costs for an event at Hi'ipaka's property, Waimea Valley.
F02	The CEO took an official action directly affecting a business in which the CEO was engaged in an agency capacity. As both the CEO of OHA and one of the managers of Hi'ilei Aloha LLC, the interim OHA CEO approved an "Administrative Grant" for the purpose of due diligence relating to the Maritime Museum.

Attachment 10
Office of Hawaiian Affairs
CEO Sponsorships
Number of Disbursements Tested: 10
For the Period July 1, 2011 to June 30, 2016

Tickmarks

F03	The funding request letter for the CEO Sponsorship does not contain enough information to answer key requirements, as outlined in HRS 10-17, including information necessary for the application of the grant (HRS 10-17(a)), information necessary for the awarding of the grant (HRS 10-17(b)), and minimum qualifications of the grant awardee (HRS 10-17(c)).
F04	The governing board of Hi'ipaka LLC is comprised of members that have a direct material conflict of interest and receive compensation. The CEO of OHA is one of the managers of Hi'ipaka LLC. This setup creates an inherent conflict of interest for any grants awarded to Hi'ipaka LLC.
F05	The governing board of Hi'ilei Aloha LLC is comprised of members that have a direct material conflict of interest and receive compensation. The CEO of OHA is one of the managers of Hi'ilei Aloha LLC. This setup creates an inherent conflict of interest for any grants awarded to Hi'ilei Aloha LLC.
F06	The CEO Sponsorship request was not documented on either a funding request letter prepared by the applicant or a Sponsorship Review form prepared by OHA. Therefore none of the minimum requirements under HRS §10-17(c) were met when the grant was awarded.
F07	The CEO Sponsorship request was documented on a Sponsorship Review form prepared by OHA, even though there is no documentation that the applicant submitted a funding request letter. Regardless, there is no evidence that the applicant agreed to comply with (or met) the minimum requirements under HRS §10-17(c) when the grant was awarded.
F08	The information recorded on the Sponsorship Review Form is not consistent with the information on the funding request letter for the CEO Sponsorship. Specifically, the Sponsorship Review Form reports the Event Date, Strategic Result, Benefit to Hawaiians, Budget, and Recognition Benefits -- all of which are not included on the applicant's funding request letter.
F09	There is evidence that the CEO Sponsorship award was approved and documented on a Interoffice Memorandum or Sponsorship Review form; however, there is no evidence of a proof of award, including a grant award letter, Board minutes, approved Administrative Memo, or email as detailed in the Grants SOP, that notified the applicant of the award.
F10	An Accounting Checklist was not included with the supporting documentation. According to OHA's Controller, the Accounting Checklist has not been used in a long time. The Accounting Checklist was used back when purchasing was part of the accounting department, and there was a separate checklist for each group (accounting and procurement). Instead, OHA uses the Procurement Document Checklist (PCL) and Purchase Requisition (PR) to document the availability of funds was verified by the Budget Analyst. The CFO performs the certification of funds on the Purchase Order (PO). The Controller also confirmed that only the Budget Analyst certifies the availability of funds when the purchase is above the required threshold, which is indicated in the Operational Authority Delegation Hierarchy.

Attachment 10
Office of Hawaiian Affairs
CEO Sponsorships
Number of Disbursements Tested: 10
For the Period July 1, 2011 to June 30, 2016

Tickmarks

F11	The grant award appears to have been split to avoid restrictions on the CEO Sponsorship maximum award amount. The award is split into two components: $24,950 for "Grants in Aid" and $5,050 for "Services on a Fee Basis". According to the Operational Authority Delegation Hierarchy in place for 2012, dated February 9, 2010, the maximum CEO Sponsorship was $24,999. It appears the award was split to circumvent this restriction.
F12	According to the Operational Authority Delegation Hierarchy in effect at the time, the CEO was required to approve the Request for Check Issuance form based on the amount of the disbursement; however, the CEO did not approve the Request for Check Issuance form.
F13	According to the Operational Authority Delegation Hierarchy in effect at the time, the COO was required to approve the Request for Check Issuance form based on the amount of the disbursement; however, the COO did not approve the Request for Check Issuance form.
F14	The grant is categorized as an "Other - Administrative Grant to Hi'ilei Aloha LLC". The grant funds were used to perform due diligence on the Maritime Museum as a potential new office location for OHA. The grant was not subjected to the CEO Sponsorship requirements defined in the OHA Grants Program Standard Operating Procedures.
F15	The funding request letter for the CEO Sponsorship indicates that the request is for program funding, not a one-time event. As such, this is not consistent with the purpose of the CEO Sponsorship, which is for one-time events. Furthermore, the funding request letter does not include any event date (or Time of Performance), event location, event name, event description, or recognition benefits for OHA.
F16	The Sponsorship Review Form (Papahanaumokuakea Sponsorship) indicates, under the "Request Type", "Comments", and "Evaluation Criteria", that the request is for program funding, not a one-time event. The Request Type is "Program/Product"; the Comments read, "Not considered a CEO Sponsorship request"; and the Evaluation Criteria for Recognition Benefits and Budget are evaluated as "N/A". As such, this is not consistent with the purpose of the CEO Sponsorship, which is for organizations "whose programs and services benefit the Native Hawaiian community, and whose events offer OHA valuable public relations and recognition benefits...[and are] not intended to support events that would otherwise qualify under the 'Ahahui Grant Program or to support program services" (Grants Program Standard Operating Procures, updated July 1, 2015, Pg. 23).
F17	The Proof of Award does not contain the CEO's approval of the CEO Sponsorship.
F18	The Sponsorship Review Form was not signed by the CEO.
F19	The grant disbursement package contains an email between the Controller and Executive Assistant, indicating that the award amount was approved for $25,000 but that a portion ($12,000) was not available without a Budget Realignment approved by the BOT. There is no documentation that the Budget Realignment was approved by the BOT before the grant award was approved by the CEO.

Attachment 10
Office of Hawaiian Affairs
CEO Sponsorships
Number of Disbursements Tested: 10
For the Period July 1, 2011 to June 30, 2016

Tickmarks

F20	The grant disbursement package contains a Budget Adjustment Request Form that decreased funds from another account in order to fund the CEO Sponsorship. The form appears to be properly approved by the Budget Analyst, Controller, and CFO. CLA was unable to determine if this budget adjustment was a violation of budget restrictions.
F21	This is a CEO Sponsorship for Supporting the Language of Kauai, Inc. (SLK) to help cover operational start-up costs. The funding request letter states, "as mentioned in our confidential Business Plan that was recently submitted and approved by the managers of Hi'ipoi, LLC, we are requesting support from OHA in the amounts of $25,000". CLA requested the confidential business plan, but OHA did not provide a copy of the business plan or the LLC Managers' approval of that plan. CLA could not determine if the business plan to support SLK was a properly approved use of OHA funds.
F22	The Purchase Requisition, Procurement Package Checklist, and Procurement Document Checklist indicate that the OHA forms were not completed in chronological order. There are also duplicates of all three documents in the file, which indicates that a parallel procurement and disbursement process occurred.
F23	The documentation indicates that OHA knew this award was used to support a programmatic service, which is not the intended use of a CEO Sponsorship. This disbursement should have been submitted under the Community Grant or Kūlia Initiative programs.
F24	The documentation indicates that the purchase requisition method was rushed as the request of the OHA CEO.

Attachment 11

Attachment 11
Office of Hawaiian Affairs
Exempt (Non-Grant) and Small Purchase Disbursements
Number of Disbursements Tested: 34
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	Check Number	Check Date	Method of Disbursement	Payee/Vendor Name (From OHA General Ledger)	Amount Paid (From OHA General Ledger)	Disbursement Type	CLA Observation Numbers
D-01	20212	01/27/2016	Direct Deposit	RILEY, JAMES KAWIKA	$ 4,315.06	Disbursement	None
D-02	28535	06/17/2013	Check	SANBORN, DAVID R.	5,000.00	Disbursement	G-08, G19
D-04	25498	11/30/2011	Check	ABW HOLDINGS LLC	150,000.00	Disbursement	G03, G08, G20
D-05	25668	01/03/2012	Check	NAMU'O, CLYDE W.	183,000.00	Disbursement	None
D-06	25698	01/09/2012	Check	MARTIN TSACHEV AND BICKERTON LEE DANG & SULLIVAN	162,500.00	Disbursement	None
D-10	26645	06/26/2012	Check	TITLE GUARANTY OF HAWAII, INC.	108,412.47	Disbursement	G02, G08
D-11	26694	07/09/2012	Check	OFFICE OF HAWAIIAN AFFAIRS	100,000.00	Disbursement	G08
D-13	26865	08/07/2012	Check	HO'OKIPAIPAI, LLC	207,179.00	Disbursement	G08
D-14	29001	09/25/2013	Check	FCH ENTERPRISES, INC.	68,607.31	Disbursement	G08
D-15	27013	08/31/2012	Check	HI'ILEI ALOHA, LLC	200,000.00	Disbursement	G08, G17
D-16	27175	10/04/2012	Check	X-PRESS TEES	2,453.93	Disbursement	None
D-17	27441	11/28/2012	Check	TITLE GUARANTY ESCROW SERVICES, INC.	3,000,000.00	Disbursement	G02, G08, G09
D-18	24736	07/07/2011	Check	INTER PACIFIC MOTORS	34,733.44	Disbursement	G08
D-20	27802	02/01/2013	Check	POSTMASTER	100,000.00	Disbursement	G08, G13
D-21	28279	05/03/2013	Check	HI'ILEI ALOHA, LLC	520,940.00	Disbursement	G08
D-22	28442	05/31/2013	Check	HU'ENA POWER INC	600,000.00	Disbursement	G08, G14, G21
D-24	29531	01/23/2014	Check	MARSH USA INC	190,711.44	Disbursement	G08, G15
D-25	29566	01/30/2014	Check	PACIFIC PARK PLAZA OWNER, LLC	177,601.26	Disbursement	G08, G18
D-26	32032	06/09/2015	Check	TAHITIAN TREE SERVICE, INC.	31,370.00	Disbursement	G08
D-27	29691	02/24/2014	Check	I OLA LAHUI	3,000.00	Disbursement	G08
D-28	32242	07/08/2015	Check	KALIHI-PALAMA CULTURE & ARTS SOCIETY, INC.	30,000.00	Disbursement	G01, G08
D-33	28949	09/09/2013	Check	KALAIMOKU GROUP,LLC, THE	28,115.17	Disbursement	G01, G04, G08, G10, G12, G16 G22
D-34	30921	10/28/2014	Check	HI'ILEI ALOHA, LLC	50,000.00	Disbursement	G08, G23

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CLA Sample Number	Check Number	Check Date	Method of Disbursement	Payee/Vendor Name (From OHA General Ledger)	Amount Paid (From OHA General Ledger)	Disbursement Type	CLA Observation Numbers
D-36	32085	06/18/2015	Check	MARIMED FOUNDATION FOR ISLAND HEALTH CARE TRAINING	49,000.00	Disbursement	G01, G08
D-37	32103	06/22/2015	Check	HALE KEALOHA - 'AI PONO CATERING SERVICES LLC	2,495.22	Disbursement	None
D-38	31980	06/01/2015	Check	WINDOWS CATERING COMPANY	24,985.81	Disbursement	G01, G08
D-41	33037	12/23/2015	Check	TH!NK	4,852.09	Disbursement	G05, G08
D-42	33421	03/24/2016	Check	HALE KEALOHA - 'AI PONO CATERING SERVICES LLC	15,000.00	Disbursement	G01, G08
D-44	26976	08/27/2012	Check	MAKAHA STUDIOS LLC	20,000.00	Disbursement	G01, G08
D-45	28872	08/23/2013	Check	FIELDS MASONRY	14,250.00	Disbursement	G01, G08
D-46	28173	04/19/2013	Check	KHAN, MARILYN L.	10,000.00	Disbursement	G01, G04, G06, G08, G16
D-47	30659	08/29/2014	Check	KUALOA RANCH HAWAII, INC	9,198.58	Disbursement	G01, G08, G24
D-48	28834	08/14/2013	Check	WET 'N' WILD HAWAII	8,483.33	Disbursement	G01, G07, G08, G25
D-50	32016	06/05/2015	Check	MCCORRISTON, MILLER, MUKAI, MACKINNON	5,541.15	Disbursement	G01, G08, G11

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	CLA Selection	D-01	D-02	D-04	D-05	D-06	D-10	D-11	D-13	D-14	D-15	D-16	D-17	D-18	D-20	D-21	D-22	D-24	D-25	D-26
HRS §84: Standards of Conduct																				
HRS § 84-14: Conflicts of Interest																				
[1]	Employees selecting the contractor did not have a financial interest.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
[2]	Employees selecting the contractor were not engaged as legal counsel, advisor, consultant, representative, or in any other agency capacity.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
HRS §103D: Hawaii Public Procurement Code																				
HRS §103D-102(b): Application of this chapter																				
[3]	The service or goods qualify as a listed exemption in 103D-102(b).	✓	N/A	✓	✓	✓	N/A	N/A	✓	N/A	✓	N/A	✓	N/A	✓	✓	✓	N/A	✓	N/A
[4]	Document the specific exemption number.	103D-102(b)(2)(B)	N/A	103D-102(b)(4)(L)	103D-102(b)(2)(C)	103D-102(b)(2)(C)	N/A	103D-102(b)(2)(H)	103D-102(b)(2)(F)	N/A	103D-102(b)(2)(F)	N/A	103D-102(b)(2)(F)	N/A	103D-102(b)(3)	103D-102(b)(2)(F)	103D-102(b)(2)(F)	N/A	103D-102(b)(4)(L)	N/A
OHA Fiscal Procedures Manual, revised March 2, 2009																				
2.2.1.3: Exempt Procurements																				
[5]	If not qualified under the list of exemptions in 103D-102(b), the service or good qualifies as an exempt purchase under Hawai'i Administrative Rules Section 3-120-4 – Exhibit A.	N/A	✓	N/A	N/A	N/A	✓	N/A	N/A	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	N/A	N/A
[6]	Document the specific exemption number.	N/A	HAR 3-120-4(1)	N/A	N/A	N/A	HAR 3-120-4(6)	N/A	N/A	HAR 3-120-4(10)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	HAR 3-120-4(6)	N/A	N/A
2.2.2.1: Purchase Requisition Procedure [1]																				
[8]	The Budget Analyst verified that funds were available for the procurement and sent the Purchase Requisition to management for review.	✓	✓	✓	N/A	N/A	×, G02	DM	✓	✓	✓	N/A	×, G02	✓	✓	✓	DM	✓	✓	DM
OHA Operational Authority Delegation Hierarchy issued by the Chief Executive Officer on Interoffice Memorandum																				
Issued February 9, 2019 and revised December 12, 2012, May 19, 2015, October 21, 2015																				
[11-14]	The Purchase Requisition had appropriate approvals based on the Operational Authority Delegation Hierarchy.	✓	✓	×, G03	N/A	N/A	✓	DM	✓	✓	✓	N/A	×, G09	✓	✓	✓	DM	✓	✓	DM
OHA Fiscal Procedures Manual, revised March 2, 2009																				
2.2.4: Grants, Procurement, and Contracts Review Process																				
[15]	Funds were verified by the Budget Analyst and certified by the CFO using the Accounting Checklist.	N/A	×, G08	×, G08	N/A	N/A	×, G08	×, G08	×, G08	×, G08	×, G08	N/A	×, G08	×, G08	×, G08	×, G08	×, G08	×, G08	×, G08	×, G08
[16]	Unless not required by statute, the contractor submitted a Tax Clearance to OHA prior to entering into the contract.	N/A	DM	DM	N/A	N/A	✓	N/A	N/A	DM	N/A	N/A	DM	✓	✓	N/A	✓	✓	N/A	✓
[17]	The Procurement Document Checklist was signed by the Hale Manager.	N/A	✓	DM	N/A	N/A	✓	DM	DM	✓	DM	N/A	DM	✓	✓	✓	DM	✓	✓	DM
[18]	The owner of the business, except for sole proprietorships, charitable organizations, unincorporated associations, and foreign insurance companies, submitted a DCCA Verification showing Proof of Good Standing with the State of Hawaii.	N/A	DM	DM	N/A	N/A	✓	N/A	N/A	✓	N/A	N/A	DM	✓	N/A	N/A	DM	✓	N/A	✓
2.2.4.3: Review Documentation [2]																				

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CLA Selection		D-01	D-02	D-04	D-05	D-06	D-10	D-11	D-13	D-14	D-15	D-16	D-17	D-18	D-20	D-21	D-22	D-24	D-25	D-26
[23]	The senior staff attorney signed the PCL to ensure compliance with State Procurement Laws for the purchase if was for more than $2,500.	N/A	✓	DM	N/A	N/A	✓	DM	DM	✓	DM	✓	DM	✓	✓	✓	DM	✓	✓	DM
2.2.5: Purchase Orders																				
[24]	The Purchase Order was reviewed and signed by the CFO.	N/A	✓	✓	N/A	N/A	✓	N/A	DM	✓	DM	✓	DM	✓	✓	✓	DM	✓	✓	✓
2.2.7.1.a: Request for Check Issuance [3]																				
[26]	For amounts under $2,500, receipts and/or invoices were included as supporting documentation.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2.2.7.1.b: Request for Reimbursement Payment Process [4]																				
[28]	The staff member obtained approval from the appropriate manager to make the purchase.	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
[32]	Original receipts and/or invoices were included as supporting documentation.	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2.2.7.2 Purchase Order Payments																				
[33]	For amounts over $2,500, the goods or services were marked as received on the original invoice.	N/A	✓	DM	N/A	N/A	DM	N/A	N/A	✓	N/A	N/A	N/A	✓	✓	N/A	DM	N/A	✓	✓
[34]	For amounts over $2,500, receipts and/or invoices were included as supporting documentation and match the Purchase Order.	N/A	✓	DM	N/A	N/A	DM	N/A	N/A	✓	N/A	N/A	✓	✓	✓	N/A	DM	✓	✓	✓
2.2.7.5 Check Issuance and Distribution																				
[35]	The invoice was stamped "Paid" and marked with the check number.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
OHA Operational Authority Delegation Hierarchy issued by the Chief Executive Officer on Interoffice Memorandum																				
Issued February 9, 2019 and revised December 12, 2012, May 19, 2015, October 21, 2015																				
[36-39]	Request for Check Issuance or Request for Reimbursement had appropriate approvals based on the Operational Authority Delegation Hierarchy.	✓	DM	✓	✓	✓	✓	✓	✓	DM	✓	✓	✓	DM	×, G13	✓	×, G14	×, G15	DM	DM
Other Testing Results																				
[40]	Compliance with budget restrictions.	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, G17	✓	DM	✓	✓	✓	DM	✓	×, G18	✓
[41]	No fraudulent or wasteful disbursements were made.	✓	×, G19	×, G20	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, G21	✓	✓	✓

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	CLA Selection	D-27	D-28	D-33	D-34	D-36	D-37	D-38	D-41	D-42	D-44	D-45	D-46	D-47	D-48	D-50	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §84: Standards of Conduct																				
HRS § 84-14: Conflicts of Interest																				
[1]	Employees selecting the contractor did not have a financial interest.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	34	34
[2]	Employees selecting the contractor were not engaged as legal counsel, advisor, consultant, representative, or in any other agency capacity.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	34	34
HRS §103D: Hawaii Public Procurement Code																				
HRS §103D-102(b): Application of this chapter																				
[3]	The service or goods qualify as a listed exemption in 103D-102(b).	N/A	N/A	N/A	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	×, **G01**	0	1	33	34
[4]	Document the specific exemption number.	N/A	N/A	N/A	103D-102(b)(2)(F)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	×, **G01**	0	1	33	34
OHA Fiscal Procedures Manual, revised March 2, 2009																				
2.2.1.3: Exempt Procurements																				
[5]	If not qualified under the list of exemptions in 103D-102(b), the service or good qualifies as an exempt purchase under Hawai'i Administrative Rules Section 3-120-4 – Exhibit A.	✓	×, **G01**	×, **G01**	N/A	×, **G01**	N/A	×, **G01**	✓	×, **G01**	×, **G01**	×, **G01**	×, **G01**	×, **G01**	×, **G01**	N/A	0	10	24	34
[6]	Document the specific exemption number.	HAR 3-120-4(3)	HAR 3-120-4(14)	HAR 3-120-4(8)	N/A	HAR 3-120-4(1)	N/A	HAR 3-120-4(8)	HAR 3-120-4(3)	HAR 3-120-4(1)	HAR 3-120-4(1)	HAR 3-120-4(13)	HAR 3-120-4(3)	HAR 3-120-4(10)	HAR 3-120-4(10)	N/A	0	10	24	34
2.2.2.1: Purchase Requisition Procedure [1]																				
[8]	The Budget Analyst verified that funds were available for the procurement and sent the Purchase Requisition to management for review.	✓	DM	✓	DM	✓	N/A	DM	✓	✓	✓	✓	✓	DM	✓	✓	7	2	25	34
OHA Operational Authority Delegation Hierarchy issued by the Chief Executive Officer on Interoffice Memorandum																				
Issued February 9, 2019 and revised December 12, 2012, May 19, 2015, October 21, 2015																				
[11-14]	The Purchase Requisition had appropriate approvals based on the Operational Authority Delegation Hierarchy.	✓	DM	×, **G04**	DM	✓	N/A	DM	×, **G05**	✓	✓	✓	×, **G04, G06**	DM	×, **G07**	✓	7	6	21	34
OHA Fiscal Procedures Manual, revised March 2, 2009																				
2.2.4: Grants, Procurement, and Contracts Review Process																				
[15]	Funds were verified by the Budget Analyst and certified by the CFO using the Accounting Checklist.	×, **G08**	×, **G08**	×, **G08**	×, **G08**	×, **G08**	N/A	×, **G08**	×, **G08**	×, **G08**	×, **G08**	×, **G08**	×, **G08**	×, **G08**	×, **G08**	×, **G08**	0	29	5	34
[16]	Unless not required by statute, the contractor submitted a Tax Clearance to OHA prior to entering into the contract.	N/A	DM	DM	N/A	DM	N/A	DM	N/A	N/A	DM	DM	DM	DM	DM	DM	14	0	20	34
[17]	The Procurement Document Checklist was signed by the Hale Manager.	✓	DM	✓	DM	✓	N/A	DM	DM	✓	✓	✓	✓	DM	✓	DM	13	0	21	34
[18]	The owner of the business, except for sole proprietorships, charitable organizations, unincorporated associations, and foreign insurance companies, submitted a DCCA Verification showing Proof of Good Standing with the State of Hawaii.	N/A	DM	DM	N/A	DM	N/A	DM	N/A	DM	DM	DM	DM	DM	DM	DM	15	0	19	34
2.2.4.3: Review Documentation [2]																				

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CLA Selection		D-27	D-28	D-33	D-34	D-36	D-37	D-38	D-41	D-42	D-44	D-45	D-46	D-47	D-48	D-50	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[23]	The senior staff attorney signed the PCL to ensure compliance with State Procurement Laws for the purchase if was for more than $2,500.	✓	DM	✓	DM	✓	N/A	DM	DM	✓	✓	✓	✓	DM	✓	DM	13	0	21	34
2.2.5: Purchase Orders																				
[24]	The Purchase Order was reviewed and signed by the CFO.	✓	✓	×, G10	✓	✓	N/A	✓	✓	✓	✓	✓	✓	✓	✓	×, G11	4	2	28	34
2.2.7.1.a: Request for Check Issuance [3]																				
[26]	For amounts under $2,500, receipts and/or invoices were included as supporting documentation.	N/A	N/A	N/A	N/A	N/A	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	34	34
2.2.7.1.b: Request for Reimbursement Payment Process [4]																				
[28]	The staff member obtained approval from the appropriate manager to make the purchase.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	34	34
[32]	Original receipts and/or invoices were included as supporting documentation.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	34	34
2.2.7.2 Purchase Order Payments																				
[33]	For amounts over $2,500, the goods or services were marked as received on the original invoice.	✓	DM	×, G12	N/A	✓	N/A	✓	✓	✓	✓	DM	✓	✓	✓	✓	5	1	28	34
[34]	For amounts over $2,500, receipts and/or invoices were included as supporting documentation and match the Purchase Order.	✓	DM	✓	N/A	✓	N/A	✓	✓	✓	✓	DM	✓	✓	✓	✓	5	0	29	34
2.2.7.5 Check Issuance and Distribution																				
[35]	The invoice was stamped "Paid" and marked with the check number.	✓	✓	✓	✓	✓	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	34	34
OHA Operational Authority Delegation Hierarchy issued by the Chief Executive Officer on Interoffice Memorandum																				
Issued February 9, 2019 and revised December 12, 2012, May 19, 2015, October 21, 2015																				
[36-39]	Request for Check Issuance or Request for Reimbursement had appropriate approvals based on the Operational Authority Delegation Hierarchy.	✓	✓	×, G16	✓	DM	✓	✓	DM	DM	DM	✓	×, G16	DM	DM	DM	12	5	17	34
Other Testing Results																				
[40]	Compliance with budget restrictions.	✓	DM	✓	DM	✓	✓	DM	✓	✓	✓	✓	✓	DM	✓	✓	6	2	26	34
[41]	No fraudulent or wasteful disbursements were made.	✓	✓	×, G22	×, G23	✓	✓	✓	✓	✓	✓	✓	✓	×, G24	×, G25	✓	0	7	27	34

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Footnotes

1	Criteria [7], [9], and [10] are excluded as they were used by CLA to document information pertaining to the Purchase Requisition, including the names of the individuals preparing and approving the form. CLA determined these criteria are not necessary to report the final results of testing.
2	Criteria [19] through [22] pertain to the forms used to document grants. CLA determined these criteria are not necessary to report the final results of testing.
3	Criteria [25] and [27] are excluded as they were used by CLA to document information pertaining to the Request for Check Issuance form, including the names of the individuals preparing and approving the form. CLA determined these criteria are not necessary to report the final results of testing.
4	Criteria [29] through [31] are excluded as they were used by CLA to document information pertaining to the Request for Reimbursement, including the names of the individuals preparing and approving the form. CLA determined these criteria are not necessary to report the final results of testing.

Tickmarks

✓	Contract complied
×	Contract did not comply
DM	Documents Missing - OHA could not locate document(s) to provide to CLA
N/A	Not Applicable
G01	The exemption OHA cited in HRS §103D or HAR §3-120 does not appear to be appropriate based on the good(s) and service(s) purchased.
G02	The Budget Analyst did not sign and date the Purchase Requisition.
G03	The Purchase Requisition contained an inappropriate person or insufficient level of approval required for the type and amount of the procurement.
G04	The Purchase Requisition (PR) was completed and approved by individuals not directly employed by OHA. The PR was requested by the Native Hawaiian Roll Commission (NHRC) Staffer and approved by the NHRC Executive Director (and former OHA CEO), who were both employees at Kana'iolowalu, the organization operating the Native Hawaiian Roll Commission.
G05	The Purchase Requisition (PR) was completed and approved after the TH!NK training sessions occurred on September 23, 2015 and October 6, 2015. The PR was approved on February 28, 2017. The PR states "Follow-up trainings requested that was not originally budgeted...Four programs completed/committed to this (4 x $2,525 = $10,500). 1 outstanding invoice needs to be paid".
G06	The Purchase Requisition (PR) was completed and approved after the Huli-A-Mahi Event at 'Iolani Palace on January 20, 2013 occurred. The PR was approved on January 23, 2013.
G07	The Purchase Requisition amount was approved on July 22, 2013 for $6,000 but was increased to $8,500 on August 8, 2013 without requiring the original approver to authorize the increase or demonstrate approval.
G08	An Accounting Checklist was not included with the supporting documentation. According to OHA's Controller, the Accounting Checklist has not been used in a long time. The Accounting Checklist was used when purchasing was part of the accounting department, and there was a separate checklist for each group (accounting and procurement). Instead, OHA uses the Procurement Document Checklist (PCL) and Purchase Requisition (PR) to document the availability of funds was verified by the Budget Analyst. The CFO performs the certification of funds on the Purchase Order (PO). The Controller also confirmed only the Budget Analyst verifies the availability of funds when the purchase is above the required threshold, which is indicated in the Operational Authority Delegation Hierarchy.
G09	The disbursement package does not contain any documentation or evidence that the Purchase Requisition (PR) was performed as part of the procurement process; however, there is a Board of Trustees Asset Resource Management/Beneficiary Advocacy Empowerment Committee (ARM/BAE) action item that was approved for the acquisition of the Galbraith Estate land. Action Item ARM/BAE 11-07 indicates that the BOT approved the purchase of the land for $3,000,000. The procurement appears to be properly approved but was not documented on a Purchase Requisition.
G10	The Purchase Order was completed and approved after the Kana'iolowalu Concert Series occurred and after OHA received the invoice from the vendor.
G11	The Purchase Order was completed and approved after OHA received the invoice from the vendor.
G12	The invoice received from the vendor for the Kana'iolowalu Concert Series is dated before the Purchase Requisition form was completed and before the concert occurred. In addition, there is only a single line item and no itemized costs.
G13	The Request for Check Issuance form contained an inappropriate person or insufficient level of approval required for the type and amount of the disbursement. The original amount on the Request for Check Issuance was $50,000 but was crossed out and replaced with a handwritten amount of $100,000. As such, the original approval for $50,000 does not appear sufficient for this new amount. The original approval was by the Communications Manager. In comparison to all other approvals required for disbursements of $100,000 or more, as shown on the Operational Authority Delegation Hierarchy, the CEO is required to approve the form.
G14	The disbursement package was missing the date that the Appropriate Budget Authority approved the Request for Check Issuance.

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Tickmarks

G15	The disbursement package did not contain all of the Request for Check Issuance forms equal to the amount of the total disbursement.
G16	The Request for Check Issuance form was completed and approved by individuals not directly employed by OHA. The Request for Check Issuance was requested by the Native Hawaiian Roll Commission (NHRC) Staffer and approved by the NHRC Executive Director (and former OHA CEO), who were both employees at Kana'iolowalu, the organization operating the Native Hawaiian Roll Commission.
G17	The disbursement was for an amount of $200,000, which consisted of $150,000 already approved by the BOT for FY13 and an adjustment funding of $50,000 for "interim Makaweli Poi operations while the organization transitions its assets and operations to an appropriate community-based nonprofit organization." The $50,000 adjustment was approved through a budget realignment during an ARM Committee meeting. Although the budget adjustment was properly approved, the operations of the poi mill exceeded the budget for the year, and, by year end, Hi'ipoi, LLC transferred the asset to a nonprofit organization. It appears that the poi mill had exceeded its operating budget, and the BOT approved additional funds to maintain its operation. However, CLA could not determine if there were any budget restrictions that were violated when the $50,000 budget adjustment was approved.
G18	This disbursement on January 30, 2014 for $177,601.26 paid to Pacific Park Plaza was to cover Common Area Maintenance (CAM) fees for OHA for the period December 16, 2013 to February 1, 2014. The Purchase Requisition, Procurement Package Checklist, and Purchase Order indicate that the original amount requested was $81,328.65; however, the total amount billed on the invoices and paid to the vendor was $177,601.26. The amount paid appears to be the result of the vendor billing for two months at $88,800.63 per month. The amount invoiced, $88,800.63, is greater than the original amount requested, $81,328.65. There is no documentation that shows the increase was approved or a budget realignment was requested to offset the increase in the billing.
G19	This disbursement on June 17, 2013 for $5,000 paid to David Sanborn was procurement using the exempt procurement method. The scope of work was for David R. Sanborn to develop a Native Hawaiian Organization consultation policy development handbook . Mr. Sanborn was paid for the entire amount that he invoiced OHA. The disbursement documentation provided to CLA was missing the Native Hawaiian Organization consultation policy handbook or the date it was received, so CLA was unable to determine if the handbook was ever finished or if it was delivered on time. When CLA inquired, OHA could not locate the deliverable document. This could be an indication of possible waste.
G20	The purpose of the disbursement was to pay ABW Holdings, LLC for a lease guaranty OHA had signed on behalf of Kauhale, LLC, a Native Hawaiian private corporation that defaulted on its commercial lease at the Waikiki Beach Walk. This disbursement did not receive the appropriate approvals on the Purchase Requisition, because it was split the $150,000 owed into two amounts of $75,000. Therefore, when the Purchase Requisition was approved, it only required the LOB Director to approve it. Had the full amount of $150,000 been indicated on the Purchase Requisition, the Operational Authority Delegation Hierarchy would have required the CFO to approve the Purchase Requisition. Because the disbursement lacked a singular Purchase Requisition for the total amount disbursed, and the file is missing a Procurement Document Checklist, it appears that there was not sufficient transparency of the activities.
G21	This $600,000 disbursement was an investment purchase of 500 limited partnership units (5%) in Hu'ena Power, LLP, a consortium that submitted a proposal to Hawaiian Electric Light Company to develop two 25MW geothermal power stations on the island of Hawai'i. The structure of this investment agreement required that OHA provide $600,000 of funding with no guarantee that Hu'ena Power would be selected for the contract, which put all of OHA's investment funds at risk. Additionally, there is no information within the documentation that indicates what the $600,000 was used for or why such a significant investment was needed when the contract had not yet been won. This was a highly risky investment from which OHA received no return, and OHA lost all of its initial investment. These factors indicate a waste of funds.
G22	The purpose of the disbursement was for Kālaimoku Group to produce the Native Hawaiian Roll Commission Kana'iolowalu Concert Series on August 31, 2013 at Maili Beach Park on Oahu. Because the contract was processed as an exempt contract when it possibly should not have been, OHA did not go through a process to obtain competitive quotes or bids to obtain these services. Therefore, it is unknown whether OHA paid a fair price for the services. This could be an indication of possible waste.
G23	The purpose of this disbursement was to fulfill Hi'ilei Aloha, LLC's funding request for $50,000 to hire a Grant Writer for Hi'ilei Aloha, LLC. There was no documentation that the grant writer position was advertised or filled. CLA requested evidence that Hi'ilei Aloha, LLC advertised or filled the position. OHA did not provide any documentation to answer this request. Without documentation or other proof that Hi'ilei Aloha, LLC hired a Grant Writer, OHA was unable to demonstrate that the purpose of this disbursement met its intended use. The fact that there is no evidence of deliverables being provided as required by the funding request, this is a red flag or indicator of possible fraud, waste, or abuse.
G24	According to the scope of work, Kualoa Ranch Hawaii, Inc. was paid $9,199 for "facility fees OHA Meeting." OHA categorized the purchase as exempt, citing Hawai'i Administrative Rules §3-120-4 exemption #10, "Facility costs for conference, meetings, and training sessions." The disbursement did not contain a meeting agenda, schedule, or documentation of the purpose of the meeting. The invoice listed "Secret Island Fees" (quantity 207), "Adult Signature Ranch Buffets" (quantity 150), "Child Signature Ranch Buffets" (quantity 57), "BBQ Grill Station" (quantity 1) and two lifeguards. The Kualoa Ranch Hawaii invoice also includes complimentary admission for 8 children under 3 years old. CLA determined that the facility costs do not appear to be for an official OHA conference, meeting, or training session, but rather an opportunity for OHA employees to visit a tourist attraction at a private nature reserve. The combination of the using the exemption procurement method for an unqualified expenditure and the use of State funds to provide entertainment to OHA employees, could be an indication of possible waste or abuse. Indicators of possible waste are the lack of documentation to support that the activities undertaken qualified as an exempt disbursement. If the disbursement was knowingly processed as an exempt disbursement when it likely should have not been processed at all, this may be an indicator of possible abuse.

Attachment 11
Office of Hawaiian Affairs
Exempt (Non-Grant) and Small Purchase Disbursements
Number of Disbursements Tested: 34
For the Period July 1, 2011 to June 30, 2016

Tickmarks

G25	According to the scope of work, Wet 'N' Wild Hawaii was paid $8,483 for "OHA-NA Day" on August 17, 2013. Wet 'N' Wild Hawaii is a water theme park on Oahu. OHA categorized the purchase as exempt, citing Hawai'i Administrative Rules §3-120-4 exemption #10, "Facility costs for conference, meetings, and training sessions." The disbursement did not contain a meeting agenda, schedule, or documentation of the purpose of the meeting. According to the Procurement Document Checklist, the purpose of the procurement was to "provide meeting facilities for OHA staff and families." The Wet 'N' Wild Hawaii invoice charged for OHA "Package A" admissions and lunch (quantity 242) and "Lunch Wristbands" for Season Pass Holders (quantity 20). These costs do not appear to be for a conference, meeting, or training session, but rather a family entertainment day for OHA employees. The combination of the using the exemption procurement method for an unqualified expenditure and the use of State funds to provide entertainment to OHA employees, could be an indication of possible waste or abuse. Indicators of possible waste are the lack of documentation to support that the activities undertaken qualified as an exempt disbursement. If the disbursement was knowingly processed as an exempt disbursement when it likely should have not been processed at all, this may be an indicator of possible abuse.

Attachment 12

Attachment 12
Office of Hawaiian Affairs
Procurement Card (pCard) Disbursements
Number of Disbursements Tested: 5
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	Check Number	Check Date	Method of Disbursement	Payee/Vendor Name (From OHA General Ledger)	Amount Paid (From OHA General Ledger)	Disbursement Type	CLA Observation Numbers
D-12	26750	07/19/2012	Check	FIRST HAWAIIAN BANK	$ 25,318.03	Purchasing Card and Travel	H01, H02, H03, H05, H07, H08, H10
D-23	28593	06/27/2013	Check	FIRST HAWAIIAN BANK	67,146.65	Purchasing Card and Travel	H01, H03, H04, H05, H07, H08, H10
D-35	31394	02/02/2015	Check	FIRST HAWAIIAN BANK	9,577.09	Purchasing Card and Travel	H01, H03, H07, H08, H09, H10
D-39	32518	08/27/2015	Check	FIRST HAWAIIAN BANK	37,112.93	Purchasing Card and Travel	H01, H02, H03, H04, H05, H06, H07, H08, H10
D-49	11566	06/05/2013	Direct Deposit	HIND, NICOLE M.	6,405.00	Purchasing Card and Travel	None

Attachment 12
Office of Hawaiian Affairs
Procurement Card (pCard) Disbursements
Number of Disbursements Tested: 5
For the Period July 1, 2011 to June 30, 2016

	CLA Selection	D-12	D-23	D-35	D-39	D-49	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §84: Standards of Conduct										
HRS § 84-14: Conflicts of Interest										
[1]	Employees selecting the contractor did not have a financial interest.	✓	✓	✓	✓	✓	0	0	5	5
[2]	Employees selecting the contractor were not engaged as legal counsel, advisor, consultant, representative, or other agency capacity.	✓	✓	✓	✓	✓	0	0	5	5
HRS §103D: Hawaii Public Procurement Code										
HRS §103D-102(b): Application of this chapter										
[3]	The service or good qualifies as a listed exemption in 103D-102(b).	N/A	✓	N/A	✓	✓	0	0	5	5
[4]	Document the specific exemption number.	N/A	103D-102(b)(4)(L)	N/A	103D-102(b)(4)(L)	103D-102(b)(4)(L)	0	0	5	5
P-10: OHA Purchase and Procurement Procedures, revised March 2, 2009										
2.2.1.3: Exempt Procurements [1]										
[6]	If not qualified under the list of exemptions in 103D-102(b), the service or good qualifies as an exempt purchase under Hawai'i Administrative Rules Section 3-120-4 – Exhibit A.	✓	N/A	N/A	N/A	N/A	0	0	5	5
[7]	Document the specific exemption number.	HAR 3-120-4(3)	N/A	N/A	N/A	N/A	0	0	5	5
OHA's Purchasing Card Program Internal Guidelines and Procedures, effective June 2016										
3. Use Expectations [1]										
[8]	The purchase met the expected use of a pCard.	✓	✓	✓	✓	N/A	0	0	5	5
[9]	The pCard holder is qualified to have a pCard.	✓	✓	✓	✓	N/A	0	0	5	5
4. Unauthorized and/or Inappropriate Card Use										
[10]	The purchase is not an unauthorized or inappropriate use of the pCard, including the state of Hawai'i's Restricted Purchases and Block Merchant Category Codes.[2]	✓	✓	✓	✓	N/A	0	0	5	5

Attachment 12
Office of Hawaiian Affairs
Procurement Card (pCard) Disbursements
Number of Disbursements Tested: 5
For the Period July 1, 2011 to June 30, 2016

CLA Selection		D-12	D-23	D-35	D-39	D-49	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[11]	If the purchase appears to be unauthorized or inappropriate, there is sufficient justification or extenuating circumstances to grant an exception.	N/A	N/A	N/A	N/A	N/A	0	0	5	5
[12]	The cardholder is the person utilizing the pCard for the purchase.	✓	✓	✓	✓	N/A	0	0	5	5
7. Forms [3]										
[14]	If the purchase was initiated by a person other than the cardholder, authorization was obtained to use the pCard prior to the purchase.	×, **H01, H02**	×, **H01**	×, **H01**	×, **H01, H02**	N/A	0	4	1	5
[15]	An appropriate person approved the Request for Use of Purchase Card form.	✓	N/A	✓	✓	N/A	0	0	5	5
[16]	If the receipt(s) were missing, a Missing Purchase Card Documentation Form was submitted.	N/A	N/A	DM	N/A	N/A	1	0	4	5
OHA Fiscal Procedures Manual, revised March 2, 2009 [4]										
2.2.8: Travel										
[30]	The travel request form was submitted to the Travel Services Units in a timely manner. (In-State: 10 or more days; Out-of-State: 30 or more days)	×, **H03**	×, **H03**	×, **H03**	×, **H03**	✓	0	4	1	5
[31]	There is supporting documentation that justifies the travel.	✓	✓	✓	DM	DM	2	0	3	5
[32]	Other allowable travel expenses are properly supported.	N/A	N/A	✓	N/A	N/A	0	0	5	5
2.2.8.1: OHA Trustee Travel Procedures										
[33]	The Trustee or designated staff person transmits a Travel Allowance Authorization (TAA) form and completed Travel Order (TO) for each travel arrangement.	N/A	✓	N/A	✓	N/A	0	0	5	5
[34]	The Travel Services Unit obtains estimated costs for the travel.	N/A	✓	N/A	✓	N/A	0	0	5	5
[35]	The TAA was approved by the Chair or Administrator.	N/A	✓	N/A	✓	N/A	0	0	5	5
[36]	A signed Statement of Completed Travel with original receipts was submitted to the Administrator within 5 days.	N/A	×, **H04**	N/A	×, **H04**	N/A	0	2	3	5
2.2.8.2: OHA Employee Travel Procedures										

Attachment 12
Office of Hawaiian Affairs
Procurement Card (pCard) Disbursements
Number of Disbursements Tested: 5
For the Period July 1, 2011 to June 30, 2016

	CLA Selection	D-12	D-23	D-35	D-39	D-49	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[37]	The Trustee or designated staff person transmits a Travel Allowance Authorization (TAA) form and completed Travel Order (TO) for each travel arrangement.	✓	✓	✓	✓	✓	0	0	5	5
[38]	The Travel Services Unit obtains estimated costs for the travel.	✓	✓	✓	✓	✓	0	0	5	5
[39]	The TAA was approved by the Hale Director.	✓	✓	✓	✓	N/A	0	0	5	5
[40]	The TAA was approved by the Deputy Administrator.	✓	✓	✓	✓	✓	0	0	5	5
[41]	If applicable, the travel was approved by the Administrator.	✓	N/A	✓	N/A	N/A	0	0	5	5
[42]	A signed Statement of Completed Travel with original receipts was submitted to the Administrator within 5 days.	×, **H05**	×, **H05**	✓	×, **H05, H06**	✓	0	3	2	5
2.2.8.3: OHA Non-Employee Travel Procedures										
[43]	The traveler or designated staff person transmits a Purchasing Card Request & Authorization (PCRA) form and completed Travel Order (TO) with supporting documents for each travel arrangement.	N/A	N/A	N/A	N/A	N/A	0	0	5	5
[44]	The Travel Services Unit obtains estimated costs for the travel.	N/A	N/A	N/A	N/A	N/A	0	0	5	5
[45]	The TAA was approved by the Hale Director.	N/A	N/A	N/A	N/A	N/A	0	0	5	5
[46]	The TAA and TO were approved by the Deputy Administrator.	N/A	N/A	N/A	N/A	N/A	0	0	5	5
[47]	The TAA and TO were approved by the Administrator.	N/A	N/A	N/A	N/A	N/A	0	0	5	5
[48]	If applicable, a completed Request for Check Issuance was submitted.	N/A	N/A	N/A	N/A	N/A	0	0	5	5
OHA Operational Authority Delegation Hierarchy issued by the Chief Executive Officer on Interoffice Memorandum										
Issued February 9, 2010 and revised December 12, 2012, May 19, 2015, October 21, 2015										
[49-52]	Purchase Requisition had appropriate approvals based on the Operational Authority Delegation Hierarchy.	×, **H07, H08**	×, **H07, H08**	×, **H07, H08, H09**	×, **H07, H08**	DM	1	4	0	5
[53-56]	Request for Check Issuance had appropriate approvals based on the Operational Authority Delegation Hierarchy.	DM	DM	DM	DM	DM	5	0	0	5
Other Testing Results										

Attachment 12
Office of Hawaiian Affairs
Procurement Card (pCard) Disbursements
Number of Disbursements Tested: 5
For the Period July 1, 2011 to June 30, 2016

CLA Selection		D-12	D-23	D-35	D-39	D-49	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[57]	Compliance with budget restrictions.	×, **H10**	×, **H10**	×, **H10**	×, **H10**	DM	1	4	0	5
[58]	No fraudulent or wasteful disbursements were made.	✓	✓	✓	✓	✓	0	0	5	5

Attachment 12
Office of Hawaiian Affairs
Procurement Card (pCard) Disbursements
Number of Disbursements Tested: 5
For the Period July 1, 2011 to June 30, 2016

Footnotes

1	Criterion [5] is excluded as it was used by CLA to document information pertaining to use of the pCard including the cardholder, date, and amount charged along with testing of criteria [8] and [9] in section *3. Use Expectations* . CLA determined that this criterion is not necessary to report the final results of the testing.
2	The State of Hawai'i's Purchasing Card Program and Procedures, revised October 2004, categorized Restricted Purchases as: 1) any purchase over an amount established by the agency; 2) automotive gasoline; 3) cash; and 4) goods and services for personal use. It defines Blocked Merchant Category Codes as: 1) Entertainment/Recreation; 2) Financial services; 3) Food; 4) Hotels; 5) Laundry/Cleaning Services; and 6) Entertainment.
3	Criterion [13] was excluded because it was used by CLA to document the name of the person who used the pCard but was not the cardholder. CLA determined that this criterion is not necessary to report the final results of the testing.
4	Criteria [17] through [29] were related to an overview of the pCard process discussed by the former OHA CFO and current controller. These criteria were not documented in any official OHA policy or procedure and were similar to officially documented procedures. CLA determined that this criteria are not necessary to report the final results of the testing.

Tickmarks

✓	Contract complied
×	Contract did not comply
DM	Documents Missing - OHA could not locate document(s) to provide to CLA
N/A	Not Applicable
H01	The Request for Use of Purchasing Card form was completed after the purchase was made.
H02	The Travel Allowance Authorization (TAA) form was approved after the travel reservation was made.
H03	The Travel Allowance Authorization (TAA) form was not submitted within the period that OHA's policy defines as timely for the type of travel. The request was for out-of-state travel and the TAA form was submitted fewer than 30 days before the date of travel.
H04	The OHA Trustee did not submit the signed Statement of Completed Travel within 5 days of returning from the trip.
H05	The OHA Employee did not submit the signed Statement of Completed Travel within 5 days of returning from the trip.
H06	The OHA Employee did not provide a date on the signed Statement of Completed Travel, so CLA could not determine if the form was submitted within 5 days of returning from the trip.
H07	The Budget Analyst did not sign and date the Purchase Requisition for the pCard charge.
H08	The Purchase Requisition form does not contain an area where the manager, LOB Director, or CFO/CEO can sign and date his or her approval.

Attachment 12
Office of Hawaiian Affairs
Procurement Card (pCard) Disbursements
Number of Disbursements Tested: 5
For the Period July 1, 2011 to June 30, 2016

Tickmarks

H09	The Purchase Requisition form for the CEO pCard travel charge is not approved by the BOT Chair and the form does not contain an area where the BOT Chair can sign and date his or her approval.
H10	The Budget Analyst did not sign and date the Purchase Requisition or the Request for Use of Purchase Card for the pCard charge. As a result, the purchase request was not certified that it was in accordance with BOT approval of the program's operating budget and that the amount did not exceed the BOT approved program budget for the fiscal year.

Attachment 13

Attachment 13
Office of Hawaiian Affairs
Exempt (Lease) Disbursement
Number of Disbursements Tested: 1
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	Check Number	Check Date	Method of Disbursement	Payee/Vendor Name (From OHA General Ledger)	Amount Paid (From OHA General Ledger)	Disbursement Type	CLA Observation Numbers
D-07	26028	02/28/2012	Check	PPPHI ASSOCIATES LLC	$ 130,049.25	Lease Agreement	**I01, I02, I03, I04**

Attachment 13
Office of Hawaiian Affairs
Exempt (Lease) Disbursement
Number of Disbursements Tested: 1
For the Period July 1, 2011 to June 30, 2016

CLA Selection		D-07	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
HRS §84: Standards of Conduct						
HRS § 84-14: Conflicts of Interest						
[1]	Employees selecting the contractor did not have a financial interest.	✓	0	0	1	1
[2]	Employees selecting the contractor were not engaged as legal counsel, advisor, consultant, representative, or in any other agency capacity.	✓	0	0	1	1
HRS § 84-15: Contracts						
[3]	The contract was not with a legislator or employee who has controlling interest.	✓	0	0	1	1
[4]	If the contract was with a legislator or employee who has controlling interest, alternative criteria were met.	N/A	0	0	1	1
[5]	The person or the business entering into contract with OHA was not represented by a person employed by OHA in the preceding 2 years.	✓	0	0	1	1
[6]	If the person or business entering into contract with OHA was represented by a person employed by OHA in the preceding 2 years, the person did not participate in the matter with which the contract is directly concerned.	N/A	0	0	1	1
HRS §103D: Hawaii Public Procurement Code						
HRS §103D-102(b): Application of this chapter						
[7]	The service or good qualifies as a listed exemption in 103D-102(b).	✓	0	0	1	1
[8]	Document the specific exemption number.	103D-102(b)(2)(G)	0	0	1	1
OHA Fiscal Procedures Manual, revised March 2, 2009						
2.2.1.3: Exempt Procurements [1]						

Attachment 13
Office of Hawaiian Affairs
Exempt (Lease) Disbursement
Number of Disbursements Tested: 1
For the Period July 1, 2011 to June 30, 2016

CLA Selection		D-07	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[9]	If not qualified under the list of exemptions in 103D-102(b), the service or good qualifies as an exempt purchase under HAR 3-120-4, Exhibit A - Procurements Exempt from Chapter 103D, HRS.	N/A	0	0	1	1
[10]	Document the specific exemption number.	N/A	0	0	1	1
2.2.1.3: Exempt Purchase Procedure [2]						
[11]	The need to create a Purchase Requisition was identified by a Hale Director or Deputy Administrator.	✓	0	0	1	1
[12]	The Purchase Requisition complied with the OHA Procurement Policy (Attachment 19 to Fiscal Procedures Manual). Attachment 19 is a table that summarizes the value (amount) and type of service or good being purchased and the procurement method required. The testing of proper procurement method is documented in criteria [7] - [10] above.	✓	0	0	1	1
[13]	The Purchase Requisition representative verified funds were available for the procurement.	✓	0	0	1	1
[14]	The Purchase Requisition was approved by the appropriate manager (see Operational Authority Delegation Hierarchy for appropriate approval levels).	✓	0	0	1	1
[18]	For amounts of $2,500 or greater, the Purchaser completed the Procurement Check List (PCL). (See section 2.2.4 below)	✓	0	0	1	1
2.2.4: Grants, Procurement, and Contracts Review Process						
[19]	A complete Purchase Requisition was submitted by a designated Purchase Requisition Representative for the review process.	✓	0	0	1	1
[20]	**[a]** An Accounting Checklist was submitted.	×, **I01**	0	1	0	1
	[b] Funds were verified by the Budget Analyst.	✓	0	0	1	1
	[c] Funds were certified by the CFO.	✓	0	0	1	1

Attachment 13
Office of Hawaiian Affairs
Exempt (Lease) Disbursement
Number of Disbursements Tested: 1
For the Period July 1, 2011 to June 30, 2016

CLA Selection		D-07	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[21]	Unless not required by statute, the contractor submitted a Tax Clearance to OHA prior to entering into the contract.	N/A	0	0	1	1
[22]	A Procurement Document Checklist was submitted and signed by a Hale Manager.	✓	0	0	1	1
[23]	The owner of the business (except for sole proprietorships, charitable organizations, unincorporated associations, and foreign insurance companies) submitted a DCCA Verification showing Proof of Good Standing with the State of Hawaii.	N/A	0	0	1	1
[24]	The Hale Manager submitted a Contract for Purchase of Services.	✓	0	0	1	1
2.2.4.2: Purchase of Goods and Services Review Process						
[25]	For the purchase of services, staff used the standard contract and it include all required provisions.	✓	0	0	1	1
2.2.4.3: Review Documentation						
[26]	The senior staff attorney signed the Procurement Check List.	✓	0	0	1	1
[27]	The senior staff attorney signed the contract.	✓	0	0	1	1
2.2.4.4: Purchase Review Process for Contracts [3]						
[28]	The Accounting Check List (ACL) was submitted to the Budget Analyst to ensure availability of funding, correct coding, and installment payments coincided with contract language.	×, **I01**	0	1	0	1
[29]	Appropriate signatures were obtained on the contract (see Operational Authority Delegation Hierarchy).	✓	0	0	1	1
2.2.5.1: Auto-create Purchase Order Process						
[32]	The Purchase Order was reviewed and signed by the CFO.	✓	0	0	1	1
2.2.5.2: Receiving on a Purchase Order Process [3]						

Attachment 13
Office of Hawaiian Affairs
Exempt (Lease) Disbursement
Number of Disbursements Tested: 1
For the Period July 1, 2011 to June 30, 2016

CLA Selection		D-07	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[33]	The Purchase Requisition Representative received the invoice on the Purchase Order.	×, **I02**	0	1	0	1
2.2.7.3: Contract Payment Process [3]						
[35]	The Request for Payment on Contract was approved by the Administrator or Deputy Administrator.	×, **I03**	0	1	0	1
2.2.7.5: Check Issuance and Distribution						
[38]	The invoice was stamped "Paid" and marked with the check number.	×, **I04**	0	1	0	1
Other Testing Results						
[39]	Compliance with budget restrictions.	✓	0	0	1	1
[40]	No fraudulent or wasteful disbursements were made.	✓	0	0	1	1

Attachment 13
Office of Hawaiian Affairs
Exempt (Lease) Disbursement
Number of Disbursements Tested: 1
For the Period July 1, 2011 to June 30, 2016

Footnotes

1	Criteria [7] and [8] were also tested as part of the OHA Fiscal Procedures Manual, revised March 2, 2009, section 2.2.1.3. Exempt Procurements, but are not shown in this section to avoid duplication.
2	Criteria [15], [16], and [17] are excluded as they were used by CLA to document information pertaining to the Purchase Requisition, including the names of the individuals preparing and approving the form. CLA determined that these criteria are not necessary to report the final results of testing.
3	Criteria [30], [31], [34], [36], and [37] are excluded as they were used by CLA to document information pertaining to the approval and execution of the disbursement. CLA determined that these criteria are not necessary to report the final results of testing.

Tickmarks

✓	Contract complied
×	Contract did not comply
DM	Document Missing - OHA could not locate document(s) to provide to CLA
N/A	Not Applicable
I01	An Accounting Checklist was not included with the supporting documentation. According to Gloria Li, Controller, the Accounting Checklist has not been used in a long time and the Procurement Document Checklist is used instead. The Accounting Checklist was used back when purchasing was part of the accounting department, and there was a separate checklist for each group (accounting and procurement). Now that procurement is its own department, only the Procurement Document Checklist is used. The availability of funds is verified on the Purchase Requisition by the Budget Analyst. The CFO's certification of funds is documented on the Purchase Order. See criteria [20][b] and [c] for funding verification by the Budget Analyst and certification by the CFO.
I02	The invoice was not stamped "Goods/services Rec'vd Satisfactory", which indicates the invoice was approved for payment, the name of the person reviewing the invoice, the date of the review, and whether to close out the purchase order.

Attachment 13
Office of Hawaiian Affairs
Exempt (Lease) Disbursement
Number of Disbursements Tested: 1
For the Period July 1, 2011 to June 30, 2016

Tickmarks

I03	Based on OHA's determination that the lease agreement was exempt from HRS §103D procurement methods, the disbursement was not categorized or treated as a contract. However, the lease agreement itself is a contract and should be treated as such. Therefore, OHA did not utilize the "Request for Payment on Contract" form to document the Hale Director and Administrator or Deputy Administrator's review and approval of the request. OHA instead paid the vendor directly from the invoice. CLA was unable to determine if the appropriate approval level, based on the Operational Authority Delegation Hierarchy, was applied in processing the disbursement.
I04	The invoice is stamped "Approved for Payment" and it appears that the person approving the invoice was the Land Management Officer at the time. The individual does not appear on the list of Program Managers and LOB Directors and does not appear to be the appropriate Budget Authority to approve the disbursement.

Attachment 14

Attachment 14
Office of Hawaiian Affairs
Hi'ilei Aloha LLC
Number of Contracts Tested: 9
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	Vendor Name	Contract Amount with Amendments	Purpose	Identify Contract Manager	Type of Contract	Procurement Method	CLA Observation Numbers
LK-01	InTech	$ 16,505.23	Provide worry-free Information Technology package	Mona Bernardino	Contracts for Operations - hourly rates	None specified	J-01 J-02, J-03
LK-02	June E. Otow	20,017.93	Training preparation Eight days of Ford Institute Leadership Development Training on Maui	Mona Bernardino	Contracts for capacity building	None specified	J-01 J-02, J-03
LK-03	Pacific Park Plaza Owner LLC	70,398.26	Base rent, (4) paking spots, and operating expense recovery	Mona Bernardino	Contracts for Park Plaza - Base Rent Per Month $4,116.55 plus operating expenses	None specified	J-01 J-02, J-03
LK-04	Joseph Villa	7,500.00	Grant Data Organization, writing, compliance, and business plan	Mona Bernardino	Contracts for ANA Grant	None specified	J-01 J-02, J-03
LK-05	KM Consulting	10,052.00	Communications plan and grant research	Mona Bernardino	Contracts for Operations	None specified	J-01 J-02, J-03

Attachment 14
Office of Hawaiian Affairs
Hi'ilei Aloha LLC
Number of Contracts Tested: 9
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	Vendor Name	Contract Amount with Amendments	Purpose	Identify Contract Manager	Type of Contract	Procurement Method	CLA Observation Numbers
LK-26	PETER Peter Hanohano, Jr.	1,960.00	Help co-teach the 4-weekend "leadership development and capacitiy- building" workshops during February to May on Moloka'i	Mona Bernardino	Contracts for capacity building	None specified	J-01 J-02, J-03, J-04, J-05
LK-27	SAS Services, LLC	9,900.00	Nonprofit Fund Development - Social Enterprise Training Curriculium (Participant and Trainer Manuals), including agendas, materials, tools, and resouce	Mona Bernardino	Contracts for capacity building	None specified	J-01 J-02, J-03, J-04, J-05
LK-28	HAHCBED Hi Alliance	10,000.00	Provide capacity building services and assist Haiohuli Hawaiian Homesteaders Association Inc with feasibility study and business plan for phase 1 of the WHHA Community Center complex	Gigi Curiel	Contracts for capacity building	None specified	J-01 J-02, J-03, J-07, J-08
LK-29	Ean Services LLC	2,341.00	Car rental services	Mona Bernardino	Car rental - rental rates	None specified	J-01 J-02, J-03, J-09, J-10, J-11, J-12

Attachment 14
Office of Hawaiian Affairs
Hi'ilei Aloha LLC
Number of Contracts Tested: 9
For the Period July 1, 2011 to June 30, 2016

	CLA Selection	LK-01	LK-02	LK-03	LK-04	LK-05	LK-26	LK-27	LK-28	LK-29	Contracts with Missing Documents	Contracts with Observations	Contracts without Observations	Total Contracts Tested
Conflict of Interest with LLC Managers and Directors														
[1]	No conflicts of interest between the LLC managers or directors and the vendor/service provider were identified.	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	9	9
Deliverables Were Met by the Contractor/Grant Recipient														
[2]	There was evidence that the service or product was verified and received by a staff member.	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	9	9
[3]	There was evidence that the deliverable was met by the contractor and CLA confirmed the deliverable.	✓	✓	✓	✓	✓	✓	✓	DM	✓	1	0	8	9
Sufficiency of Contract/Grant Oversight Provided Appropriately by the Assigned Contract Manager/Monitor														
Hi'ilei Aloha Fiscal Policies - Purchase Procedures														
[4]	A written contract was executed for this work.	✓	✓	✓	✓	✓	✓	✓	×, **J07**	×, **J09**	0	2	7	9
[5]	A purchase request was approved by the COO.	×, **J01**	×, **J01**	×, **J01**	×, **J01**	×, **J01**	×, **J01**	×, **J01**	×, **J01**	×, **J01**	0	9	0	9
[6]	The COO ensured that all purchases complied with the budget.	×, **J02**	×, **J02**	×, **J02**	×, **J02**	×, **J02**	×, **J02**	×, **J02**	×, **J02**	×, **J02**	0	9	0	9
Hi'ilei Aloha Fiscal Policies - Accounting Procedures														
[7]	The check request was submitted on a *Request for Check Issuance* form.	✓	✓	✓	✓	✓	✓	×, **J06**	✓	×, **J10**	0	2	7	9
[8]	The invoice was attached to the supporting documentation for payment.	✓	✓	✓	✓	✓	×, **J04**	×, **J06**	✓	×, **J11**	0	3	6	9
[9]	If applicable, the *Request for Check Issuance* form was approved by a supervisor.	✓	✓	✓	✓	✓	✓	×, **J06**	✓	×, **J12**	0	2	7	9
[10]	The *Request for Check Issuance* form was approved by the COO.	✓	✓	✓	✓	✓	✓	×, **J06**	✓	✓	0	1	8	9
[11]	If the form did not include a receipt, a typewritten explanation was submitted with the *Request for Check Issuance* form.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	9	9
[12]	The *Request for Check Issuance* form contained or described why the purchase was necessary and included a cost or price analysis.	×, **J03**	×, **J03**	×, **J03**	×, **J03**	×, **J03**	×, **J03**	×, **J03**	×, **J03**	×, **J03**	0	9	0	9
No Fraudulent or Wasteful Disbursements were Made														
[13]	No indication of fraud, waste, or abuse was identified.	✓	✓	✓	✓	✓	×, **J05**	✓	×, **J08**	✓	0	2	7	9

Attachment 14
Office of Hawaiian Affairs
Hi'ilei Aloha LLC
Number of Contracts Tested: 9
For the Period July 1, 2011 to June 30, 2016

Tickmarks

✓	Contract complied
×	Contract did not comply
DM	Documents missing - Hi'ilei Aloha LLCcould not locate document(s) to provide to CLA
N/A	Not applicable
J01	The supporting documentation provided for the contract did not contain a completed Purchase Request form. Although Hi'ilei Aloha requires that all purchases be approved by the COO in advance and that all Purchase Requests must be supported by appropriate documentation, Hi'ilei Aloha does not use a Purchase Request form for any purchase other than the purchase of office supplies. HOwever, she also explained that Hi'ilei Aloha's office staff did not make purchases without her approval. Instead, her staff would bring procurement ideas to her, such as hosting a conference, and the COO would ask her staff to obtain and provide pricing and estimates. Once her staff brought in estimates, she would work with them to decide which vendor(s) to use and would give her staff a verbal approval to initiate the purchase. The COO stated that the only record of the purchase request discussions would have been emails exchanged between her staff and potential vendors. CLA did not request to see emails between her staff and vendors, but there were some files that contained a copy of email communicaton. A more formalized process should have been in place to document the purchase request approval process for all purchases.
J02	There was no documentation in the contract documents provided to determine whether the COO reviewed the budget prior to executing the contract. The COO is responsible for ensuring all purchases comply with the budget; however, the COO stated that she always knew what the budget was ("it was kind of in [her] head") and was not documented on paper. A formalized process to document the budget review should have been in place.
J03	There was no price analysis included in the supporting documentation for the contract. Hi'ilei Aloha policy requires that a cost or price analysis be conducted to determine reasonableness, allocability, and allowability of each purchase. This may be accomplished in various ways, including the comparison of price quotations, market prices, and similar indicia, together with discount. The COO explained that although they normally would check prices to make sure that Hi'ilei Aloha was receiving the best contract possible, there was no documentation of a cost or price analysis. The cost or price analysis performed should have been documented in writing and kept in the contract file.
J04	There was no invoice submitted by the vendor for an $880.90 payment. The contract stated that the vendor was responsible for submitting receipts for travel (it did not state that the contractor must submit invoices). Therefore, no invoice was included with the request for business travel. TheStatement of Completed Travel Non-Employee form was used and the COO approved the form which was submitted with the supporting receipts. According to Hi'ilei Aloha's policy, the invoice and or other supporting documentation are to be attached to the request for check issuance. The COO explained that only the Statement of Completed Travel form was used to process this payment because the contract stated the requirement of receipts only. Best practices include having vendors present invoices to request payment and for relevant supporting documentation, such as receipts or completed forms, to be included for out-of-pocket expenses.

Attachment 14
Office of Hawaiian Affairs
Hi'ilei Aloha LLC
Number of Contracts Tested: 9
For the Period July 1, 2011 to June 30, 2016

Tickmarks

J05	The contract was executed by Peter Hanohano, of Lie Ho'olana, on February 2, 2016 for $1,960. The contract specified that Peter Hanohano would "help co-teach 4-weekend leadership Development and Capacity-Building" workshops with Hi'ilei Aloha staff. The four weekends were the following: February 20-21, March 19-20, April 23-24, and May 21-22, 2016. The contract further stated that the "contractor will pay for Peter Hanohano's salary and time and will submit all receipts, including boarding passes, for reimbursement." Hi'ilei Aloha will coordinate, recruit and promote the workshops, provide training materials, in print format, in sufficient quantity for workshop participants and assist with airfare and lodging expenses not to exceed $240 roundtrip from Maui to Moloka'i, and 2-night stay for $250 ($240 + $250 = $490) per work shop weekend. The total contract amount was $1,960 ($490 x 4 = $1,960). Payments to this vendor during the contract period totaled $2,560.68, which is a total of $600.68 over the contract amount. The overage amount was composed of a $500 payment that was made during the contract period, but was unrelated to this contract. This $500 payment was made for the vendor to help co-teach a grant writing workshop on March 12, 2016; however, there was no written stipulation of a $500 payment. The additional overage of $100.68 related to the airfare cost that was over the amount stated in the contract. The COO explained, "the additional [$500] payment to Peter for his time was an honorarium. He had offered to do it [training] for just the cost of travel because we were in a bind. He had recently left Hi'ilei's employment, and his co-worker had also left. Martha Ross, the new person who took over, needed assistance. So Peter offered to help. We decided later to give him an honorarium to thank him for his time. He traveled on his own time and helped co-teach the workshops on his own time. We decided to give him an honorarium for his teaching time at $100 per hour x 5 hours. He is highly qualified as a Ph.D. and well-known educator in the community." In regards to the $100.68 additional payment, the COO explained " I have not found an adjustment to this contract. It is possible that, because the travel costs were reasonable and it was only slightly over budget, no contract adjustment was made." Based on the support received, it appears that this $500 payment was related to a separate training that took place and was different from the contract CLA is testing here; however, the $500 payment was made without an executed contract with the vendor. The $100.68 payment was related to this contract but in excess of the amount agreed to in the contract. This is a indicator of possible waste or abuse. Payments should only be made as stated in the contract terms.
J06	The contract stated that the first payment of 50% of the total contract amount would be due upon signing of the contract. CLA was not provided with a copy of the Request for Check Issuance form, or an invoice. CLA reviewed a copy of the check and verified that it was made payable to the vendor and that it was negotiated as prepared. According to Hi'ilei Aloha's policy, requests for payment must be submitted in writing on a Request for Check Issuance form and have the related invoice and and/or any other supporting documentation. This payment had only the contract as supporting documentation. The COO explained that the payment was made based on the terms of the contract and acknowledged that the Request for Check Issuance form should have been completed and an invoice should have been provided.

Attachment 14
Office of Hawaiian Affairs
Hi'ilei Aloha LLC
Number of Contracts Tested: 9
For the Period July 1, 2011 to June 30, 2016

Tickmarks

J07	The contract was executed on 3/8/13 between Hi'ilei Aloha and HACBED for $10,000. HACBED was to provide capacity building services in coordination with Hi'ilei Aloha to Waiohuli Hawaiian Homesteaders Association Inc. (WHHA) from 3/18/13 to 8/31/13. The contract for HACBED was signed by Gigi Cairel, Hi'ilie Aloha's Capacity Building Manager. However, Ms. Cairel did not have the authority to sign this contract as only the COO had the authority. Additionally, The contract period was from 3/18/13 to 8/31/13; however the last invoice was received on 12/31/2013 and there was no written agreement that extended the contract period. The COO explained that Ms. Cairel did not have the authority to sign a contract and recalls that Ms. Cairel was newer to the organization and was "kind of finding her way" in the organization at the time the contract was executed. The COO was aware of the contract and did not have any concerns regarding the contract. The COO also explained that she was unable to locate an extension of the contract period from August to December2013 and further elaborated that in working with homestead associations, "things often take longer than they commit to initially as they have boards, some are nonprofit boards, and everyone is a volunteer. With capacity-building of community- based organizations, Hi'ilei Aloha often finds these organizations have less capacity than they think they do, and everything takes longer. We [Hi'ilei Aloha] try to confine them to a reasonable timeframe, but it does not always work." The fact that work continued to take place past the contract expiration raises concerns over proper contract oversight.
J08	As mentioned in the observation above, The contract was executed on 3/8/13 between Hi'ilei Aloha and HACBED for $10,000. HACBED was to provide capacity building services in coordination with Hi'ilei Aloha to Waiohuli Hawaiian Homesteaders Association Inc. (WHHA) from 3/18/13 to 8/31/13. Total payments on this contract were $10,406.40. The contract budgeted a total of $1,500 for travel (2 trips) for 3 individuals inclusive of flights and ground transportation. The invoice from the vendor included out-of-pocket expenses of $406.40 for two round trip tickets for the Waiohuli community meeting; However, the receipts for out of pocket expenses from the vendor for this travel were not included with the invoice. Moreover, it is not clear why the additional $406.40 was necessary or why it was billed to the Hi'ilei Aloha. Because this additional amount was invoiced and paid, the contract total amount was exceed by $406.40. Hi'ilei Aloha Policy for travel by employees requires that employees submit receipts for travel costs. Although this contract testing is not for employee travel but rather for reimbursement to vendor for out-of-pocket expense for travel, best practices require that receipts be included with the invoice for out of pocket expenses. The COO agreed that the contract should have specified that the receipts for travel should have been included with the invoices and believed that the overage amount must have been approved because the amount was not exessive and appeared reasonable, although it exceeded the contract amount. This is a indicator of possible waste or abuse. Payments should only be made as stated in the contract terms.
J09	A written contract was included in the contract file. However, this contract was signed by the vendor on 3/3/14, which is two days after the effective date of 3/1/14. The COO had signed the contract on 2/12/14. The COO explained that the vendor (Enterprise Car Rental) took some time to sign the contract and have it back to Hi'ilei Aloha. She explained that normally Hi'ilei Aloha's contracts are effective on or after the execution date.
J10	The request for payment for this check consisted of a number of Statement of Completed Travel and Request for Travel forms; however the Request for Check Issuance was not located for these three payments (three separate instances of car rentals were paid with one check). The COO explained that because this was a request for business travel, there is no Request for Check issuance and instead there is a Request for Business Travel. Since there were several forms that included line items for car rentals, there should have been a Request for Check Issuance form because the payment was being made to the car rental vendor for several car rental charges and it was not a reimbursement to an employee. (For reimbursements a Statement of Completed Travel form would have been appropriate.) A Request for Check Issuance form should have been completed prior to processing this payment.

Attachment 14
Office of Hawaiian Affairs
Hi'ilei Aloha LLC
Number of Contracts Tested: 9
For the Period July 1, 2011 to June 30, 2016

Tickmarks

J11	Although a rental summary was included for the charges related to a $194.38 payment for this contract, and an invoice was included for a car rental expense, there was no Statement of Completed Travel for this payment. All of the other payments tested for this contract did include the Request for Travel forms and the Statement of Completed Travel form. There was a note on the invoice stating, "SOCT was not received as of 5/17/16." Although the Statement of Completed Travel was not obtained, the COO explained that the payment needed to be made to the car rental agency (Enterprise). Hi'ilei Aloha's policy requires that Statements of Completed Travel form be completed.
J12	Neither the supervisor nor the COO signed the Request for Check Issuance form for a payment of $912.35 made on this contract. The form only contained the requestor's signature.

Attachment 15

Attachment 15
Office of Hawaiian Affairs
Hi'ipaka LLC
Number of Contracts Tested: 18
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	Vendor Name	Contract Amount with Amendments	Purpose	Identify Contract Manager	Type of Contract	Procurement Method	CLA Observation Numbers
LK-06	Shoreline Builders, Inc.	$ 122,500.74	Renovation of the visitors center	Randall Hoopai	Contracts for Capital Improvement Projects	RFP	K-01, K-02 K-03, K-04 K-05
LK-07	Aloha Surf Lifesaving Corp	60,834.00	Lifeguard services	Randall Hoopai	Contracts Life Guard Services - hourly rates	Reinstate Contract	K-03, K-05
LK-08	SustainPro Management	10,482.00	Grant writing services	Richard Pezzulo	Contracts for Other Contracts -hourly rates	Professional Services	K-03, K-04, K-06, K-07, K-08
LK-09	Shoreline Builders, Inc.	104,510.19	Proud Peacock restaurant improvements	Randall Hoopai	Contracts for Capital Improvement Projects	RFP	K-01, K-03 K-04, K-05 K-09, K-10, K-11
LK-10	NICK industries	105,858.60	Construct bathroom facilities that meet ADA compliance by the waterfall	Randall Hoopai	Contracts for Capital Improvement Projects	RFP	K-01, K-03 K-04, K-05
LK-11	Shoreline Builders, Inc.	172,205.32	Construct a pre-fabricated nursery building	Randall Hoopai	Contracts for Capital Improvement Projects	RFP	K-01, K-03 K-04, K-05, K-12

Attachment 15
Office of Hawaiian Affairs
Hi'ipaka LLC
Number of Contracts Tested: 18
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	Vendor Name	Contract Amount with Amendments	Purpose	Identify Contract Manager	Type of Contract	Procurement Method	CLA Observation Numbers
LK-12	Shoreline Builders, Inc.	18,188.00	Construct new bar, install and remove benches in the Proud Peacock restaurant	Randall Hoopai	Contracts for Capital Improvement Projects	RFP	K-03, K-04, K-05, K-13
LK-13	Francis P. Sinenci (dba Hale Ku'hikuhi (HKK))	30,000.00	Kauhele project - supervise and teach the building of eight hale of various functions	K. Diamond	Contracts for Capital Improvement Projects	Sole Source	K-14
LK-14	Island Builders and Construction LLC	524,134.00	Scale and/or stabilize hazardous rocks within Waimea Valley (Unit A- Zone 1)	Richard Pezzulo	Contracts for Capital Improvement Projects	RFP	K-01, K-03 K-04, K-05 K-15
LK-15	Prometheus Construction	347,300.00	Scale and/or stabilize hazardous rocks within Waimea Valley (Unit B - Zones 2, 3, 4)	Richard Pezzulo	Contracts for Capital Improvement Projects	RFP	K-01, K-03 K-04, K-05
LK-16	Lokahi stone Inc.	50,000.00	Diamond polish concrete floor in the Pikaka Pavilion	M. Furshpan	Contracts for Building Improvement	Sole Source	K-03, K-04, K-05, K-16, K-17

Attachment 15
Office of Hawaiian Affairs
Hi'ipaka LLC
Number of Contracts Tested: 18
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	Vendor Name	Contract Amount with Amendments	Purpose	Identify Contract Manager	Type of Contract	Procurement Method	CLA Observation Numbers
LK-17	Thomas Penna	5,700.00	Produce cultural 3-5 minute video for website, 3-5 minute history video, design of Kauhale sings for lower entrance and 8 hale, and edit Mo'olelo o Kauhale to ensure accuracy of depiction of the valley sites	K. Diamond	Contracts for Other Contracts	Sole Source	K-18, K-19
LK-18	Office of Hawaiian Affairs	23,225.00	Sublease of Waialua Courthouse property	Maile Furshpan	Contracts	Service Agreement	K-18, K-20, K-21, K-22
LK-19	Mele Apana Productions	30,000.00	Concert promotions - Summer concert series 2016	Richard Pezzulo	Contracts Summer Concert	Professional Services	K-18, K-21
LK-20	Robin Erb	10,000.00	Graphic design services	Richard Pezzulo	Contracts for Graphic Design	Professional Services	K-03
LK-21	Pacific Current Industries LLC	58,770.00	Renovation of restroom in the visitors center	Randall Hoopai	Contracts for Capital Improvement Projects	RFP	K-03, K-04, K-05, K-23
LK-24	Thomas Naylor, LLC	16,492.00	Staffing services to include chefs, sous chefs, bartender and wait staff	Richard Pezzulo	Contracts for Catering - hourly rates	Service Agreement	K-03, K-04, K-05, K-18, K-21

Attachment 15
Office of Hawaiian Affairs
Hi'ipaka LLC
Number of Contracts Tested: 18
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	Vendor Name	Contract Amount with Amendments	Purpose	Identify Contract Manager	Type of Contract	Procurement Method	CLA Observation Numbers
LK-25	Aecom	292,429.00	Rock-fall mitigation design and limited construction services	Richard Pezzulo	Contracts for Capital Improvement Projects	RFP	K-03, K-04, K-18, K-21, K-24

Attachment 15
Office of Hawaiian Affairs
Hi'ipaka LLC
Number of Contracts Tested: 18
For the Period July 1, 2011 to June 30, 2016

	CLA Selection	LK-06	LK-07	LK-08	LK-09	LK-10	LK-11	LK-12	LK-13	LK-14	LK-15	LK-16	LK-17	LK-18	LK-19	LK-20	LK-21	LK-24	LK-25	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
Conflict of Interest with LLC Managers and Directors																							
[1]	No conflicts of interest between the LLC managers or directors and the vendor/service provider were identified.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, K20	✓	✓	✓	✓	✓	0	1	17	18
Deliverables Were Met by the Contractor/Grant Recipient																							
[2]	There was evidence that the service or product was verified and received by a staff member.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, K16	×, K18	×, K18	×, K18	✓	✓	×, K18	×, K18	0	6	12	18
[3]	There was evidence that the deliverable was met by the contractor and CLA confirmed the deliverable.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	18	18
Sufficiency of contract/grant oversight Provided Appropriately by the Assigned Contract Manager/Monitor																							
SOP ADMIN ACCT-004 May 7, 2009 - Procurement of Goods and Services																							
[4]	The Executive Director approved and signed the contract.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	0	0	18	18
[5]	The managers of Hi'ipaka had the final approval on contracts of $100,000 or more.	×, K01	N/A	N/A	×, K01	×, K01	×, K01	N/A	N/A	×, K01	×, K01	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	0	6	12	18
SOP BUS-004 May 7, 2009 - Contracts with Suppliers, Vendors, and Contractors																							
[6]	A written contract was executed for this work.	×, K02	✓	×, K06	✓	✓	✓	×, K13	✓	✓	✓	×, K17	✓	✓	✓	✓	×, K23	✓	×, K24	0	6	12	18
[7]	The contractor or service vendor demonstrated they are "responsible offerors" by providing: **[a]** A certificate of good standing with the DCCA, State of Hawaii	×, K03	×, K03	×, K03	×, K03	×, K03	×, K03	×, K03	N/A	×, K03	×, K03	×, K03	N/A	N/A	N/A	×, K03	×, K03	×, K03	×, K03	0	14	4	18
	[b] Their FEIN (Federal Tax ID Number or Social Security Number for artisans)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	18	18
	[c] Current GET (General Excise Tax) license	✓	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	N/A	N/A	N/A	N/A	✓	✓	✓	0	0	18	18
	[d] Certificates of Insurance	×, K04	✓	×, K04	×, K04	×, K04	×, K04	×, K04	N/A	×, K04	×, K04	×, K04	N/A	N/A	N/A	N/A	×, K04	×, K04	×, K04	0	12	6	18
	[e] Contractor's License (for construction projects)	×, K05	×, K05	N/A	×, K05	×, K05	×, K05	×, K05	N/A	×, K05	×, K05	×, K05	N/A	N/A	N/A	N/A	×, K05	×, K05	×, K25	0	12	6	18
[8]	The contract was signed by both parties.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	18	18
[9]	There was evidence that the group manager was monitoring the performance of the contractor in accordance with the terms of the contract.	✓	✓	✓	✓	✓	×, K12	✓	✓	×, K15	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	2	16	18
[10]	If applicable, the contract manager assessed to renew the contract 60 days prior to the termination of the contract.	N/A	✓	×, K07	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	1	17	18
SOP BUS-005 July 15, 2009 - Accounts Payable Processing																							
[11]	A Check Request form was prepared.	✓	✓	✓	×, K09	✓	✓	✓	✓	✓	✓	✓	×, K19	✓	✓	✓	DM	✓	✓	1	2	15	18
[12]	The Office Manager (or contract manager) approved the check request.	✓	✓	✓	×, K09	✓	✓	✓	✓	✓	✓	✓	×, K19	×, K21	×, K21	✓	DM	×, K21	×, K21	1	6	11	18
[13]	The Executive Director (or other authorized person) signed the check.	✓	✓	✓	×, K10	✓	✓	✓	✓	✓	✓	✓	✓	×, K22	✓	✓	✓	✓	✓	0	2	16	18
[14]	Two signatures were included on checks greater than $10,000.	✓	N/A	N/A	✓	✓	✓	N/A	N/A	✓	✓	✓	N/A	×, K22	N/A	N/A	N/A	N/A	✓	0	1	17	18
[15]	The record of the contract payment contained the check stub and the invoice.	✓	✓	×, K08	×, K11	✓	✓	✓	×, K14	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	3	15	18
[16]	For reoccurring payments, the invoices contained the expense code and an authorized staff member's signature.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	✓	✓	✓	0	0	18	18
No Fraudulent or Wasteful Disbursements were Made																							
[17]	No indication of fraud, waste, or abuse was identified.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	0	18	18

Attachment 15
Office of Hawaiian Affairs
Hi'ipaka LLC
Number of Contracts Tested: 18
For the Period July 1, 2011 to June 30, 2016

Tickmarks

✓	Contract complied
×	Contract did not comply
DM	Documents missing - LLC could not locate document(s) to provide to CLA
N/A	Not applicable
K01	The original Standard Operating Procedure (SOP BUS-004) dated 5/7/2009 stated the following about contracts: "Legal counsel will draft an agreement" and "Once the contract is finalized, the contact [sic] will be sent to the contractor/vendor for signature. The contractor/vendor will sign two original copies and return to Hi'ipaka LLC to be signed by a [sic] LLC manager." However, the Corporate Procedures Manual (CPM-005) effective date 2/2/2008 with revision date of 3/5/15, stated that contracts would be drafted by the contract manager using the standard Hi'ipaka LLC contract template created by Hi'ipaka LLC's legal counsel. After the contract is sent out to the contractor for review and signature and the signed contract is returned to Hi'ipaka LLC for the Executive Director's signature. The contract will be considered final once the Executive Director signs it. The Executive Director, Richard Pezzulo, explained that the conflicting information between the SOP and the CPMs was addressed on 2/9/18 with the establishment of "ADMIN -004." The revised SOP dated 2/9/18 states more clear guidelines as follows: Small purchase - Executive Director has authority to approve Sole Source - Executive Director has sole authority to approve Emergency Procurement - Executive Director has sole authority to approve Competitive Bids - Executive Director has authority to approve Request for Proposals - Executive Director has authority to approve; however, procurement of $100,000 or more are approved by Executive Director with "final approval" by the Managers of Hi'ipaka LLC. Consequently, the SOPs and the CPMs in place during the scope period communicated conflicting information. SOP BUS-004 stated legal counsel would draft the contract agreements and that an LLC manager would sign the contracts, while CPM-005 stated that the contracts would be drafted by the contract manager using the standard Hi'ipaka contract template and that Executive Director would sign the contracts. Based on the conflicting information between the two documents, CLA performed the testing based on the process communicated verbally by the Executive Director. The Executive Director communicated that the process used was more in line with CPM-005: the contract manager or the Executive Director would draft the contract based on a template created by legal counsel. The contract would be sent to the vendor for signatures and after it was returned, the Executive Director would sign the contract. The Executive Director stated he would have discussed the bigger contracts with the LLC managers during the quarterly meetings. The Executive Director further communicated that during the quarterly meetings with the LLC manager the new contracts were discussed, although, the contract template itself did not have a location for one or more LLC managers to sign. All of the contracts tested were signed by the Executive Director except for LK-25, which was signed by one of the LLC managers, Aedward Los Banos. Based on this fact pattern it appears that the process was for the most part as described by the Executive Director.
K02	A written contract was provided to CLA. The scope of work included the renovation of the Waimea Valley Visitor center as per plans dated 6/20/12 and was signed by the Executive Director. The contract contained a hand written execution date o 10/7/2012. The typed part of the contract listed the effective date of 6/22/2011. It appeared that the reason for the date of the contract to be executed over one year after the listed effective date was an error based on review of additional documents contained into he contract file, such as the RFP communications and the invoice payments which had all taken place in the months of April, May, and/or June 2012. The Executive Director, when asked about this concern, stated he would attempt to locate additional information. The Executive Director located another version of the contract. This version of the contract stated the same information (it was the same contract) and the effective date also listed 6/22/11; however, the execution date listed was 6/18/2012, and this version of the contract was signed by Aedward Los Banos (COO of OHA in his capacity as a manager of the LLC) and Halei Ala Moden (CFO of OHA in her capacity as one of the managers of the LLC). The Executive Director commented that perhaps there was difficulty locating the original contract that was signed on 6/18/2012 and for that reason, he signed a new version of the same contract on 10/7/2012. It is a concern that two versions of the contract were executed for this contract. Nonetheless the contract effective date of 6/22/11 appears to be an error in both versions of the contract as the RFP communications, the project progress communications (there were multiple), and the payments all took place in April, May, June, and/or July 2012. The contract terms stated that the first payment of $30,625 would be processed upon contract execution. The first payment of $30,625 was processed on 6/25/12. It appears reasonable that the contract signed by the LLC managers on 6/8/2012 was the original contract, although the effective date printed on the contract of 6/22/2011 was incorrect. It should have been written for the year 2012 and not for the year 2011.

Attachment 15
Office of Hawaiian Affairs
Hi'ipaka LLC
Number of Contracts Tested: 18
For the Period July 1, 2011 to June 30, 2016

Tickmarks

K03	The Certificates of Good Standing were not maintained in the contract file. The Executive Director communicated to CLA that typically the standing status is reviewed online but the print out is not added to the contract file. Subsequent to the onsite visit, the Executive Director provided CLA with printouts of the verification of the contractors' Good Standing status with the DCCA for all of the years, encompassing the year of the contract. The verification consisted of printouts obtained directly from the DCCA State of Hawaii website indicating the vendor's status for all of the filing years for the vendor.
K04	The Certificates of Insurance were not maintained in the contract file. The Executive Director explained that the Certificates of Insurance for all current contracts are kept in a binder, so that all of the Certificates of Insurance are reviewed on a monthly basis to identify any that may be close to the expiration date. When a new Certificate of Insurance is received for a current contract, the old certificate is removed from the binder and is discarded. The Certificates of Insurance are normally not placed within the contract file. CLA reviewed the binder that contained the Certificates of Insurance for the 2019 year and verified the current process. The Certificates of insurance should have been kept within the contract file as well for future reference.
K05	The contractor's licenses were not maintained in the contract file. The Executive Director explained that the process used is to review the contractor's license online and that normally a print out of the contractor's license was not included in the contract file. Subsequent to CLA's visit, the Executive Director provided CLA with a printout from the Professional & Vocational Licensing Search website of the Department of Commerce and Consumer Affairs, which provided evidence of the contractor's general license. The print out contained the following information: license ID, current status, expiration date, legal license name, entity, original license date, and business address. The contractor's license should have been retained in the contract file for reference.
K06	A written contract was provided to CLA. However, the execution date was not listed in the contract. It was not listed in the first paragraph as per the Hi'ipaka contract template. The contract only indicated "September," with no day and no year. Additionally, the signature of the witnesses signing the contract similarly did not include a date for the execution of the contract. Although the contract terms communicate effective date of 9/1/12 to 2/28/13 with a six-month extension if notice of termination of the agreement is not delivered prior to the end of this initial term, the contract should have stated an execution date in the first paragraph of the contract or next to the signatures for the contract execution.
K07	This contract was for an independent contractor to research and write grant applications. The contract effective date was from 9/1/12 to 2/28/13 with a six-month extension if notice of termination of the agreement was not delivered prior to the end of the initial term. There was no notice of termination, therefore, the contract end date would be 8/28/13. However, there were three invoices that were for work performed after the contract end date. The total amount of the three additional invoices was $3,229.16. The Executive Director mentioned there likely was not a contract amendment to extend the effective date of this contract. The work was performed by the vendor and there was supporting documentation for the grants that he researched and applied for on behalf of Hi'ipaka as part of his work under this contract. CLA reviewed the supporting documentation for the grant applications that were prepared and also the notices of grant awards that were won because of the work performed by this vendor. A contract amendment should have been prepared prior to the end of the contract period, as it appears that the services of the contractor were still needed.
K08	The record of the contract payment contained the check stub and the invoice; however there was an error in the invoice that was not corrected prior to processing payment. This contract was for an independent contractor to research and write grant applications. The contract stated an hourly rate of $85 per hour worked. The first invoice stated a quantity of 1 and rate of $850. The rest of the invoices appropriately stated the number of hours and the rate of $85 per hour. The first invoice nonetheless was approved as received and paid. The invoices from this vendor were for grant writing and the average grant writing proposal process was between 8 to 17.5 hours. There were only two invoices for research funding sources: one for 5 hours and the other was the invoice mentioned with the error (where the number of hours listed was 1 hour but the rate (or unit price) was listed at $850 while the contract stated hourly rates of $85). It is not possible for CLA to state whether the contractor actually worked 10 hours and the error was that instead of listing 10 hours at a rate of $85, it listed 1 hour at the rate of $850. The Executive Director explained he believed that it was reasonable for the research of funding sources to likely take the contractor 10 hours, because the contractor assisted Hi'ipaka LLC with a number of grant applications and he would have had to perform extensive research at the start of the contract. Nevertheless, the invoice should have been corrected prior to the payment being processed.
K09	For one of six payments tested for this contract, the payment was prepared one day before the invoice date and one day before the Check Request Form was completed. The contract was executed on 10/9/12 and stated that the initial payment would be due upon execution of the contract. The contract file included an invoice dated 11/20/12 for the initial $30,000 payment, and the request for payment was dated 11/20/12; however, the check was issued on 11/19/12, which is a day before the invoice was dated, but over a month after the contract was executed. Although the invoice and request for payment were signed on 11/20/12, because the contract called for payment upon contract execution, the payment appeared to follow the terms of the contract, but not the written procedures that required receipt of an invoice and the completion of a Check Request form prior to payment being issued.
K10	The Executive Director signed the check; however, the check number was incorrectly recorded in the general ledger as check # 8824 when in reality the check was # 8225. CLA reviewed both of these checks (front and back of the negotiated check copy) and both checks were appropriate. Check #8824 was written to a different vendor and check # 8225 was written to this vendor. The error was made when recording the check numbers in the general ledger.

Attachment 15
Office of Hawaiian Affairs
Hi'ipaka LLC
Number of Contracts Tested: 18
For the Period July 1, 2011 to June 30, 2016

Tickmarks

K11	The contract was executed on 10/9/12 and stated that the initial payment would be due upon execution of the contract and that the payment for the vertical lift (elevator) would be made as soon as it was ordered by Shoreline Builders, the vendor. The invoice from Shoreline Builders stated that the deposit made on the purchase of the lift for $17,643.14 was due. Only the invoice was included in the request for payment. Best practices suggest that a receipt for the purchase of the lift should have been included. However, the contract language did not require the vendor to submit receipts for out-of-pocket expenses, such as the purchase of this vertical lift.
K12	There was a $5,115.16 change order that was verbally approved by the Executive Director on this $185,835 contract. The contract file had a note that stated "additional work outside of agreement" and had the initials of the Executive Director. The Executive Director communicated to CLA that there was no written change order; however, he verbally approved the change order and he considered the initials on the note his documentation of approval although a written contract amendment was not prepared. A written contract amendment should have been prepared.
K13	A written contract was provided to CLA. However, the contract start and end dates were not included in the contract.
K14	One of the payments made to this contractor was made out to the name of the individual (Francis Sinenci) instead of the company (Hale Kuhikuhi). CLA reviewed the front and back of the cancelled check and verified that the endorsement on the check made out to the individual showed the same endorsement as the other checks made in payment for this contract. Additionally, total payments, including the payment made to the name of the individual, match the contract amount.
K15	There was a $6,124.62 change order for the strapping of two rocks that was verbally approved by Executive Director. Per discussion with the Executive Director, there was no written change order; however, he verbally approved the change order based on the original estimate that was given per unit for rock strapping. There were two additional rocks that needed to be strapped and he verbally approved the change. At the end of the project some savings were materialized and the overall contract payments were less than the total contract amount after the two change orders. A written contact amendment should have been prepared for this change order.
K16	The invoices reviewed by CLA were normally initialed by the contract manager or the Executive Director; however, for this contractor's invoices, there were no initials of the Executive Director or of a contract manager to document monitoring of the process. CLA discussed this item with the Executive Director. He mentioned that he must have forgotten to initial, but indicated the work was done as per the terms of the contract. The Executive Director gave CLA a tour of Waimea Valley to show the work completed for contracts selected for testing. During this tour he showed CLA the concrete floor polishing, which he stated was completed by this vendor in the pavilion area per the terms of the contract. (Disclaimer: CLA is not in a position to assess the quality of the work performed and whether it was consistent with the terms of the contract)
K17	A written contract was provided to CLA. However, the contract was not signed by the vendor and it was not signed by the Executive Director. After CLA's on site visit, CLA received an email on 9/11/19 from the Executive Director. The email contained certain follow up documents requested. One of these documents included a one-page contract that was located for this work. This one-page contract was signed by both the Executive Director and the vendor. The clarification provided by the Executive Director stated, "We found a Lokahi Stone agreement, but not in our contact [sic] format. I must have agreed to use their format." Per CPM-005 under Contractor Issued Agreements it states, "Companies providing services to Hi'ipaka LLC who do not have a need for entering the property can utilize their own agreement provided it includes the Hi'ipaka LLC waiver and insurance requirement. For this contract, the work specified required the contractor to be on site at Waimea Valley to conduct the work. Therefore, agreeing to use the contractor's contract template was not in accordance with the Hi'ipaka CPM-005 requirement. Additionally, all documentation pertaining to the contract should have been included in the contract file.
K18	Some of the invoices contain a handwritten account coding, but there are no signatures, initials, or dates to indicate that the Accountant verified the invoice.
K19	The contract file does not contain a copy of the Check Request Form. This was the case for three of the four checks tested totaling $4,285 from the total payment of $5,785 for all four checks.
K20	There is an inherent conflict of interest in the contract between OHA and Hi'ipaka LLC. The lessor signer for OHA is Kamana'opono Crabbe, OHA CEO, but he was also one of the managers for Hi'ipaka, LLC. The Executive Director signed on behalf of Hi'ipaka, LLC, the lessee.
K21	For one or more of the payments tested for this contract, the Check Request Form was incomplete as it did not contain the Executive Director's signature indicating his approval.
K22	The check amount was for over $10,000 but was not signed by either the Executive Director or an LLC Manager. The bank still deposited the check, despite containing no signatures. The Executive Director explained that this check was over $10,000 so instead of signing the check since it needed two signatures, he sent the check to OHA and requested the LLC Managers to review and sign the check. The Executive Director had not realized that this was the case until he requested the check from the bank to provide to CLA.
K23	A written contract was provided to CLA. However, the contract does not contain the terms for the Time of Performance. The Executive Director explained that at the time the contract was signed, the person assisting him was using the generic Hi'ipaka LLC contract template and in all likelihood unintentionally forgot to update the terms section, therefore, it wasn't included in the final contract. The Executive Director explained that the remodel of the bathroom at the visitor center would have been for a period of no more than 6 months.

Attachment 15
Office of Hawaiian Affairs
Hi'ipaka LLC
Number of Contracts Tested: 18
For the Period July 1, 2011 to June 30, 2016

Tickmarks

K24	Initially, a written Hi'ipaka LLC contract was not provided to CLA. The contract file contained a "Proposal/Agreement" from the vendor, Aecom, that was signed by Aecom's District Manager and Hi'ipaka LLC's manager. There is no documentation of a contract that was drafted by Hi'ipaka. Furthermore, the "Proposal/Agreement" does not contain a beginning or ending date for the vendor's services. Per Hi'ipaka's procedures CPM-005 under Contractor Issued Agreements it states, "Companies providing services to Hi'ipaka LLC who do not have a need for entering the property can utilize their own agreement provided it includes the Hi'ipaka LLC waiver and insurance requirement." For this contract, the work specified required the contractor to be on site at Waimea Valley to conduct the work. Therefore, agreeing to use the contractor's contract template was not in accordance with the Hi'ipaka CPM-005 requirement. The Executive Director explained that for this RFP 5 responses received. Hi'ipaka selected the bidder with the lowest cost and elected to sign the contract the vendor provided instead of using the generic Hi'ipaka template because the vendor contract was more detailed and specific to the proposal.
K25	The contractor's license was not included in the contract file. For many of the other contracts tested, the contractor's license was not in the contract file, but CLA was provided with the contractors licenses after requesting it. For this one contract, no contractor's license was provided because the contractor, at the time of performance, did not have a current contractor's license. The Executive Director explained that after CLA's request for the contractor's license, he contacted the vendor and realized that at the time the work was performed, the vendor Pacific Current, did not have a contractor's license. He additionally explained the circumstances that were probably the cause for Hi'ipaka LLC not verifying the contractor had a contractor's license. He stated the owner of Pacific Current, the vendor hired for this contract, had performed the work for the bathrooms by the waterfall under a different contractor, Nick Industries. When the owner of Pacific Current was hired to do this work, Hi'ipaka failed to review whether the new company, Pacific Current, had a contractor's license. The Executive Director further communicated that the owner of Pacific Current claims he was working under the Nick Industries contractor's license at the time he performed the work for this contract and that the owner of Pacific Current was willing to provide a letter from Nick Industries attesting to this. Hi'ipaka should have verified the vendor had a current contractor's license prior to executing the contract. Additionally, a copy of the contractor's license should have been retained in the contract file.

Attachment 16

Attachment 16
Office of Hawaiian Affairs
Ho'okīpaipai LLC
Number of Contracts Tested: 3
For the Period July 1, 2011 to June 30, 2016

CLA Sample Number	Vendor Name	Contract Amount with Amendments	Purpose	Identify Contract Manager	Type of Contract	Procurement Method	LLC Name	CLA Observation Numbers
LK-22	OutreachSystems.com	$ 9,750.00	Hosting of Client Relationship Management system, including setup and conversion of data from PTAssist, bid match annual subscription, and online training	Jadine Lee	Contracts for Operations	Small or Simplified Purchasing	Ho'okipaipai	None
LK-23	ProService Pacific, LLC	208,724.00	Human Resources outsourcing services	Mona Bernardino	Contracts for Human Resources outsourcing - monthly and per person rates	Non-Competitive	Ho'okipaipai	None
LK-30	Pacific Park Plaza Owner LLC	16,428.00	Sublease agreement for Suite 1430 and Suite 1450 for general office use	Mona Bernardino	Contracts for Operations - rents	Sole Source	Ho'okipaipai	L01

Attachment 16
Office of Hawaiian Affairs
Ho'okīpaipai LLC
Number of Contracts Tested: 3
For the Period July 1, 2011 to June 30, 2016

	CLA Selection	LK-22	LK-23	LK-30	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
Conflict of Interest with LLC Managers and Directors								
[1]	No conflicts of interest between the LLC managers or directors and the vendor/service provider were identified.	✓	✓	✓	0	0	3	3
Deliverables Were Met by the Contractor/Grant Recipient								
[28]	There was evidence that the service or product was verified and received by a staff member.	✓	✓	✓	0	0	3	3
[29]	There was evidence that the deliverable was met by the contractor and CLA confirmed the deliverable.	✓	✓	✓	0	0	3	3
Sufficiency of Contract/Grant Oversight Provided Appropriately by the Assigned Contract								
Ho'okipaipai LLC HI-PTAC Fiscal Policies & Procedures, revised November 2012 [1, 2]								
[3]	The Purchase Request was approved by the Program Manager.	DM	DM	DM	3	0	0	3
[4]	The check request was submitted on a "Request for Check Issuance".	✓	✓	✓	0	0	3	3
[5]	The Request for Check Issuance form was approved by the Program Manager.	✓	✓	✓	0	0	3	3
[6]	The Request for Check Issuance form was approved by the COO.	✓	✓	×, **L01**	0	1	2	3
[8]	The check was signed by the COO.	✓	N/A	✓	0	0	3	3
[9]	The Request for Check Issuance form provided justification for the purchase, an analysis of lease/purchase alternatives (if applicable), and included a cost or price analysis.	DM	✓	✓	1	0	2	3
[10]	Purchases in excess of $25,000 were supported by a written contract.	✓	✓	✓	0	0	3	3
[11]	The transaction included all of the source documents (receipts, purchase orders, invoices, and bid materials).	✓	✓	✓	0	0	3	3
[12]	Purchases between $2,500 and $25,000 contained three quotes in the contract file.	DM	N/A	N/A	1	0	2	3

Attachment 16
Office of Hawaiian Affairs
Ho'okīpaipai LLC
Number of Contracts Tested: 3
For the Period July 1, 2011 to June 30, 2016

	CLA Selection	LK-22	LK-23	LK-30	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
[13]	The quote evaluation selected the lowest priced, responsive, and responsible vendor.	DM	N/A	N/A	1	0	2	3
[14]	There was documentation that a price analysis was performed.	DM	N/A	N/A	1	0	2	3
[26]	Non-competitive negotiations were allowable when it was determined in writing that competitive negotiation or bidding was not feasible.	N/A	✓	N/A	0	0	3	3
No Fraudulent or Wasteful Disbursements were Made								
[2]	No indication of fraud, waste, or abuse was identified.	✓	✓	✓	0	0	3	3

Attachment 16
Office of Hawaiian Affairs
Ho'okīpaipai LLC
Number of Contracts Tested: 3
For the Period July 1, 2011 to June 30, 2016

Footnotes

1	Criteria [7] was only applicable if the Request for Check Issuance form did not include a copy of the receipt. All of the Request for Check Issuance forms included receipts.
2	Criteria [15] to [25] and [27] were not applicable to the contracts CLA tested.

Tickmarks

✓	Contract complied
×	Contract did not comply
DM	Document missing - LLC could not locate document(s) to provide to CLA
N/A	Not applicable
L01	The Request for Check Issuance form does not contain the signature of the COO/final approver.

Attachment 17

Attachment 17
Office of Hawaiian Affairs
LLC Disbursements
Number of Disbursements Tested: 25
For the Period July 1, 2011 to June 30, 2016

Sample Number	Check/ Payment Number	Check/ Payment Date	Payee/Vendor Name (From General Ledger)	Amount Paid (From General Ledger)	LLC	CLA Observation Numbers
LD-01	002724	7/20/2011	Julie Bernardino	$ 2,617.80	Hi'ilei Aloha	None
LD-02	003292	7/5/2012	RIM RIM Architects	18,936.12	Hi'ilei Aloha	M07
LD-03	003687	6/24/2013	LEHUA Lehua Poi Company	20,000.00	Hi'ilei Aloha	M01, M03
LD-04	A41114	4/11/2014	Hi'ipaka LLC	347,767.00	Hi'ilei Aloha	None
LD-05	004597	9/3/2015	SLK Supporting Language of Kaua'i	60,000.00	Hi'ilei Aloha	M02, M04
LD-06	004863	5/31/2016	JTP Julie T. Percell	6,000.00	Hi'ilei Aloha	None
LD-07	001070	1/18/2012	World Wide Tours and Travel	3,859.60	Ho'okipaipai	None
LD-08	001058	1/30/2012	MEO Business Development Cente	22,902.74	Ho'okipaipai	None
LD-09	001276	2/26/2013	INTECH (Integration Technologies Inc)	2,010.68	Ho'okipaipai	None
LD-10	001633	8/24/2015	University of Hawai'i at Hilo	20,000.00	Ho'okipaipai	None
LD-11	001701	4/5/2016	Honolulu Country Club	2,000.00	Ho'okipaipai	None
LD-12	006422	10/4/2011	Alston Hunt Floyd & Ing	26,625.95	Hi'ipaka	M08
LD-13	007002	2/28/2012	50th State Air Conditioning	63,696.31	Hi'ipaka	None
LD-14	ACH506	5/2/2013	Bankcard	6,236.73	Hi'ipaka	M09
LD-15	011142	2/10/2014	Bankcard	3,325.71	Hi'ipaka	M10
LD-16	A0713	7/13/15	American Express	14,566.98	Hi'ipaka	None
LD-17	017026	1/19/2016	The Islander Group	3,094.42	Hi'ipaka	None
LD-18	DM 11	2/18/2016	Gator Moto Utilitiy Vehicles	21,090.00	Hi'ipaka	None
LD-19	001154	7/6/2011	Franklin Dusenberry	3,000.00	Hi'ipoi	M12
LD-20	001437	3/15/2012	Pural Water Speciality Co., In	16,448.92	Hi'ipoi	None
LD-21	001058	3/14/2013	SLK Supporting Language of Kaua'i	10,000.00	Hi'ipoi	M06
LD-22	004494	12/27/2012	CDSI Commercial Dehydrator Systems	13,367.00	Hi'ilei Aloha	M05
LD-23	001310	4/3/2013	Hale Koa Hotel	11,263.39	Ho'okipaipai	None
LD-24	009943	8/26/2013	Edwards Enterprise	8,376.96	Hi'ipaka	M10, M11
LD-25	ACH704	6/2/2014	Bank of Hawaii	5,827.30	Hi'ipaka	M09

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	CLA Selection	LD-01	LD-02	LD-03	LD-04	LD-05	LD-06	LD-22	LD-12	LD-13	LD-14	LD-15	LD-16	LD-17	LD-18	LD-24	LD-25	LD-19	LD-20	LD-21	LD-07	LD-08	LD-09	LD-10	LD-11	LD-23	Contracts with Missing Document(s)	Contracts with Observations	Contracts without Observations	Total Contracts Tested
Conflict of Interest with LLC Managers and Directors																														
[1]	No conflicts of interest between the LLC managers or directors and the vendor/service provider were identified.	DM	✓	×, M01	✓	×, M02	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, M06	✓	✓	✓	✓	✓	✓	1	3	21	25
No Fraudulent or Wasteful Disbursements were Made																														
[2]	No indication of fraud or wasteful disbursement was identified.	DM	✓	×, M03	✓	×, M04	✓	×, M05	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×, M06	✓	✓	✓	✓	✓	✓	1	4	20	25
Compliance with Internal Policies and Procedures																														
Hi'ilei Aloha LLC																														
Hi'ilei Aloha LLC Fiscal Policies & Procedures [1, 2]																														
[4]	The purchase request was approved by the COO.	DM	DM	DM	DM	DM	DM	DM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	0	0	7
[5]	The check request was submitted on a Request for Check Issuance form.	DM	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	0	6	7
[6]	The Request for Check Issuance form was approved by a supervisor.	DM	N/A	N/A	✓	N/A	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	0	6	7
[7]	The Request for Check Issuance form was approved by the COO.	DM	×, M07	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	5	7
[8]	If the Request for Check Issuance form did not include a receipt, an explanation was provided for the absence of a receipt.	DM	N/A	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	0	6	7
[14]	The Request for Check Issuance form described why the purchase was necessary and a cost or price analysis.	DM	DM	✓	✓	DM	DM	DM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5	0	2	7
[15]	The transaction included all of the appropriate documentation.	DM	DM	DM	✓	DM	DM	DM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6	0	1	7
Hi'ipaka LLC																														
Hi'ipaka Standard Operating Procedures																														
SOP ADMIN ACCT-002: Accounts Payable Processing, revised January 19, 2018																														
[3]	The service or product was verified by a staff member.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	×, M08	✓	×, M09	×, M10	✓	✓	✓	×, M10	×, M09	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	5	4	9
[4]	A check request was prepared.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	×, M09	✓	✓	DM	✓	×, M11	×, M09	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	3	5	9
[5]	The check request was approved by the Office Manager.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	×, M09	✓	✓	DM	✓	×, M11	×, M09	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	3	5	9
[6]	The check was signed by the Executive Director.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	×, M09	✓	✓	✓	✓	✓	×, M09	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	2	7	9
[7]	Checks over $10,000 contained two signatures, including the Executive Director.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	N/A	N/A	✓	N/A	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	9	9

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[8]	The file contained a check stub and invoice.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	×, M09	✓	✓	✓	✓	✓	×, M09	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	2	7	9
[9]	Reoccuring invoices contained the expense code and an authorized staff member's signature.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	N/A	×, M09	N/A	N/A	N/A	N/A	N/A	×, M09	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	2	7	9
SOP ADMIN-004: Procurement of Goods and Services, revised February 19, 2018																														
[10]	Procurement requests for goods, services and construction were requested in writing.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	DM	✓	DM	✓	✓	✓	✓	✓	DM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3	0	6	9
SOP ADMIN-009: Ordering Office Supplies, revised February 15, 2018 [3] ***SOP BUS-013: Store: Inventory Control, revised November 9, 2010***																														
[13]	Purchases of merchandise included a completed Purchase Order.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	9	9
Hi'ipoi LLC																														
Hi'ipoi "Best Practices" consistent with the other LLC Fiscal Policies																														
[3]	There is an approved purchase request.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	DM	DM	DM	N/A	N/A	N/A	N/A	N/A	N/A	3	0	0	3
[4]	There is an invoice or receipt that matches the check amount.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	×, M12	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	0	1	2	3
[5]	There is an approved check request form.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	DM	DM	✓	N/A	N/A	N/A	N/A	N/A	N/A	2	0	1	3
[6]	The check was signed by the Hi'ipoi COO or LLC Manager.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	DM	N/A	N/A	N/A	N/A	N/A	N/A	1	0	2	3
Ho'okīpaipai LLC																														
Ho'ok ī paipai HI-PTAC Fiscal Policies & Procedures, revised November 2012 [4, 5]																														
[4]	The purchase request was approved by the Program Manager.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	DM	DM	DM	DM	DM	5	0	1	6
[5]	The check request was submitted on a Request for Check Issuance form.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	0	0	6	6
[6]	The Request for Check Issuance form was approved by the Program Manager.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	N/A	N/A	✓	0	0	6	6
[7]	The Request for Check Issuance form was approved by the COO.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	0	0	6	6
[9]	The travel request was submitted on a Request for Business Travel form.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	N/A	N/A	N/A	N/A	N/A	0	0	6	6
[10]	The Request for Business Trave" form was approved.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	N/A	N/A	N/A	N/A	N/A	0	0	6	6
[11]	The Statement of Completed Travel form was submitted within a week of completing travel.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	N/A	N/A	N/A	N/A	N/A	0	0	6	6

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[13]	The Statement of Completed Travel form was approved by the COO.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	N/A	N/A	N/A	N/A	N/A	0	0	6	6
[14]	The Request for Check Issuance form described why the purchase was necessary, an analysis of lease/purchase alternatives, and a cost or price analysis.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	DM	DM	2	0	4	6
[15]	The transaction included all appropriate documentation.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	0	0	6	6
[16]	Purchases between $2,500 and $25,000, contained three quotes in the contract file.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	N/A	✓	N/A	✓	0	0	6	6
[17]	The quote evaluation selected the lowest priced, responsive, and responsible vendor.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	N/A	✓	N/A	✓	0	0	6	6
[18]	There was documentation that a price analysis was performed.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	N/A	✓	N/A	✓	0	0	6	6
[19]	The Purchase Order was signed by the Program Manager.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	N/A	✓	N/A	✓	0	0	6	6

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Footnotes

1	Criteria [3] (Hi'ilei Aloha LLC) was only applicable to corporate card use for travel purposes. This criteria was not applicable to any of the Hi'ilei Aloha LLC disbursements CLA tested.
2	Criteria [9] through [13] were only applicable to travel-related purchases. These criteria was not applicable to any of the Hi'ilei Aloha LLC disbursements CLA tested.
3	Criteria [11] and [12] were only applicable to office supplies purchased with the Hi'ipaka LLC credit card. These criteria was not applicable to any of the Hi'ipaka LLC disbursements CLA tested.
4	Criteria [3] (Ho'okipaipai LLC) was only applicable to corporate card use for travel purposes. This criteria was not applicable to any of the Ho'okipaipai LLC disbursements CLA tested.
5	Criteria [8] was only applicable to disbursements missing a receipt. This criteria was not applicable to any of the Ho'okipaipai LLC disbursements CLA tested.
6	Criteria [12] was only applicable to a Statement of Completed Travel form approved by the program manager. The program manager field was marked "N/A" and the COO provided final approval. This criterion was not applicable to any of the Ho'okipaipai LLC disbursements CLA tested.

Tickmarks

✓	Contract complied
×	Contract did not comply
DM	Documents missing - LLC could not locate document(s) to provide to CLA
N/A	Not applicable

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M01	On 6/24/13 a $20,000 disbursement was made to Lehua Poi Company by Hi'ilei Aloha. Information from public sources indicates that one of the LLC Managers had a conflict of interest with the new operator of the Makaweli Poi Mill, the Lehua Poi Company. The conflict arose when Hi'ipoi LLC transferred the Makaweli Poi Mill to Supporting the Language of Kaua'i. This transaction was a $20,000 emergency loan given to Makaweli Poi Mill. Information was provided to CLA during our inquiries that one of the LLC managers, Dr. Crabbe, was an acquaintance with the recipient of the loan. Supporting documentation provided indicated that this $20,000 loan was intended to improve cash flow during the start-up months of business and during an LLC managers and COO meeting on 7/10/13, it was agreed by the LLC managers (Dr. Crabbe and Mr. Los Banos) and by the COO, that a $20,000 loan would be issued as capacity-building assistance. Both the COO and the LLC manager approved the Request for Check Issuance. There was no receipt or invoice for this disbursement because this disbursement was an emergency loan of $20,000 to the Lehua Poi Company made by Hi'ilei Aloha LLC. The loan terms were for one year, starting 6/24/13 and ending 7/1/14, with no interest for the first year. According to the terms of the loan agreement, the Lehua Poi Company was required to pay an interest rate of 4% over four years, with monthly payments of $452, if Lehua Poi Company did not repay the loan in full by 7/1/14. The Lehua Poi Company did not repay the loan. Subsequently, Hi'ilei Aloha wrote off the loan on 10/2/15. Hi'ilei Aloha LLC is not in the business of making loans. At a minimum, this fact pattern could give rise to a perception of a conflict of interest.

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M02	On 9/3/15 check number 4795 for $60,000 to Supporting the Language of Kauai, Inc. (SLK) was issued by Hi'ilei Aloha LLC and signed by the LLC manager, Dr. Crabbe. The supporting documentation for this disbursement contained a Request for Check Issuance, which described, "Grant to offset financial losses of Lehua Poi Co. (Owner Nakulu Arquette), operator of former Makaweli Poi Mill, through September 15, 2015." The code classification described, "Grant Cash-Nonprofit" and it was signed by the COO on 9/3/15. The supporting documentation also included a letter from the COO to the LLC manager addressed as "Ka Pouhana." This letter stated, "per our meeting on Kauai yesterday, attached please find two check requests and check payable to SLK. Please sign both checks and both check request forms and return all to me." There was no grant agreement or any other type of agreement provided as support for this check disbursement. CLA inquired with the COO about the reason for this payment because of the lack of supporting documentation. The COO explained that the LLC Manager, Dr. Crabbe, had made an agreement with Mr. Nakulu in an attempt to make Mr. Nakulu "whole." The COO further explained that Dr. Crabbe believed that it was OHA's obligation to make Mr. Nakulo "whole." To explain to CLA what this meant, the COO provided additional history relating to the poi mill: She stated that in May 2012, it was determined that the poi mill owned by Hi'ipoi LLC would need to be divested. Dr. Crabbe attempted to work with the employees of the mill for the employees to buy out Hi'ipoi's ownership, but it was perceived that the employees of the mill only brought business ideas to the table and never presented a fully executed business plan. Dr. Crabbe and Hawley Iona (OHA's CFO) determined that they would need to find another interested party and identified Supporting the Language of Kauai, Inc., a 501(c)(3) organization associated with the Kawaikini New Century Public Charter School. A director at SLK, Kimo Perry, desired to help keep the mill open, and he and Dr. Crabbe approached Nakulu Arquette, a Kauai farmer who ran a successful snack shop. The arrangement was that Mr. Arquette would operate the poi mill and any profits would be turned into scholarships offered by SLK. Dr. Crabbe, Mr. Perry, and Mr. Arquette were familiar with each other from their involvement in an 'Aha Kāne, an association of Native Hawaiian men. When Dr. Crabbe decided to transfer the poi mill to Mr. Arquette's management, there was a boycott by the Kauai farmers, who refused to sell taro to the mill. This caused problems for the operations at the mill and forced Mr. Arquette to sell the business in 2015. This arrangement was also overseen by Dr. Crabbe, who believed it was OHA's obligation to make Mr. Arquette whole for his efforts and losses. The COO further mentioned that, during a meeting in a parking lot on Kauai, Dr. Crabbe and Mr. Arquette agreed that OHA would inject $60,000 in an attempt to make Mr. Arquette "whole" and serve as a buyout for his losses, which Mr. Arquette estimated were approximately $150,000. The COO stated that after this payment, Mr. Arquette transferred the poi mill to another local individual. CLA was unable to interview Dr. Crabbe and therefore was only able to obtain an explanation from the COO relating to this disbursement. Because there was no grant application, grant agreement, or grantee invoice related to the payment of $60,000 to SLK and based on the explanation by the COO that Dr. Crabbe was familiar with Mr. Arquette from their association through 'Aha Kāne, it appears that this disbursement provides indicators of a possible conflict of interests between Dr. Crabbe and the recipient of this disbursement.

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M03	The $20,000 loan made to the Lehua Poi Company, mentioned in observation **M01**, was never repaid. No monthly payments were ever received by Hi'ilei Aloha and the loan was written off as a loss on 10/2/15. Because Hi'ilei is not in the business of making loans, and there was no indication that the recipient of the loan ever attempted to make any monthly payments, it appears that this disbursements contained indicators of possible fraud, waste, or abuse.
M04	As explained in observation **M02**, a $60,000 disbursement was made to SLK. This disbursement was classified as a "grant." However, the processing of this disbursement was not supported by a grant agreement, or any other type of written agreement, between SLK and Hi'ilei Aloha. Based on the lack of supporting documentation and based on the description by the COO that it had been a verbal agreement made between Dr. Crabbe and Mr. Arquette, that caused this disbursement, it appears that these fact patterns are indicators of possible fraud, waste, or abuse.
M05	On 12/27/12 check number 4494 for $13,367 to Commercial Dehydrator Systems was issued by Hi'ilei Aloha. This payment was made for the purchase of a commercial dehydrator system for the Hi'ipoi poi mill. The Request for Check Issuance form stated the following description: "Capacity-building assistance to Makaweli Poi Mill to purchase a large industrial dehydrator to make taro flour & other taro products. Full cost with attachments & shipping is $15,867. Deposit of $2,500 made on bank card on 12/21/12. This form was signed by the COO and two LLC Managers, Dr. Crabbe and Ms. Iona. The check was also signed by two the LLC Managers. CLA understands that the poi mill owned by Hi'ipoi LLC was transferred to SLK along with all of its assets on 12/31/12. Based on the timing of the purchase which took place less than ten days before the poi mill was transferred to SLK, it raises the concern that this purchase was made with the knowledge that Hi'ipoi LLC would not own the poi mill for much longer. Therefore, this disbursement appears to have indicators of possible waste, fraud, or abuse.
M06	On 3/12/13 check number 1058 for $10,000 was issued to SLK by Hi'ipoi LLC. The Request for Check Issuance form, described this payment as "Final payment on grant." Additional supporting documentation included a letter from the COO to the three LLC managers, Dr. Crabbe, Mr. Los Banos, and Ms. Iona dated 1/28/13. This letter provided an update on Hi'ipoi LLC and the transfer of the assets of Makaweli Poi Mill to a "Hawaiian community organization." It described that to assist SLK in gearing up for operations, Hi'ipoi advanced initial funding of $5,000 and OHA provided a grant in the amount of $25,000. It also stated, "we will transfer the funds remaining in Hi'ipoi's operating account, estimated at $20,000, after all of the bills that Hi'ipoi is responsible for have been paid. This amounts to total cash assistance of $50,000." Based on the documentation reviewed, it appears that this disbursement was categorized as the "final payment on grant." However, there was no grant application or agreement on file for this disbursement. For this reason, it appears that Hi'ipoi LLC was funding the poi mill operation even though it no longer owned it. Therefore, this disbursement appears to have indicators of possible waste, fraud, or abuse.
M07	The Request for Check Issuance form was approved by the LLC Managers after the check date.
M08	The "Received By" stamp on the invoice, indicating that the accountant verified that the service or product was received, was blank.

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For the Period July 1, 2011 to June 30, 2016

Tickmarks

M09	The disbursement package did not contain the invoice from the service provider because the service provider automatically deducted funds from the Hi'ipaka LLC bank account. This disbursement was a reoccurring, variable fee from Heartland for processing Waimea Valley's credit card charges. Since the funds were automatically deducted, the disbursement file does not contain a check request form or written check.
M10	There is no documentation or evidence that the service or product was verified and received by a staff member.
M11	The check request form did not contain the signature of the approver.
M12	There is no documentation or evidence that indicates what type of procurement method was used.

CliftonLarsonAllen

CLAconnect.com



December 4, 2019

Report Exhibits

CLA – OHA & LLCs Contract and Disbursement Review – Report Exhibits

Prepared by:

Ernie Cooper, CPA, CFF, CFE, JD
Ernie.Cooper@CLAconnect.com
Phone (626) 857-7300

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Exhibit 01

OFFICE OF HAWAIIAN AFFAIRS

CONTRACT NUMBER 3284

BETWEEN

OFFICE OF HAWAIIAN AFFAIRS

AND

CLIFTONLARSONALLEN LLP

This Contract, executed and entered into as of this _____day of _____, 2018, by and between, the Office of Hawaiian Affairs (hereinafter "OHA"), a body corporate under the Constitution of State of Hawai'i, by its Ka Pouhana, Chief Executive Officer (hereinafter "CEO") and Head of Purchasing Agency (hereinafter "HOPA") and by its Chief Procurement Officer (hereinafter "CPO") and Chairperson, Colette Y. Machado, whose principal place of business and mailing address is 560 North Nimitz Highway, Suite 200, Honolulu, Hawai'i 96817, and CLIFTONLARSONALLEN LLP (hereinafter "CONTRACTOR"), a Foreign Limited Liability Partnership, by its Principal, whose place of business and mailing address is 2210 E. Route 66, Glendora, CA 91740, Federal Tax ID No. 41-0746749.

W I T N E S S E T H:

WHEREAS, one of the purposes for which the OHA has been established is to better the conditions of Hawaiians as defined in Section 10-2, Hawai'i Revised Statutes (hereinafter "HRS") as amended; and

WHEREAS, the OHA was established to better the conditions of native Hawaiians and Hawaiians as defined in HRS Sections 10-2 and other applicable law(s), as amended; and

WHEREAS, the expenditure of funds as proposed in this Contract is intended for the betterment of conditions of native Hawaiians and Hawaiians as set forth in Section 10-3(1) and (2), HRS, as amended, and is consistent with the purpose for which these funds were appropriated; and

WHEREAS, the OHA is in need of auditing services to identify and quantify potential areas of waste, abuse and fraud in the procurement of professional services as well as other disbursement funds for Fiscal Years (hereinafter "FY") FY2012, FY2013, FY2014, FY2015 and FY2016; and

WHEREAS, the OHA has awarded this Contract through Statement of Qualifications for professional service submitted for PS SOQ No. RM 2017- 35 pursuant to Hawai'i Revised Statutes, as amended, and its companion Hawai'i Administrative Rules; and

WHEREAS, the CONTRACTOR has been evaluated as a responsible and responsive Offeror whose Statement of Qualification is most advantageous for the OHA, evaluation factors having been considered such as capacity, qualifications and resources to perform the terms and conditions agreed to under this Contract.

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. Scope of Services. The CONTRACTOR shall, in a proper and satisfactory manner as determined by the OHA, provide all the goods and services set forth in Attachment – S1 which is hereby made a part of this Contract.

2. Time of Performance. The performance period required of the CONTRACTOR under this Contract shall be completed in accordance with the time schedule set forth in Attachment – S2 which is hereby made a part of this Contract.

3. Compensation. The CONTRACTOR shall be compensated according to the Compensation provision set forth in Attachment – S3 which is hereby made a part of this Contract.

4. Standards of Conduct Declaration. The Standards of Conduct Declaration of the CONTRACTOR is attached and is made a part of this Contract.

5. CONTRACTOR's Acknowledgment Statement. The CONTRACTOR's Acknowledgment Statement is attached and is made a part of this Contract.

6. Other Terms and Conditions. The General Conditions and any Special Conditions are attached hereto and made a part of this Contract. In the event of a conflict

between the General Conditions and the Special Conditions, the Special Conditions shall control.

7. Notices. Any written notice required to be given by any party to this Contract shall be (a) delivered personally, or (b) sent by United States first class mail, postage prepaid. Notice required to be given to the Coordinator shall be sent to the Coordinator's business and mailing address as set forth in the first paragraph of this Contract. Notice to the CONTRACTOR shall be sent to the CONTRACTOR's business and mailing address as set forth in the first paragraph of this Contract. A notice shall be deemed to have been received THREE (3) days after mailing or at the time or actual receipt, whichever is earlier. The CONTRACTOR is responsible for notifying the OHA in writing of any change of address.

8. Counterpart Execution. The OHA and the CONTRACTOR agree that this Agreement may be executed in counterparts, each of which shall be deemed an original regardless of the date of its execution and deliver. All such counterparts together shall constitute one and the same document. The parties further agree to accept facsimile executed documents as if they were originally signed documents and such facsimile signatures shall be deemed to be original and effective to bind the parties. The party submitting the facsimile signature shall provide the other party with originally signed replacement documents within FIVE (5) business days from the date of receipt by the other party of the facsimile executed documents.

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COUNTERPART EXECUTION

IN WITNESS WHEREOF, the parties hereto have executed this Contract effective as of the date first above written.

OFFICE OF HAWAIIAN AFFAIRS

Date: 9/4/18, 2018

By Colette Y. Machado
COLETTE Y. MACHADO
Its CPO and Chairperson

Date: 9/4/18, 2018

By Kamana M. Crabbe
KAMANA OPONO M. CRABBE
Its Ka Pouhana and CEO

"OHA"

APPROVED AS TO FORM:

By Robert G. Klein
ROBERT G. KLEIN
Its Board Counsel

Date: Aug 31, 2018

COUNTERPART EXECUTION

IN WITNESS WHEREOF, the parties hereto have executed this Contract effective as of the date first above written.

CLIFTONLARSONALLEN LLP

Date: 8/29/18, 2018

By _____
ERNEST C. COOPER
Its Principal

"CONTRACTOR"

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ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Los Angeles)

On August 29, 2018 before me, Leticia Calderon, Notary
(insert name and title of the officer)

personally appeared Ernest C. Cooper,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

LETICIA CALDERON
Notary Public - California
Los Angeles County
Commission # 2232448
My Comm. Expires Feb 26, 2022

Signature _____ (Seal)

Original is embossed

STANDARDS OF CONDUCT DECLARATION

For the purposes of this declaration:

*"Controlling interest" means an interest in a business or other undertaking which is sufficient in fact to control, whether the interest is greater or less than fifty percent (50%).

"Employee" means any nominated, appointed, or elected officer or employee of the State of Hawai'i (hereinafter "State") or OHA, including members of boards, commissions, and committees, and employees under contract to the State or of the constitutional convention, but excluding legislators, delegates to the constitutional convention, justices, and judges.

On behalf of **CLIFTONLARSONALLEN LLP**, CONTRACTOR, the undersigned does declare, under penalty of perjury, as follows:

1. CONTRACTOR (is) (is not) a legislator or an employee or a business in which a legislator or an employee has a controlling interest.*

2. CONTRACTOR has not been assisted or represented by a legislator or employee for a fee or other compensation to obtain this Agreement and will not be assisted or represented by a legislator or employee for a fee or other compensation in the performance of the Agreement, if the legislator or employee had been involved in the development or award of the Agreement.

3. CONTRACTOR has not been assisted or represented for a fee or other compensation in the award of this Agreement by a State or OHA employee or, in the case of the Legislature, by a legislator.

4. CONTRACTOR has not been represented or assisted personally on matters related to the Agreement by a person who has been an employee of the State or OHA within the preceding two (2) years and who participated while in state office or employment on the matter with which the Agreement is directly concerned.

5. CONTRACTOR has not been represented or assisted on matters related to this Agreement, for a fee or other consideration by an individual who, within the past twelve (12) months, has been a State or OHA employee, or in the case of the Legislature, a legislator.

6. CONTRACTOR has not been represented or assisted in the award of this Agreement for a fee or other consideration by an individual who, 1) within the past twelve (12) months, served as a State or OHA employee or in the case of the Legislature, a legislator, and b) participated while an employee or legislator on matters related to this Agreement.

CONTRACTOR understands that the Agreement to which this document is attached is voidable on behalf of the State or OHA if this Agreement was entered into in violation of any provision of chapter 84, Hawaii Revised Statutes, commonly referred to as the Code of Ethics, including the provisions which are the source of the declarations above. Additionally, any fee, compensation, gift, or profit received by any person as a result of a violation of the Code of Ethics may be recovered by the State or OHA.

CONTRACTOR

By: _____

Title: Principal

Date: 8/29/18

ATTACHMENT - S1

SCOPE OF SERVICES

Project: Auditing Services
Description: Conduct Audit for Five (5) Fiscal Years (hereinafter "FY") for FY2012, FY2013, FY2014, FY2015 and FY2016

The CONTRACTOR shall provide and perform the services set forth below in a satisfactory and proper manner as determined by the OHA, and in accordance with the terms and conditions of this Contract. The services shall include, but may not be limited to, the following:

A. The following documents, and any amendments or addenda thereto, comprise the Contract between the parties and are fully a part of this Contract governing the work to be performed by the CONTRACTOR for the Auditing Service: (1) CONTRACTOR's Proposal B-3 dated June 27, 2018, See Exhibit 1 – Proposal B-3; (2) Professional Services SOQ No. RM 2017-35 and (3) OHA Non-Grant General Conditions effective January 28, 2016; and (4) this Contract. These documents collectively comprise the "Contract".

B. The CONTRACTOR shall develop and apply such audit procedures as necessary to identify and quantify potential areas of waste, abuse, and fraud in the procurement of professional as well as other disbursements of funds. Any applicable audit materiality limits be determined in conjunction with the CONTRACTOR and specified within the contract.

C. The audit period of review shall be for FIVE (5) fiscal years, specifically state Fiscal Year (hereinafter "FY") 2012, FY2013, FY 2014, FY 2015 and FY2016. The CONTRACTOR shall conduct an audit for the OHA and its LLCs in accordance with the standards established by the American Institute of Certified Public Accountants, Inc. (hereinafter "AICPA") and Governmental Accounting Standards (hereinafter "GAS"). The audit shall include procedures for the following:

1. The CONTRACTOR shall identify potential areas of fraud, waste, and abuse, which are defined as such:

    a. Fraud –a type of illegal act involving the obtaining of something of value through willful misrepresentation. Whether an act is, in fact, fraud is a determination to be made through the judicial or other adjudicative system and is beyond the auditor's professional responsibility.
    b. Waste – involves not receiving reasonable value for money in connection with any government funded activities due to an inappropriate act or omission by actors with control over or access to government resources (e.g. executive, judicial, or legislative branch employees, grantees, or other recipients). Importantly, waste goes beyond fraud and abuse and most waste does not involve a violation of law. Rather, waste relates primarily to mismanagement,

inappropriate actions, and inadequate oversight.

c. Abuse – involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal interests or those of an immediate or close family member or business associate. Abuse does not necessarily involve fraud, violation of laws, regulations, or provisions of a contract or grant agreement.

The CONTRACTOR's procedures shall be designed to detect and identify possible fraud, waste, and abuse; however, the CONTRACTOR cannot provide absolute assurance that all instances of fraud, waste, and abuse shall be identified. The scope of this engagement is not to conduct an investigation of potential fraud if any indicators of fraud are identified. Investigative procedures, which shall not be performed as part of this engagement, may include, but are not limited to, undercover procedures, interviews of vendors or other third-parties/individuals external to the OHA/LLCs, review of vendor files solely in the possession of a vendor (such as payroll files), etc. To the extent that information is identified during the scope of this engagement that indicates a possibility of fraud, waste, or abuse, the CONTRACTOR shall include in its report the information identified and possible next steps should the OHA decide to conduct an investigation as part of a separate scope of work.

The CONTRACTOR's procedures shall be designed to detect red flags of fraud and transactions that appear questionable. However, the CONTRACTOR cannot render an opinion as to the existence of fraud. Additionally, fraud and irregularities by their very nature are most often hidden, and no absolute assurance can be given that all such matters shall be detected. The CONTRACTOR's engagement cannot be relied upon to disclose any irregularities or illegal acts, including fraud, which may exist.

The CONTRACTOR's procedures to determine whether the OHA/LLC contractor met the deliverables may be limited depending on the services or products being provided in each contract. The CONTRACTOR is not a subject matter expert for all goods and services; therefore, the CONTRACTOR will be limited to verifying whether the OHA/LLC contractor delivered a product based on the deliverables outlined in the contract. To the extent possible, the CONTRACTOR will inquire with OHA/LLC staff to determine whether the deliverables met the expectation(s) of staff.

2. The CONTRACTOR shall inspect financial transactions for compliance with all applicable statutory requirements and internal policies, and confirm that such transactions are free from fraud, misstatements, and misrepresentations; and

3. The CONTRACTOR shall provide recommendations on organizational, structural and procedural improvement to strengthen the Board of Trustee's fiduciary oversight of the OHA and its Limited Liability Companies (hereinafter "LLCs").

D. The CONTRACTOR shall conduct its methodology by following the testing parameters that shall include, but may not be limited to, the following:

1. Contracts:

   The CONTRACTOR shall interview the contract manager(s) responsible for each contract. To the extent a contract manager no longer works for the OHA, the CONTRACTOR may be limited in its ability to fully assess this area for each contract. Additionally, if oversight procedures are not documented in writing, the CONTRACTOR shall be limited to relying on verbal statements made by the contract manager(s).

   The CONTRACTOR shall count each contract and its related amendments as ONE (1) contract to the extent that the contract and its amendments are identified under ONE (1) contract number. Separate contracts with the same vendor shall be counted as unique contracts if they are identified with a new contract number and not an amendment number.

   a. The CONTRACTOR shall select a sample of contracts to test based on a detailed understanding of the OHA's/LLC's policies and procedures and data analytics performed on the financial activity of the OHA/LLCs. The total number of contracts that shall be tested is as follows:
      1) OHA – EIGHTY (80) and its related amendments
      2) LLCs – THIRTY (30) and its related amendments
   b. The CONTRACTOR shall review vendor contracts, other contracts for professional services or goods, and grant agreements awarded by the OHA.
   c. The CONTRACTOR shall not review payroll related contracts, employment contracts and contracts related to employee benefits.
   d. The CONTRACTOR shall not review revenue-generating contracts of the OHA and the related LLCs.

2. Financial Transactions:

   The CONTRACTOR shall interview the contract manager(s) responsible for each contract. To the extent a contract manager no longer works for the respective LLC, the CONTRACTOR may be limited in its ability to fully assess this area for each contract. Additionally, if oversight procedures are not documented in writing, the CONTRACTOR shall be limited to relying on verbal statements made by the contract manager(s).

   The CONTRACTOR shall identify the quantity of total disbursements identified for testing is in addition to disbursements tested as part of the contract testing. The total number of disbursements tested as part of the contract testing shall depend on the number of disbursements issued per contract. In some cases, the CONTRACTOR may test only a sample of disbursements pertaining to a contract. The objective of the

disbursement testing shall be to identify and test disbursements not related to contracts.

a. The CONTRACTOR shall select a sample of disbursements to test based on a detailed understanding of the OHA's/LLC's policies and procedures and data analytics performed on the financial activity of the OHA/LLCs. The total number of disbursements that shall be tested is as follows:
   1) OHA – FIFTY (50) and its related disbursements
   2) LLCs – TWENTY-FIVE (25) and its related disbursements
b. Financial transactions are herein defined as disbursements (e.g., checks, wire transfers, electronic fund transfers, etc.).
c. Financial transactions exclude revenue/income related transactions of the OHA and the related LLCs.
d. The selection of disbursements tested shall exclude disbursements already tested as part of the contract testing.

E. The CONTRACTOR shall develop and apply specific audit procedures to inspect transactions for the following areas:

1. Contracts:

   a. Approval and execution in accordance with HRS Chapter 103D Hawai'i Procurement Code, and HRS Chapter 84 Standards of Conduct, and the OHA's applicable internal policies and procedures;
   b. Sufficiency of contract oversight provided appropriately by the assigned contract manager/monitor;
   c. Determine all deliverables were met by the contractor; and
   d. Determine no fraudulent or wasteful disbursements were made.

2. The CONTRACTOR shall review all other disbursements of funds that shall include, but may not be limited to, those disbursements made under the following OHA policies and funds: Hawaii Direct Investment Policy, Native Hawaiian Trust Fund Spending Policy, and the Fiscal Reserve Withdrawal Guidelines, Trustee Sponsorship and Annual Allowance Fund; but excluding payroll and Native Hawaiian Trust Fund transactions of marketable securities:

   a. All disbursements reviewed are Compliant with HRS Chapter 103D Procurement Code and HRS Chapter 84 Standards of Conduct and the OHA's applicable internal policies and procedures;
   b. All disbursements reviewed are Compliant with budget restrictions; and
   c. Determine no fraudulent or wasteful disbursements were made.

3. Annual reports to the Board of Trustees (hereinafter "BOT")

   The CONTRACTOR shall verify sufficient internal controls are in place to ensure the

integrity of the performance indicators as reported in the annual report to the BOT.

F. For the LLC's, the CONTRACTOR shall develop and apply specific audit procedures to inspect contracts, and other financial transactions for the following areas:

1. Contracts:

   a. Sufficiency of contract/grant oversight provided appropriately by the assigned contract manager/monitor;
   b. Deliverables were met by the contractor;
   c. Conflict of interest with LLC managers and directors; and
   d. No fraudulent or wasteful disbursements were made.

2. All other disbursements of funds, excluding payroll:

   a. Conflict of interest with LLC managers and directors;
   b. Compliance with internal policies and procedures; and
   c. No fraudulent or wasteful disbursements were made.

3. Quarterly reports to the BOT:

   Sufficient internal controls are in place to ensure the integrity of the performance indicators as reported in the quarterly reports to the BOT.

G. Any and all additional services shall be approved by the OHA BOT prior to conducting any additional services and subject to the availability of funds.

H. The CONTRACTOR shall meet the following deliverables that shall include, but may not be limited to, the following:

1. Deliverable 1 – Develop and Submit Document Request List to OHA/LLCs

   a. Prepare document list;
   b. Conduct phone interviews to assess available electronic data (purchasing, accounting, IT); and
   c. Submit document list to OHA/LLCs.

2. Deliverable 2 - Reviewing and Conducting Testing for Sample Selection

   a. Review documents provided;
   b. Prepare for process and risk assessment interviews;
   c. Preliminary data analytics;
   d. Conduct process and risk assessment interviews;
   e. Document interviews;
   f. Perform additional data analytics; and
   g. Select sample of contracts and disbursements for testing.

3. Deliverable 3 – LLC Disbursements

    a. On site testing of LLC disbursements.

4. Deliverable 4 – OHA Contracts

    a. On site testing of OHA contracts;
    b. Close out open items;
    c. Review of work;
    d. Finalize testing and results; and
    e. Prepare draft report.

5. Deliverable 5 – Issue Final Report

    a. Coordinator to review draft report;
    b. Discuss draft report with Coordinator;
    c. Finalize report; and
    d. Presentation to the OHA Board.

I. The Resource Management Committee Chair (hereinafter "Coordinator") shall act as the contract monitor and principal liaison between the CONTRACTOR and the OHA and assisted by the Resource Management Vice- Chair. The Coordinator and the Resource Management Vice-Chair shall work together in resolving policy questions expediting decisions and the review of the work performed. See Attachment – S4 General Conditions Page 2, Number 1, Coordination of Reports.

J. The CONTRACTOR shall report directly to the Coordinator, Board Chair and Board Counsel any violations that may be identified through this audit.

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TIME OF PERFORMANCE

Project: Auditing Services
Description: Conduct Audit for Five (5) Fiscal Years (hereinafter "FY") for FY2012, FY2013, FY2014, FY2015 and FY2016

A. The CONTRACTOR shall perform the services required under this Contract upon execution by the OHA through and including April 30, 2019 unless this Contract is sooner terminated.

B. The manner in which the services are to be performed and the specific hours to be worked by the CONTRACTOR shall be determined by the CONTRACTOR, limited, however, to the maximum amount payable as specified in ATTACHMENT-S3 of this Contract.

C. This Contract may be modified, amended, or extended due to such factors as a delay in obtaining records requested, circumstances outside of either parties control, or other unforeseeable factors upon mutual agreement of the parties hereto. Any modification, amendment or extension shall be contingent upon satisfactorily performance by CONTRACTOR and subject to the availability of funds for compensation payable for services performed and costs and expenses incurred, if any, beyond the initial term of this Contract. The CONTRACTOR agrees to notify the Contractor Coordinator of any delays in obtaining requested records or gaining access to the OHA and or LLC staff for interviews and/or questions.

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ATTACHMENT - S3

COMPENSATION

Project: Auditing Services
Description: Conduct Audit for Five (5) Fiscal Years (hereinafter "FY") for FY2012, FY2013, FY2014, FY2015 and FY2016

A. The OHA agrees to pay the CONTRACTOR, subject to the availability of funds, a maximum amount not to exceed FIVE HUNDRED THOUSAND AND NO/100 DOLLARS ($500,000.00) inclusive of all actual reasonable ordinary necessary costs and expenses, including general excise tax currently at the rate of 4.712% for services satisfactorily rendered under this Contract.

B. The fee shall be payable upon presentment of monthly invoices specifying to the satisfaction of the OHA's Contract Coordinator (hereinafter "Coordinator") and who is identified in Section Four of this Contract, that the services rendered have been performed in conformance with the Contract. The invoices shall include a detailed breakdown of CONTRACTOR's time charges attributable to the particular billing period and shall be supported by statements specifying the type of work activities, tasks, and/or work product completed. All reimbursable costs and expenses shall be actual reasonable ordinary necessary costs and/or expenses incurred in conjunction with the services rendered under ATTACHMENT – S1 SCOPE OF SERVICES herein and shall be approved by the Coordinator. The Coordinator's written approval shall also be required prior to CONTRACTOR's incurring any exceptional costs and/or expenses.

C. The CONTRACTOR shall obtain advance written approval from the Coordinator for travel. Travel shall be by the most economical means consistent with time available and the urgency of the trip. Travel accommodations shall be reasonable. The CONTRACTOR shall be entitled to reimbursement for airfare and stipend for meals and lodging at the rate not to exceed the current per diem afforded State of Hawai'i employees for similar travel. Subject to the approval of the Coordinator, other necessary reasonable expenses that meet certain stipulated conditions and are supported by receipts issued in the normal course of business may be allowed in addition to air transportation and stipend.

D. The OHA shall withhold TEN PERCENT (10%) equal to FIFTY THOUSAND AND NO/100 DOLLARS ($50,000.00) including general excise tax currently at the rate of 4.712% of the total Contract amount as the final payment under this Contract. Payment of the retained amount shall be made upon the completion and approval by the OHA of deliverables as stated in the payment.

E. Said withheld amount shall be subject to the CONTRACTOR's satisfactory reconciliation and submittal of all reports and tax clearances from the Director of Taxation and the Internal Revenue Service. Any debt owed to the State Department of

Taxation shall be offset first. The CONTRACTOR shall still be required to submit copies of valid tax clearances to the OHA within THIRTY (30) days of the termination date of this Contract. A certificate of vendor compliance issued by the Hawaii Compliance Express may be submitted in lieu of the tax clearance certificate.

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Office of Hawaiian Affairs
GENERAL CONDITIONS
(NON-GRANT GOODS AND SERVICES)
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1. COORDINATION AND REPORTS

The work performed under this Contract shall be coordinated with OHA's "head of purchasing agency" or Designee as listed in the Scope of Services (Attachment - S1) hereinafter referred to as "Coordinator", who will act as the contract monitor and principal liaison between the CONTRACTOR and OHA and who will assist in resolving policy questions, expediting decisions, and the review of the work performed.

It shall be the responsibility of the CONTRACTOR to maintain close and frequent communication with the Coordinator at all stages of the work required under this Contract. The CONTRACTOR shall inform the Coordinator of all scheduled contacts made by the CONTRACTOR with public agencies or individuals on matters relating to work performed under this Contract.

The CONTRACTOR shall submit to the Coordinator upon request written progress reports on the performance of services, expenditure reports, and/or any other information required by Coordinator. The CONTRACTOR shall submit these reports in the appropriate formats and within the deadlines specified by the Coordinator.

The CONTRACTOR may be requested to discuss any work or reports with OHA's Board of Trustees or Chief Executive Officer.

2. RECORDS MAINTENANCE, RETENTION, AND ACCESS

The CONTRACTOR shall, in accordance with generally acceptable accounting practices, maintain fiscal records and supporting documents and related files, papers and reports that adequately reflect all direct and indirect expenditures and management and fiscal practices related to the CONTRACTOR's performance of services under this Contract. OHA, the comptroller of the State of Hawai'i, and any of its authorized representatives, the committees (and their staff) of the Legislature of the State of Hawai'i, and the Legislative Auditor of the State of Hawai'i shall have the right of access to any book, document, paper, file or other record of the CONTRACTOR (and of any of its subcontractors) that is related to the performance of services under this Contract in order to conduct an audit or other examination or to make excerpts and transcripts for the purposes of monitoring and evaluating the CONTRACTOR's performance of services and the CONTRACTOR's program, management and fiscal practices to assure the proper and effective expenditure of funds under this Contract.

The right of access shall not be limited to the required retention period but shall last as long as the records are retained. The CONTRACTOR shall retain all records related to the CONTRACTOR's performance of services under this Contract at least THREE (3) years after the date of submission of the CONTRACTOR's final expenditure report, except that if any litigation, claim, negotiation, investigation, audit or other action involving the records has been

started before the expiration of the THREE (3) year period, the CONTRACTOR shall retain the records until completion of the action and resolution of all issues that arise from it, or until the end of the regular three-year retention period, whichever occurs later.

3. ADDITIONAL COMPENSATION AND PAYMENT TERMS

All costs and expenses shall be actual reasonable ordinary necessary costs and/or expenses incurred in conjunction with the services provided under SCOPE OF SERVICES herein and shall be approved by the Coordinator. The Coordinator's approval shall also be required prior to the CONTRACTOR incurring any exceptional costs and/or expenses.

Should inter-island or out-of-state travel be required, the CONTRACTOR shall obtain advance written approval from the Coordinator for such travel. Travel shall be by the most economical means consistent with time available and the urgency of the trip. Travel accommodations (airfare, subsistence and lodging) shall be reasonable considering all relevant circumstances. The CONTRACTOR shall be entitled to reimbursement for air fare and stipend for meals and lodging at a rate not to exceed the current per diem rates afforded State employees for similar type travel and shall be uniform and equitable for all travelers in all cases. Subject to the approval of the Coordinator, other necessary reasonable expenses which meet certain stipulated conditions which OHA shall make known to the CONTRACTOR and are supported by receipts issued in the normal course of business may be allowed in addition to airfare and stipend. The CONTRACTOR shall submit a written reimbursement request, certified by the CONTRACTOR to be the actual travel costs and expenses incurred in conjunction with the Scope of Services herein, to the Coordinator for Coordinator's review and approval. Each reimbursement request shall be accompanied by original receipts/invoices evidencing the actual expenditures incurred for which reimbursement is being claimed. Photocopies or faxed copies of receipts or invoices may be acceptable in exceptional circumstances when properly justified in writing. Credit card receipts are unacceptable for purposes of reimbursement herein.

Fees shall be payable as described in this section with incremental payments and final payment to be made upon presentment of original invoices specifying to the satisfaction of OHA's Coordinator, who is identified in Scope of Services (Attachment - S1) of this Contract, the amount due and owing and certifying that the services requested under the Contract have been satisfactorily performed in conformance with this Contract. Each invoice shall include a detailed breakdown of the CONTRACTOR's time charges attributable to the particular billing period and shall be accompanied by a written activity report as required by OHA identifying the type of work activities, tasks, and/or work product completed. Original receipts evidencing actual costs and expenditures shall accompany each monthly invoice presented for payment whenever possible. Expenditure details and related original receipts for any travel shall be for actual travel expenses incurred and shall also accompany monthly invoices presented for payment.

All payments shall be made in accordance with and subject to Chapter 40, HRS, which specifies the accounting procedures and controls applicable to payments out of the Treasury of the State of Hawai'i. Final payment in final settlement of this Contract shall be subject to §103-53 and 103D-328, Hawai'i Revised Statutes (HRS), as amended, respectively which requires a tax clearance from the Director of Taxation, State of Hawai'i, stating that all delinquent taxes, if any levied or accrued under state statutes against the CONTRACTOR has been paid.

Upon termination of this Contract, payments under this section shall cease, provided however, that the CONTRACTOR shall be entitled to payments for work performed prior to the date of termination, provided hereinafter, and for which the CONTRACTOR has not yet been paid.

4. OTHER CONDITIONS OF USE OF FUNDS

The CONTRACTOR shall not use any funds involved in this Contract for purposes of entertainment or perquisites and shall comply with any and all conditions applicable to the funds to be paid under this Contract, including those conditions made applicable by provisions of appropriation acts of the Legislature or by administrative rules adopted pursuant to law.

5. RESPONSIBILITY FOR ACCURACY, COMPLETENESS, AND ADEQUACY

The CONTRACTOR shall be responsible and accountable for accuracy, completeness, clarity, and adequacy of the work performed including work performed by agents and employees and any subcontractors the CONTRACTOR may retain with OHA's approval. The CONTRACTOR agrees to perform the work in a professional manner with a professional attitude that shall involve a personal desire to place the OHA's interest above other considerations and to accept the professional responsibility for the services to be rendered.

6. INDEPENDENT CONTRACTOR STATUS AND RESPONSIBILITIES, INCLUDING TAX RESPONSIBILITIES

In the performance of the services required under this Contract, the CONTRACTOR shall be an "independent contractor" with the authority to control and direct the performance and details of the work and services required under this Contract; however, OHA shall have a general right to inspect the work in progress to determine whether, in OHA's opinion, the services are being performed by the CONTRACTOR in accordance with the provisions of this Contract. The CONTRACTOR shall insure that all person(s) hired or used by the CONTRACTOR as agents and employees are experienced and fully qualified to engage in the activity and services in which they participate. The CONTRACTOR's agents and employees shall also be bound by the provisions of this Contract. At the request of OHA, the CONTRACTOR shall provide adequate evidence that such persons are the CONTRACTOR's agents or employees.

Any work under this Contract shall not be construed as employment with OHA and shall not entitle the CONTRACTOR or the CONTRACTOR's agents and employees to vacation, sick leave, retirement, or other benefits afforded OHA employees.

The CONTRACTOR shall insure that all applicable licensing and operating requirements of the State, Federal, City and County governments and all applicable accreditation and other standards of quality generally accepted in the field of the CONTRACTOR's business activities are complied with and satisfactorily met.

The CONTRACTOR shall also be responsible for payment of all applicable federal, state, city and county taxes and fees which may become due and owing by the CONTRACTOR by reason of this Contract, including but not limited to, (i) income taxes, (ii) employment related fees, assessments, and taxes, and (iii) general excise taxes. The CONTRACTOR also is responsible for obtaining all licenses, permits, and certificates that may be required in order to perform this Contract.

The CONTRACTOR shall also be responsible for securing all employee-related insurance coverage for the CONTRACTOR and the CONTRACTOR's employees and agents that is or may be required by law, and for payment of all premiums, costs, and other liabilities associated with securing the insurance coverage.

The CONTRACTOR shall obtain a general excise tax license from the Department of Taxation, State of Hawai'i, in accordance with section 237-9, HRS, and shall comply with all requirements thereof. The CONTRACTOR shall obtain a tax clearance certificate from the Director of Taxation, State of Hawai'i, and the Internal Revenue Service, U. S. Department of the Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid and submit the same to OHA prior to commencing any performance under this Contract. The CONTRACTOR shall also be solely responsible for meeting all requirements necessary to obtain the tax clearance certificate required for final payment under sections 103-53 and 103D-328, HRS, and paragraph 3 of these General Conditions.

The CONTRACTOR shall also obtain a certificate of compliance issued by the Department of Labor and Industrial Relations, State of Hawai'i and a certificate of good standing issued by the Department of Commerce and Consumer Affairs, State of Hawai'i, in accordance with section 103D-310, HRS, and section 3-122-112, Hawai'i Administrative Rules (HAR), respectively, that is current within six months (two months for final payment) of the date of issuance.

In lieu of the above certificates from the Department of Taxation, the Department of Labor and Industrial Relations, and the Department of Commerce and Consumer Affairs, the CONTRACTOR may submit proof of compliance through the State Procurement Office's designated certification process, Hawai'i Compliance Express.

7. SUBCONTRACTS AND ASSIGNMENTS

The CONTRACTOR shall not subcontract, assign, or transfer any right, title, interest, duties or obligations or any services to be performed under this Contract, in whole or in part, without prior written consent and approval of OHA. OHA may condition any consent and approval upon such terms and provisions that OHA may deem necessary. Furthermore, no assignment of claims for money due or to become due to the CONTRACTOR under this Contract shall be effective unless such assignment is first approved by OHA.

8. INDEMNIFICATION AND INJURIES

The CONTRACTOR shall defend, indemnify and hold harmless OHA, its Trustees, officers, employees and agents, from and against any and all liability, loss, damage, cost, expense, including all attorneys' fees, claims, suits, demands and judgments arising, either directly or indirectly, out of or resulting from the errors, omissions or acts of CONTRACTOR or CONTRACTOR's officers, employees, agents or subcontractors occurring during or in connection with the performance of CONTRACTOR's services under this Contract. Furthermore, nothing herein contained shall excuse the CONTRACTOR from compliance with any State, Federal or County law, rule, regulation, or ordinance. The provisions of this paragraph shall remain in full force and effect notwithstanding the expiration or early termination of this Contract.

The CONTRACTOR intentionally, voluntarily, and knowingly assumes the sole and entire liability for any of its agents and employees, and to third parties for all loss, cost, damage, or injury caused, either directly or indirectly, by CONTRACTOR or CONTRACTOR's agents and employees in the course of their employment.

The CONTRACTOR waives any rights to recovery from OHA for any injuries that the CONTRACTOR or CONTRACTOR's employees or agents may sustain while performing services under this Contract and that are a result of the negligence of CONTRACTOR or CONTRACTOR's employees or agents.

Should OHA, without any fault on its part, be made a party to any litigation commenced by or against the CONTRACTOR, the CONTRACTOR shall, in connection with this Contract, pay all costs and expenses incurred by or imposed on OHA, including attorneys' fees.

9. INSURANCE

A. INSURANCE REQUIREMENT: At all times during the term of this Contract, CONTRACTOR shall obtain and maintain in full force and effect, any and all insurance to cover CONTRACTOR's operations under this Contract that may be required under all applicable federal, state, and city laws and ordinances including, but not limited to, worker's compensation coverage, commercial general liability insurance, and automobile liability insurance coverage.

Prior to commencing work pursuant to this Contract, the CONTRACTOR shall provide evidence that the CONTRACTOR has in full force and effect the following policies:

1. Commercial Liability Insurance: The CONTRACTOR shall maintain commercial general liability (CGL) and if necessary commercial umbrella insurance with a limit of not less than $1,000,000.00 per occurrence and $ 2,000,000.00 general aggregate. OHA shall be included as an insured under the CGL, using ISO additional insured endorsement CG 20 10 (or equivalent), and under the commercial umbrella, if any. Policy shall be an "Occurrence" form of policy, unless otherwise specifically approved by OHA.

2. Automobile Liability Insurance: Automobile Liability Policy shall have a combined single limit of $1,000,000.00 for each accident or equivalent and shall cover owned, hired, and non-owned vehicles.

3. Workmen's Compensation Coverage: Policy shall include coverage required by State of Hawai'i and include Part B coverage as follows: Employers Liability with limits of $100,000.00 for each accident, $500,000.00 disease policy limit, and $100,000.00 disease policy limit per employee.

4. Professional Liability Insurance: CONTRACTOR shall maintain professional liability insurance (PU) with a limit of not less than $1,000,000.00 per occurrence and $2,000,000.00 general aggregate which shall provide coverage for losses as a result of the CONTRACTOR's negligent acts, errors or omissions.

5. Other insurance as required by OHA.

B. OTHER TERMS. All policies of insurance described above shall:

1. Name the State of Hawai'i, OHA and its Trustees, OHA's employees, representatives and agents as Additional Insureds, by endorsement.

2. Provide that the insurance is Primary with respect to all insureds for claims arising out of the CONTRACTOR's negligent acts and/or omissions or misconduct, and that any insurance (or self-insurance) carried by OHA or the State of Hawai'i shall be excess and non-contributing.

3. Be provided by insurers authorized to do business in the State of Hawai'i, and with a current Best's rating of not less than A-VII, or otherwise as approved by OHA.

C. EVIDENCE OF INSURANCE: The CONTRACTOR shall provide to OHA and maintain current certificates of insurance, prepared by a duly authorized agent, and copies of the policies, evidencing the insurance in effect at all times during the term of this Contract. OHA shall be listed as the Certificate Holder on all such certificates.

D. NOTICE OF CANCELLATION: The CONTRACTOR, through its insurance broker, will provide OHA with THIRTY (30) days written notice prior to cancellation, termination, lapse, non-renewal or material change to the insurance policy.

E. Should any of the insurance required above be cancelled before the CONTRACTOR's work under this Contract is complete as determined by OHA, the CONTRACTOR shall immediately procure replacement insurance that complies in all respects to the requirements of this section.

F. Nothing in the insurance requirements of this Contract shall be construed as limiting the extent of CONTRACTOR's responsibility for payment of damages resulting from its operations under this Contract including the CONTRACTOR's separate and independent duty to defend, indemnify, and hold OHA, its Trustees, officers, employees and agents harmless pursuant to other provisions of this Contract.

10. CONFIDENTIALITY OF MATERIAL

Any information, data, report, record or material given to or prepared or assembled by CONTRACTOR under this Contract shall be confidential and shall not be made available to any individual or organization by CONTRACTOR without prior written approval of OHA. This shall also include requests tendered to CONTRACTOR by individuals and organizations pursuant to Chapter 92F, Uniform Information Practices Act, Hawai'i Revised Statutes, as amended; provided however, that such documents that are otherwise by law made public, shall not be subject to this provision. In addition, no information data, report, record or material given to or prepared or assembled by CONTRACTOR shall be used by the CONTRACTOR for his or her personal gain and/or for any other purposes, except those purposes explicitly stated in this Contract. A violation of this Section shall be a material violation of this Contract.

If it appears that CONTRACTOR has disclosed (or has threatened to disclose) information and or has used such information for purposes in violation of this Contract, OHA shall be entitled to an injunction to restrain CONTRACTOR from disclosing and/or using, in whole or in part, such information, or from providing any services to any party to whom such information has been disclosed or may be disclosed. OHA shall not be prohibited by this provision from pursuing other remedies, including a claim for losses and damages.

The confidentiality provisions of this Contract shall remain in full force and effect after termination of this Contract.

11. CONFLICT OF INTEREST AND DISCLOSURE

The CONTRACTOR represents that the CONTRACTOR or any employee or agent of the CONTRACTOR presently has no interest and/or has no interest in another company, corporation, partnership, joint venture, organization, or entity of similar type and nature, direct or indirect, that would conflict in any manner or degree with the performance of the services under

this Contract. The CONTRACTOR promises that he/she shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of the services under this Contract.

The CONTRACTOR is required to disclose any outside activities or interests, including ownership or participation in any activity that conflict or may conflict with the best interest of OHA. Prompt disclosure is required under this section if the activity or interest is related, directly or indirectly, to any activity that the CONTRACTOR may be involved with on behalf of OHA.

The conflict of interest/disclosure provisions of this Contract shall remain in full force and effect for the entire duration of this Contract and/or extensions under this Contract.

12. RETURN OF RECORDS/PROPERTY OF OHA

Upon expiration or termination of this Contract, as provided hereinafter, the CONTRACTOR shall deliver and/or surrender all finished or unfinished documents, reports, summaries, lists, charts, graphs, maps, records, notes, data, memorandum, photographs, photographic negatives, videos, or other materials prepared by the CONTRACTOR and any discoveries, inventions or developments produced in whole or in part under this Contract (which shall become OHA's property) together with all information, data, reports, records, maps, and other materials provided to the CONTRACTOR by OHA, to OHA on or before the expiration date or date of sooner termination. OHA shall have complete ownership of all material, both finished and unfinished that is developed, prepared, assembled, or conceived by the CONTRACTOR pursuant to this Contract, and all such material shall be considered "works made for hire." OHA, in its sole discretion, shall have the exclusive right to copyright any product, concept, or material developed, prepared, assembled, or conceived by the CONTRACTOR pursuant to this Contract. The CONTRACTOR shall not be required, however, to deliver or surrender any licenses to proprietary software used in CONTRACTOR's normal course of business.

13. DISPUTES

Disputes shall be resolved in accordance with section 103D-703, HRS, and chapter 3-126, HAR, as the same may be amended from time to time. To the extent not inconsistent with the above, the CONTRACTOR and OHA also agree to the following.

NEGOTIATION. In the event of any dispute, claim, question, or disagreement arising out of or relating to this Contract or the breach, termination, or validity thereof, OHA and the CONTRACTOR agree to use their best efforts to settle such dispute, claim, question, or disagreement. To this effect, upon notice of the dispute, claim, question or disagreement, OHA and the CONTRACTOR agree to consult and negotiate with each other in good faith to reach a just and mutually satisfactory solution.

MEDIATION. If OHA and the CONTRACTOR do not reach a negotiated solution within TWENTY-ONE (21) days of written notice of the dispute, claim, question or disagreement, OHA and the CONTRACTOR agree next to try in good faith to settle the dispute by mediation before resorting to arbitration. The mediation shall be administered by a mediator mutually agreed upon by OHA and the CONTRACTOR in accordance with the Dispute Prevention and Resolution, Inc., Mediation Rules and Guidelines.

ARBITRATION. Thereafter, any unresolved dispute, claim, question or disagreement arising out of or relating to this Contract (including whether such dispute, claim, question or disagreement is arbitral), or breach, termination or validity thereof, shall be settled by binding arbitration before one arbitrator, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitration shall be administered and conducted in accordance with the Dispute Prevention and Resolution, Inc., Arbitration Rules and Guidelines in effect at the time a request for arbitration of the dispute is made. A decision and award of the arbitration made under the said rules shall be exclusive, final, and binding upon all parties, their agents, employees, successors, and assigns. The costs and expenses of the arbitration shall be borne equally by the parties. Pending final decision of a dispute hereunder, the CONTRACTOR shall proceed diligently with the performance of services under this Contract. The selection of the arbitrator shall be mutually agreed to by OHA and the CONTRACTOR. OHA and the CONTRACTOR understand that by choosing arbitration for its dispute, OHA and CONTRACTOR are waiving its right to trial by jury.

The negotiation, mediation, or arbitration shall be conducted in Honolulu, Hawai'i.

14. TERMINATION OF CONTRACT

If, for cause, the CONTRACTOR fails to satisfactorily fulfill in a timely and proper manner the CONTRACTOR's obligation under this Contract or breaches any promises, terms or conditions of this Contract and having been given reasonable notice of an opportunity to cure any such default and not having taken satisfactory corrective action with the time specified by OHA, OHA shall have the right to terminate this Contract by giving written notice to the CONTRACTOR of such termination at least SEVEN (7) calendar days before the effective date of such termination. The particular acts which shall constitute cause and justify termination include but are not limited to poor performance, disloyalty or self-dealing, disclosure of confidential information, or other acts of similar kind and nature. Furthermore, OHA may terminate this Contract in whole or in part, for the convenience of OHA without statement of cause at any time by giving written notice to the CONTRACTOR of such termination and the effective date of the termination.

In the final settlement of this Contract, OHA shall determine the amount of unexpended and unobligated funds to be refunded to OHA by the CONTRACTOR. If the termination is for cause, any other provision to the contrary notwithstanding, the CONTRACTOR shall not be

relieved of liability to OHA for damages sustained because of any breach of this Contract by the CONTRACTOR.

15. WAIVER OF VIOLATIONS

It is expressly understood and agreed that no waiver granted by OHA on account of any violation of any promise, term, or condition of this Contract shall constitute or be construed in any manner as a waiver of the promise, term, or condition or of the right to enforce the same as to any other or further violation.

16. SEVERABILITY

If any provision of this Contract shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Contract is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision shall be deemed to be written, construed and enforced as so limited.

17. WAIVER OF CONTRACTUAL RIGHT

The failure of either party to enforce, or the granting of a waiver of, any provision of this Contract shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Contract.

18. AMENDMENT

This Contract may be modified, amended or extended, if the amendment is made in writing and is signed by both parties. This Contract may be extended on condition of satisfactory performance by the CONTRACTOR as determined by the Coordinator and shall be contingent upon the availability of funds for compensation payable for services performed and for cost and expenses incurred beyond the initial term of this Contract.

19. ENTIRE CONTRACT

This Contract contains the entire Contract of the parties and there are no other promises or conditions in any other Contract whether oral or written relative to this Contract. This Contract supersedes any prior written or oral Contracts, conditions, understandings, promises, warranties or representations whether express or implied between parties.

20. APPLICABLE LAW

This Contract shall be governed by the laws of the State of Hawai'i. Any action at law or in equity to enforce or interpret the provisions of this Contract shall be brought in a state court of competent jurisdiction in Honolulu, Hawai'i.

ATTACHMENT - S5

SPECIAL CONDITIONS

Project: Auditing Services
Description: Conduct Audit for Five (5) Fiscal Years (hereinafter "FY") for FY2012, FY2013, FY2014, FY2015 and FY2016

I. Sections 1,8,9,10 and 12 of ATTACHMENT – S4 General Conditions effective January 26, 2016 are hereby amended and shall read as follows:

1. COORDINATION AND REPORTS

The work performed under this Contract shall be coordinated with OHA's Chairperson of the Resource Management Committee of the Board of Trustees (hereinafter referred to as "Coordinator") who shall be assisted by the Vice Chairperson of that Committee. The Coordinator with the assistance of the Vice Chairperson, will act as the contract monitor and the principal liaison between the CONTRACTOR and OHA and will assist in resolving policy questions, expediting decisions, and the review of the work performed.

It shall be the responsibility of the CONTRACTOR to maintain close and frequent communication with the Coordinator at all stages of the work required under this Contract. The CONTRACTOR shall inform the Coordinator of all scheduled contacts made by the CONTRACTOR with public agencies or individuals on matters relating to work performed under this Contract.

The CONTRACTOR shall submit to the Coordinator upon request written progress reports on the performance of services, expenditure reports, and/or any other information required by Coordinator. The CONTRACTOR shall submit these reports in the appropriate formats and within the deadlines specified by the Coordinator.

The CONTRACTOR may be requested to discuss any work or reports with OHA's Board of Trustees.

8. INDEMNIFICATION AND INJURIES

The CONTRACTOR shall defend, indemnify and hold harmless OHA, its Trustees, officers, employees and agents, from and against any and all liability, loss, damage, cost, expense, including all attorneys' fees, claims, suits, demands and judgments arising, either directly or indirectly, out of or resulting from the errors, omissions or other wrongful acts of CONTRACTOR or CONTRACTOR's officers, employees, agents or subcontractors occurring during or in connection with the

performance of CONTRACTOR's services under this Contract. Furthermore, nothing herein contained shall excuse the CONTRACTOR from compliance with any State, Federal or County law, rule, regulation, or ordinance. The provisions of this paragraph shall remain in full force and effect notwithstanding the expiration or early termination of this Contract.

The CONTRACTOR intentionally, voluntarily, and knowingly assumes the sole and entire liability for any of its agents and employees, and to third parties for all loss, cost, damage, or injury caused, either directly or indirectly, by CONTRACTOR or CONTRACTOR's agents and employees in the course of their employment.

The CONTRACTOR waives any rights to recovery from OHA for any injuries that the CONTRACTOR or CONTRACTOR's employees or agents may sustain while performing services under this Contract and that are a result of the negligence of CONTRACTOR or CONTRACTOR's employees or agents.

Should OHA, without any fault on its part, be made a party to any litigation commenced by or against the CONTRACTOR, the CONTRACTOR shall, in connection with this Contract, pay all costs and expenses incurred by or imposed on OHA, including attorneys' fees.

9. INSURANCE

A. INSURANCE REQUIREMENT: At all times during the term of this Contract, CONTRACTOR shall obtain and maintain in full force and effect, any and all insurance to cover CONTRACTOR's operations under this Contract that may be required under all applicable federal, state, and city laws and ordinances including, but not limited to, worker's compensation coverage, commercial general liability insurance, and automobile liability insurance coverage. Prior to commencing work pursuant to this Contract, the CONTRACTOR shall provide evidence that the CONTRACTOR has in full force and effect the following policies:

1. Commercial Liability Insurance: The CONTRACTOR shall maintain commercial general liability (CGL) and if necessary commercial umbrella insurance with a limit of not less than $1,000,000.00 per occurrence and $ 2,000,000.00 general aggregate. OHA shall be included as an insured under the CGL, using ISO additional insured endorsement CG 20 10 (or equivalent), and under the commercial umbrella, if any. Policy shall be an "Occurrence" form of policy, unless otherwise specifically approved by OHA.

2. Automobile Liability Insurance: Automobile Liability Policy shall have a combined single limit of $1,000,000.00 for each accident or equivalent and shall cover owned, hired, and non-owned vehicles.

3. Workmen's Compensation Coverage: Policy shall include coverage required by State of Hawai'i and include Part B coverage as follows: Employers Liability with limits of $100,000.00 for each accident, $500,000.00 disease policy limit, and $100,000.00 disease policy limit per employee.

4. Professional Liability Insurance: CONTRACTOR shall maintain professional liability insurance with a limit of not less than $1,000,000.00 per occurrence and $2,000,000.00 general aggregate which shall provide coverage for losses as a result of the CONTRACTOR's negligent acts, errors or omissions.

5. Other insurance as required by OHA.

B. OTHER TERMS. All policies of insurance described above shall:

1. Name the State of Hawai'i, OHA and its Trustees, OHA's employees, representatives and agents as Additional Insureds except for Professional Liability Insurance, by endorsement.

2. Provide that the insurance is Primary with respect to all insureds for claims arising out of the CONTRACTOR's negligent acts and/or omissions or misconduct, and that any insurance (or self-insurance) carried by OHA or the State of Hawai'i shall be excess and noncontributing.

3. Be provided by insurers authorized to do business in the State of Hawai'i, and with a current Best's rating of not less than A-VII, or otherwise as approved by OHA.

C. EVIDENCE OF INSURANCE: The CONTRACTOR shall provide to OHA and maintain current certificates of insurance, prepared by a duly authorized agent, and copies of the policies, evidencing the insurance in effect at all times during the term of this Contract. OHA shall be listed as the Certificate Holder on all such certificates.

D. NOTICE OF CANCELLATION: The CONTRACTOR, through its insurance broker, will provide OHA with THIRTY (30) days written notice prior to cancellation, termination, lapse, non-renewal or material change to the insurance policy.

E. Should any of the insurance required above be cancelled before the CONTRACTOR's work under this Contract is complete as determined by OHA, the CONTRACTOR shall immediately procure replacement insurance that complies in all respects to the requirements of this section.

F. Nothing in the insurance requirements of this Contract shall be construed as limiting the extent of CONTRACTOR's responsibility for payment of damages resulting from its operations under this Contract including the CONTRACTOR's separate

and independent duty to defend, indemnify, and hold OHA, its Trustees, officer s, employees and agents harmless pursuant to other provisions of this Contract.

10. CONFIDENTIALITY OF MATERIAL:

Any information, data, report, record or material given to or prepared or assembled by CONTRACTOR under this Contract shall be confidential and shall not be made available to any individual or organization by CONTRACTOR without prior written approval of OHA or as required by law. This shall also include requests tendered to CONTRACTOR by individuals and organizations pursuant to Chapter 92F, Uniform Information Practices Act, Hawai'i Revised Statutes, as amended; provided however, that such documents that are otherwise by law made public, shall not be subject to this provision. In addition, no information data, report, record or material given to or prepared or assembled by CONTRACTOR shall be used by the CONTRACTOR for his or her personal gain and/or for any other purposes, except those purposes explicitly stated in this Contract. A violation of this Section shall be a material violation of this Contract. All information, data, report, record or material given to, or prepared, or assembled by CONTRACTOR under this Contract shall remain the property of OHA and shall be returned to OHA at the conclusion of this engagement.

If it appears that CONTRACTOR has disclosed (or has threatened to disclose) information and or has used such information for purposes in violation of this Contract, OHA shall be entitled to seek an injunction to restrain CONTRACTOR from disclosing and/or using, in whole or in part, such information, or from providing any services to any party to whom such information has been disclosed or may be disclosed. OHA shall not be prohibited by this provision from pursuing other remedies, including a claim for losses and damages. The confidentiality provisions of this Contract shall apply to the CONTRACTOR, its employees and agents. CONTRACTOR shall ensure its employees and agents review and expressly agree to be bound by these confidentiality provisions before any work is performed pursuant to this Contract. The confidentiality provisions of this Contract shall remain in full force and effect after termination of this Contract.

12. RETURN OF RECORDS/PROPERTY OF OHA

Upon completion of the services under this Contract, the CONTRACTOR shall deliver to OHA a final report containing relevant schedules and exhibits to support the conclusions made by the CONTRACTOR. It is understood that the final report will include a detailed account of the work performed and results of testing, including findings and recommendations. OHA shall have complete ownership of the final report and its schedules and exhibits, and all such material shall be considered "works made for hire." If this Contract is terminated for convenience or cause prior to the completion of CONTRACTOR's scope of work, at the request of OHA, the CONTRACTOR will make available for review by any successor firm hired by OHA all finished or unfinished documents, reports, summaries, lists, charts, graphs, maps, records, notes, data, memorandum, photographs, photographic negatives, videos, or other materials prepared by CONTRACTOR pursuant to this Contract. The successor firm will not be permitted to

take copies of any documents created or prepared by CONTRACTOR without the CONTRACTOR's prior permission. All hours incurred by CONTRACTOR to comply with the terms of this section will be billable to OHA at the CONTRACTOR's standard billing rates, subject to the fee limits identified in Attachment S3 - Compensation.

II. Except as amended in this Attachment - S5 Special Conditions, all of the terms, and conditions set forth in Attachment S4 General Conditions shall remain unchanged and in full force and effect.

III. In the event of a conflict between Attachment – S4 General Conditions and the Attachment – S5 Special Conditions, the Special Conditions shall prevail.

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CliftonLarsonAllen

CliftonLarsonAllen LLP
2210 Route 66 East
Glendora, CA 91740
626-857-7300
CLAconnect.com

PROPOSAL B-3

Proposal B-3 includes the procedures outlined in SOQ No. RM 2017-35; however, we have eliminated the dollar and percentage thresholds presented in RM#17-02. Instead, CLA is proposing that a smaller sample of contracts and disbursements be selected for testing based on the development of a detailed understanding of the OHA's/LLC's processes and procedures and data analytics performed on the financial activity of the OHA/LLCs. This approach will allow CLA to identify the areas and transactions that are of higher-risk to the organizations and select a sample for testing based on those risks. We believe this approach will have the following benefits compared to Proposal A:

- Reduced volume of testing which will save costs and time for the OHA and LLCs
- Will focus on those areas and transactions of higher risk to the organizations
- Will still allow for CLA to address the areas of concern expressed by the OHA, which includes 1) the identification of possible fraud, waste, and abuse and 2) the development of recommendations on organizational, structural, and procedural improvements to strengthen the BOT's fiduciary responsibility of the OHA and its LLCs

This proposal limits the volume of testing to achieve the dollar limit requested by the OHA of approximately $500,000.

Estimated Hours and Costs:[1]

Proposal B-3: Reduced Quantity Scope		
Description	**Total Estimated Hours**	**Total Estimated Cost**
Testing of OHA transactions	861	$ 246,580
Testing of LLC transactions	354	81,090
Project oversight, meetings, status briefings	180	49,840
Report of findings and recommendations	346	86,360
Travel: 50% of actual travel time	130	38,773
Subtotal of professional hours	1,871	$ 502,643
Travel: out-of-pocket costs	N/A	31,470
Total with hours and travel costs	1,871	$ 534,113
Less Estimated Professional Discount:		(34,113)
OHA's Not-to-Exceed Cost:		$ 500,000
Estimated blended rate (excludes OOP travel costs):		$ 267

[1] CLA will be responsible for paying General Excise Tax to the state of Hawaii, and this cost will not be billed to the OHA.

Estimated total contracts tested:[2]

- OHA – 80
- LLCs – 30

Estimated total disbursements tested (in addition to disbursements tested as part of contracts):[3]

- OHA – 50
- LLCs - 25

Detailed Scope of Work:

1) The Consultant shall develop and apply such audit procedures as necessary to identify and quantify potential areas of waste, abuse, and fraud in the procurement of professional as well as other disbursements of funds. Any applicable audit materiality limits be determined in conjunction with the Consultant and specified within the contract.

2) The audit period of review shall be for five (5) fiscal years, specifically state Fiscal Year (hereinafter "FY") 2012, FY2013, FY 2014, FY 2015 and FY2016.[4] The Consultant shall conduct an audit for the OHA and its LLCs in accordance with the standards established by the AICPA and GAS. The audit shall include procedures for the following:
   a) Identifying potential areas of fraud, waste, and abuse, which are defined as such:[5]
      i) Fraud –a type of illegal act involving the obtaining of something of value through willful misrepresentation. Whether an act is, in fact, fraud is a determination to be made through the judicial or other adjudicative system and is beyond the auditor's professional responsibility.[6]

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[2] A contract and its related amendments will be counted as one contract to the extent that the contract and its amendments are identified under one contract number. Separate contracts with the same vendor will be counted as unique and separate contracts if they are identified with a new contract number and not an amendment number.

[3] The quantity of total disbursements identified here for testing is in addition to disbursements tested as part of the contract testing. The total number of disbursements tested as part of the contract testing will depend on the number of disbursements issued per contract. In some cases, CLA may test only a sample of disbursements pertaining to a contract. The objective of the disbursement testing will be to identify and test disbursements not related to contracts.

[4] For more thorough coverage within a particular fiscal year, the OHA may opt to conduct the testing for only three fiscal years (FY2013, FY2014, and FY2015).

[5] CLA's procedures will be designed to detect and identify possible fraud, waste, and abuse; however, we cannot provide absolute assurance that all instances of fraud, waste, and abuse will be identified. The scope of this engagement is not to conduct an investigation of potential fraud if any indicators of fraud are identified. Investigative procedures, which will not be performed as part of this engagement, may include, but are not limited to, undercover procedures, interviews of vendors or other third-parties/individuals external to the OHA/LLCs, review of vendor files solely in the possession of a vendor (such as payroll files), etc. To the extent that information is identified during the scope of this engagement that indicates a possibility of fraud, waste, or abuse, CLA will include in its report the information identified and possible next steps should the OHA decide to conduct an investigation as part of a separate scope of work.

[6] CLA's procedures will be designed to detect red flags of fraud and transactions that appear questionable. However, CLA cannot render an opinion as to the existence of fraud. Additionally, fraud and irregularities by their very nature are most often hidden, and no absolute assurance can be given that all such matters will be detected. Our engagement cannot be relied upon to disclose any irregularities or illegal acts, including fraud, which may exist.

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ii) Waste –involves not receiving reasonable value for money in connection with any government funded activities due to an inappropriate act or omission by actors with control over or access to government resources (e.g. executive, judicial, or legislative branch employees, grantees, or other recipients). Importantly, waste goes beyond fraud and abuse and most waste does not involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight.

iii) Abuse–involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate. Abuse does not necessarily involve fraud, violation of laws, regulations, or provisions of a contract or grant agreement.

b) Inspecting financial transactions for compliance with all applicable statutory requirements and internal policies, and confirm that such transactions are free from fraud, misstatements, and misrepresentations; and

c) Providing recommendations on organizational, structural and procedural improvement to strengthen the BOT's fiduciary oversight of the OHA and its LLCs.

3) For the OHA, the Consultant shall develop and apply specific audit procedures to inspect transactions for the following areas:
   a) Contracts:[7]
      i) Approval and execution in accordance with HRS Chapter 103D Hawai'i Procurement Code, and HRS Chapter 84 Standards of Conduct, and the OHA's applicable internal policies and procedures;
      ii) Sufficiency of contract oversight provided appropriately by the assigned contract manager/monitor;[8]
      iii) Deliverables were met by the contractor;[9] and
      iv) No fraudulent or wasteful disbursements were made.[10]

---

[7] Contracts will include vendor contracts, other contracts for professional services and/or goods, and grant agreements awarded by the OHA. Contracts will exclude all payroll and employee benefit related contracts and/or agreements.

[8] In order to test this area, CLA will need to interview the contract manager(s) responsible for each contract. To the extent a contract manager no longer works for the OHA, CLA may be limited in its ability to fully assess this area for each contract. Additionally, if oversight procedures are not documented in writing, CLA will be limited to relying on verbal statements made by the contract manager(s).

[9] CLA's analysis and conclusions for this area may be limited depending on the services or products being provided in each contract. CLA representatives are not subject matter experts for all goods and services; therefore, we will be limited to verifying whether the vendor/contractor delivered a product based on the deliverables outlined in the contract. To the extent possible, CLA will inquire with staff of the OHA to determine whether the deliverables met the expectation(s) of staff.

[10] CLA's procedures will be designed to detect and identify possible fraud, waste, and abuse; however, we cannot provide absolute assurance that all instances of fraud, waste, and abuse will be identified.

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b) All other disbursements of funds, including but not limited to those disbursements made under the following OHA policies and funds: Hawaii Direct Investment Policy, Native Hawaiian Trust Fund Spending Policy, and the Fiscal Reserve Withdrawal Guidelines, Trustee Sponsorship and Annual Allowance Fund; but excluding payroll and Native Hawaiian Trust Fund transactions of marketable securities:[11]
   i) Compliance with HRS Chapter 103D Procurement Code and HRS Chapter 84 Standards of Conduct and the OHA's applicable internal policies and procedures;
   ii) Compliance with budget restrictions; and
   iii) No fraudulent or wasteful disbursements were made.[10]

c) Annual reports to the BOT
   Sufficient internal controls are in place to ensure the integrity of the performance indicators as reported in the annual report to the BOT.

4) For the LLC's, the Consultant shall develop and apply specific audit procedures to inspect contracts, and other financial transactions for the following areas:

a) Contracts: [12]
   i) Sufficiency of contract/grant oversight provided appropriately by the assigned contract manager/monitor;
   ii) Deliverables were met by the contractor/grant recipient;[13]
   iii) Conflict of interest with LLC managers and directors;[14] and
   iv) No fraudulent or wasteful disbursements were made.[15]

b) All other disbursements of funds, excluding payroll:[16]
   i) Conflict of interest with LLC managers and directors;
   ii) Compliance with internal policies and procedures;[17] and

---

[11] All payroll and employee benefit related disbursements will be excluded from the scope of work.

[12] Contracts will include vendor contracts, other contracts for professional services and/or goods, and grant agreements awarded by the OHA. Contracts will exclude all payroll and employee benefit related contracts and/or agreements.

[13] In order to test this area, CLA will need to interview the contract manager(s) responsible for each contract. To the extent a contract manager no longer works for the respective LLC, CLA may be limited in its ability to fully assess this area for each contract. Additionally, if oversight procedures are not documented in writing, CLA will be limited to relying on verbal statements made by the contract manager(s).

[14] CLA will use interviews and, to the extent allowable by Hawaii state law, public record searches, to attempt to identify relationships that may present a possible conflict of interest between the LLC managers/directors and contractors. CLA will define a conflict of interest using the written policies and procedures of the OHA/LLCs that address conflict of interest (to the extent they exist), guidelines published by the Association of Certified Fraud Examiners (ACFE) and American Institute of Certified Public Accountants (AICPA), available legal authority within the state of Hawaii, and best business practices.

[15] CLA's procedures will be designed to detect and identify possible fraud, waste, and abuse; however, we cannot provide absolute assurance that all instances of fraud, waste, and abuse will be identified.

[16] All payroll and employee benefit related disbursements will be excluded from the scope of work.

[17] This step will include an analysis to assess compliance with the operating agreements between OHA and the related LLCs.

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iii) No fraudulent or wasteful disbursements were made.[15]

c) Quarterly reports to the BOT:
Sufficient internal controls are in place to ensure the integrity of the performance indicators as reported in the quarterly reports to the BOT.

5) Approval of additional services shall be at the discretion of the OHA BOT, and subject to the availability of funds.

Testing Parameters:

1) Contracts:
   a) CLA will select a sample of contracts to test based on a detailed understanding of the OHA's/LLC's policies and procedures and data analytics performed on the financial activity of the OHA/LLCs. The total number of contracts that will be tested is as follows:
      i) OHA – 80
      ii) LLCs - 30
   b) Contracts reviewed will include vendor contracts, other contracts for professional services or goods, and grant agreements awarded by the OHA.
   c) Contracts reviewed will not include payroll related contracts, including employment contracts and contracts related to employee benefits.
   d) Contracts reviewed will not include revenue-generating contracts of the OHA and the related LLCs.
   e) A contract and its related amendments will be counted as one contract to the extent that the contract and its amendments are identified under one contract number. Separate contracts with the same vendor will be counted as unique contracts if they are identified with a new contract number and not an amendment number.

2) Financial Transactions:
   a) CLA will select a sample of disbursements to test based on a detailed understanding of the OHA's/LLC's policies and procedures and data analytics performed on the financial activity of the OHA/LLCs. The total number of disbursements that will be tested is as follows:
      i) OHA – 50
      ii) LLCs - 25
   b) Financial transactions is herein defined as disbursements (e.g., checks, wire transfers, electronic fund transfers, etc.).
   c) Financial transactions excludes revenue/income related transactions of the OHA and the related LLCs.
   d) The selection of disbursements that will be tested will exclude disbursements already tested as part of the contract testing.

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Exhibit 02



Office of Hawaiian Affairs

FISCAL PROCEDURES MANUAL

June 2008

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List of Effective Page Change

Original publication date.....*June 1, 2008*

Change 1, page(s) 4, dated *August 19, 2008*
insert..... *pages 122a, 122b, 122c, 122d*
delete.....*section 2.3.2 PETTY CASH and the two paragraph following, page 122*
delete..... *figure 2.3.2.1., page 123*

Change 2, page(s) 17, dated January 7, 2009
replace..... *pages 61-64,93-94, 115-120*
replace..... *Tab 13, 2 pages*
insert..... *Tab 14, 3 pages*
replace..... *Tab 27, 1 page*
replace..... *Tab 28, 1 page*

Change 3, page(s) 31, dated March 2, 2009
replace..... *pages 49-52, 55-60, 69-72, 91-96, 101-108*
replace..... *Tab 13, 2 pages*
replace..... *Tab 14, 1 pages*

Fiscal Procedures Manual

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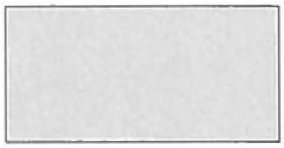
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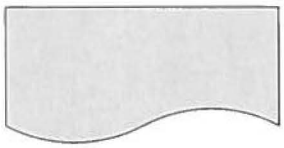
FLOW CHART KEY



Process



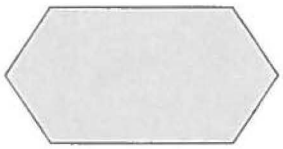
Predefined Process



Document



Decision



Preparation



Terminator

ACRONYMS

Accounting Check List (ACL)
American Institute of Certified Public Accountants (AICPA)
Asset Resource Management Committee (ARM)
Bank of Hawai'i (BOH)
Beneficiary, Advocate, and Empowerment Committee (BAE)
Budget Journal Entry (BJE)
Board of Trustees (BOT)
Community Based Economic Development (CBED)
Certified Public Accountant (CPA)
Chief Financial Officer (CFO)
Chief Procurement Officer (CPO)
Consumer Micro Loan Program (CMLP) (CRC)
Financial Accounting Standards Board (FASB)
Generally Accepted Accounting Principles (GAAP)
Government Accounting Standards Board (GASB)
General Fund Reimbursement Interface (FAMIS)
Hawai'i Administrative Rules (HAR)
Hawai'i Electronic Procurement System (HePS)
Hālawa-Luluku Interpretive Development (HLID)
Hawai'i Revised Statutes (HRS)
House Finance Committee (FIN)
Invitation for Bids (IFB)
Journal Voucher (JV)
Native Hawaiian Revolving Loan Fund (NHRLF)
Native Hawaiian Trust Fund (NHTF)
Office of Board Services (OBS)
OHA Office of Board Services (OBS)
Procurement Check List (PCL)
Purchasing Card Request & Authorization (PCRA) Procurement Reporting System (PRS)
Public Information Office (PIO)
Purchase Order (PO)
Purchase Requisition (PR)
Request for Proposal (RFP)
Request for Information (RFI)
Senate Ways and Means Committee (WAM)
State Department of Administration and General Services (DAGS)
Summary Warrant Voucher (SWV)
Travel Allowance Authorization (TAA) TOS Credit Collections Specialist (CCS)
Total Operating Budget (TOB)
Travel Order (TO)
Treasury and Other Services (TOS)
United States of America Generally Accepted Auditing Standards (US GAAS)

INTRODUCTION

PURPOSE

The purpose of this Fiscal Procedures Manual is to document the principles and procedures governing OHA's fiscal operations. The principles and procedures provide:

- A foundation for a system of internal controls
- Guidance in current financial operations
- Criteria for decisions to assure appropriate accounting treatment
- Direction and guidance in connection with those accounting transactions, procedures and reports that should be uniform throughout OHA

When consistently applied, these principles and procedures assure that the various financial statements issued by the agency accurately reflect the results of OHA's operations.

Internal controls provide a system of checks and balances intended to identify irregularities, prevent waste, fraud and abuse from occurring, preclude improper accounting practices, and assist in resolving discrepancies that are inadvertently introduced in the operations of the organization.

SCOPE

The Fiscal Procedures Manual is an official directive of the Administrator. It is published and maintained by the Chief Financial Officer as part of the general responsibility for OHA accounting policy assigned to the Treasury and Other Services (TOS) Hale.

RESPONSIBILITY

The procedures stated in this Fiscal Procedures Manual apply to all operations and activities at OHA. It is the responsibility of all managers to help implement and maintain the procedures specified in this Manual and to ensure all processes conform to these requirements.

It is the responsibility of all employees to follow procedures that implement these policies and to help strive for continuous improvement in all activities and processes of OHA. The goal is to make this Fiscal Procedures Manual as clear and useful as possible. All users are encouraged to contact the CFO with any suggestions for revising or improving the Manual.

MANAGEMENT RESPONSIBILITY

The OHA accounting department is part of the TOS Division and is headed by the Chief Financial Officer (CFO).

ACCOUNTING ORGANIZATION

Treasury and Other Services are organized into three main divisions: Finance and Treasury, General Accounting, and Operations. TOS Operations consists of the Internet Technology (IT) functions and will be covered under a separate manual. The organizational framework provides the foundation for coordinating and administrating the accounting management system. An overview of the roles and responsibilities of the accounting staff are provided and responsibilities specific to certain procedures and tasks are presented in the related procedures.

FINANCE AND TREASURY RESPONSIBILITIES

Finance & Treasury responsibilities are focused on cash management, treasury investments, and fund balances. The CFO is responsible to the Administrator for all long-range financial matters and establishing agency-wide financial and administrative objectives, policies, programs, and practices, which insure the agency maintains a continuously sound financial structure.

The Chief Financial Officer controls the flow of cash through the organization and maintains the integrity of funds, securities and accounting documents.

CONTROLLER RESPONSIBILITIES

The Controller directs accounting and control functions, reports the results of operations and controls the production schedule. The Controller is accountable to the CFO and supervises the general accounting, accounts payable, and accounts receivable staff.

ACCOUNTING STAFF RESPONSIBILITIES

Accounting staff responsibilities are focused on accurately documenting OHA's financial transactions, collecting all money owed to OHA, and responsibly disbursing money owed to vendors.

CHECK SIGNING AUTHORITY

BOT Policy Delegation of Signatory Authority to the Administrator[1] provides check signing authority to the Administrator who may further delegate this authority to an appropriate staff person. However, internal TOS controls shall be implemented to insure appropriate protections are in place to assure the integrity of trust assets. The Administrator's electronic signature is maintained by the Controller. It is stored on a computer in the Controller's office that is a secured room. Currently the Accounting Assistant III and Budget Analyst are the only staff members authorized to print checks. The Oracle Systems Administrator can authorize additional staff to print checks.

[1] BOT Policy Delegation of Signatory Authority to the Administrator, paragraph 3.10.k, page 24, approved November 2007.

MANAGEMENT COMMITMENT

Senior Management at OHA guides and directs the accounting management process through the development and implementation of this Fiscal Procedures Manual. Furthermore specific objectives are met through Management Review Meetings and by providing the resources needed to meet objectives for continually improving the effectiveness of agency's operations and accounting system.

The management team consisting of the Administrator and all Deputy Administrators and Hale Directors is responsible to ensure the accounting management system meets beneficiary as well as statutory and regulatory requirements

MANAGEMENT ACCOUNTING POLICY

OHA has established this Fiscal Procedures Manual that is appropriate to the organization and meets the practices of the Generally Accepted Accounting Principles (GAAP). This policy is communicated throughout OHA. Hale Directors and supervisors are responsible for ensuring their employees understand the policy and conform to it.

THE OHA ACCOUNTING POLICY

- It is the policy of OHA to design and produce financial statements in conformity with accounting principles generally accepted in the United States of America, which includes the application of relevant announcements issued by the Financial Accounting Standards Board (FASB) as well as the Government Accounting Standard Board (GASB).

- It is the policy of OHA to record transactions in accordance with federal and state laws, rules and regulations, and policies and procedures.

- OHA strives to continually improve the effectiveness of the Accounting Management System by monitoring performance against established objectives and through leadership that promotes employee involvement. This concept represents OHA's commitment to quality accounting and the increasing need to better serve the Trustees, beneficiaries, employees, and other stakeholders.

WORKING HOURS AND TIMES

Standard departmental work hours are the same as the rest of the agency: 7:45AM through 4:30PM. The standard lunch period is forty-five minutes and must be used. Lunch time is not eligible for flex time, unless prior approval is granted.

Exceptions to starting and ending times may be made with prior agreement when circumstances require variant times. The Information Technology division must be staffed at all times during normal working hours.

BUSINESS CONDUCT

Unethical business conduct, actions or even the appearance of unethical behavior is unacceptable under any conditions. The reputation of OHA depends on each employee applying common sense in situations when specific rules of conduct may be insufficient to provide clear direction.

All employees should comply with the ethical standards of the organization as set forth in this Fiscal Procedures Manual. If a situation raises an ethical concern, then the employees should ask themselves:

- Is my action legal and ethical?
- Does my action comply with OHA policy?
- Is my action appropriate in the situation?
- My action would not be an embarrassment to OHA?
- Does my action agree with my personal ethics?

An employee should be able to answer "yes" to all of these questions before taking action or compromising themselves in the situation.

MANUAL REVISIONS

Manual revisions will be proposed by the CFO and approved by the Administrator. Approved revisions will be assigned a sequential number and duly recorded in the Revision History table found at the end of this manual. The CFO will be responsible for the numbering of any new or revised TOS forms.

The Office of Board Services (OBS) is responsible for the initial distribution and updating changes to the manual.

MANUAL LAYOUT

The Fiscal Procedures Manual is presented in three major sections:

1. Planning and Budgeting
2. Accounting Functions
3. Management Reporting

1. PLANNING AND BUDGETING

The Biennium Planning and Budget Process supports OHA's Strategic Plan. Preparation of the OHA Total Operating Budget requires development of the following plans and budgets:

1. Spending Limit Schedule
2. Hale Personnel and Overhead Budgets
3. Hale Project Based Budgets
4. Legislative Budget

2. ACCOUNTING FUNCTIONS

The OHA accounting functions are presented in three distinct sections:

1. Accounts Receivable
2. Accounts Payable
3. General Accounting

Each section provides an explanation of the main intake documents required for the accounting function and detailed procedures for each process that makes up the function.

3. MANAGEMENT REPORTING

TOS generates a number of reports, on a periodic basis, for the Trustees, Administrator, and Deputy Administrator and Hale Directors to help ensure the organization is achieving its goals and strategies in an efficient and effective manner. These reports are prepared and distributed as follows:

Report	Monthly	Quarterly	Semi-Annual	Annual	Distribution
Budget Variance	✓	✓		✓	Trustees, Administrator/Deputy Administrator, and Hale Directors
Financial Statements	✓	✓		✓	Trustees, Administrator/ Deputy Administrator, and Hale Directors
Expenditure Plan		✓			Administrator/ Deputy Administrator, and Hale Directors
Trustee Travel			✓		Trustees/Administrator
Grant Balances	When considering grant funding requests				Administrator, Deputy Administrator BAE
CFO Certification of Funding	When considering budget changes				Administrator or as part of Action Item
Ad Hoc Request	At the request of Trustee/ Administrator				Administrator and all Trustees

1. PLANNING AND BUDGETING

OHA planning and budgeting are ongoing activities consisting of two main processes:

1. Budget Preparation process
2. Budget Implementation process

This Fiscal Procedures Manual outlines the procedures for each of these planning and budgeting processes.

The Budget Preparation process arises from the OHA Strategic Plan and supporting Administrative Work Plans. OHA prepares a six year Strategic Plan and a Biennium Budget, known as the Total Operating Budget (TOB) based on project related activities deemed necessary to achieve OHA strategic goals. The Work Plans articulate specific projects within the outline of annual objectives, activities, and expected outputs and outcomes.

Budget Implementation is dynamic and involves ongoing assessment and updating of the Administrative Work Plans and the OHA Strategic Plan, and the realignment of the TOB in line with changes or adjustments. Review, assessment, evaluation, and updates to the Administrative Work Plans are central to the preparation and realignment of the Total Operating Budget (achievement of OHA's goals and strategies).

Ongoing monitoring and updating of OHA's goals and the Administrative Work Plans produces budget realignments of the Total Operating Budget at key points in the Biennium Budget cycle. Budget realignments are made to adjust to an upcoming annual budget for the purpose of reallocating funds based on changing needs in achieving goals and strategies, or due to unplanned or unforeseen expenditures that may occur at anytime during a budget cycle and cannot be otherwise funded by shifting funds from within the existing TOB but instead require an infusion of external funds. These realignments may also occur due to the need for new personnel positions.

Budget adjustments are completed throughout the budget cycle for a number of reasons as follows:

1. Under-budgeted needs requiring a 10%, or less, shift in funds between cost centers.
2. An adjustment within a cost center.
3. At fiscal year end to ensure the maximum capture of general funds.

1.1 PLANNING AND BUDGETING GOVERNING DOCUMENTS

The OHA Strategic Plan and the Biennium Budget are prepared and updated pursuant to the following OHA policies and the Hawai'i Revised Statues (HRS), as amended:

1. BOT OHA Strategic Plan Executive Policy, November 2006
2. BOT Budget Preparation Policy, November 2006
3. Chapter 10, HRS as amended

1.1.1 BOT OHA STRATEGIC PLAN EXECUTIVE POLICY

The OHA Strategic Plan is prepared pursuant to BOT OHA Strategic Plan Executive Policy, November 2006, as follows:

> *Administration, in consultation with the Board of Trustees, shall set program priorities through an integrated process of strategic planning, community input, and statistical research. Administration shall establish the process and procedures for developing and updating the comprehensive Strategic Plan and the Administrator will be responsible for keeping the Trustees updated on its progress.*
>
> *Administration shall develop the agency comprehensive Strategic Plan, pursuant to Chapter 10, Hawai'i Revised Statures, as amended, in an open, transparent, and collaborative manner, which establishes priorities and long-range goals (six-year scope), updated every two years, based on the best available demographic, physical, sociological, psychological, economic, and other data that reflects beneficiary well being. The comprehensive Strategic Plan will list at least one strategic goal and no less than one corresponding objective for each of the designated program areas.*

This BOT Executive Policy also requires Administrative Work Plans to be prepared to implement the OHA Strategic Plan:

> *Administration shall prepare separate operational and program work plans that forecast two-years of objectives and activities, consistent with the biennial budget, that articulate a course of action toward the achievement of the comprehensive Strategic Plan goals. These work plans shall be revisited on an annual basis and updated when necessary.*

1.1.2 BOT BUDGET PREPARATION POLICY

OHA prepares a Biennium Budget and Supplemental Budgets in accordance with the BOT Biennium Budget Preparation Policy, November 2006 and Chapter 10, HRS, as amended.

The Biennium Budget process is guided by BOT Biennium Budget Preparation Policy, November 2006, as follows:

> *The Board, pursuant to Chapter 10, Hawai'i Revised Statutes, as amended, will provide opportunity for the public to comment on the Biennium Budget through a number of means to include public meetings, publications and announcements in local media, and through the use of the Internet. A public input plan will be developed by the Administrator, in consultation with the Board Chair, prior to each budget development cycle. The BOT shall take the public input gained from these various means into its budget preparation.*
>
> *The BOT shall approve a timetable, recommended by the Administrator in consultation with the ARM Committee Chair, for the preparation and submission of the Total Operating Budget (TOB) to the Asset Resource Management (ARM) Committee. The TOB timetable shall provide ample opportunities for staff,*

constituencies and the Board to consider all relevant data, parameters, and issues prior to the Board's approval and adoption at a regularly scheduled BOT meeting.

The Administrator shall prepare a final OHA Biennium Budget in accordance with the BOT approved timetable and established formal budget preparation instructions and timeline prescribed by the Hawai'i State Legislature.

The proposed comprehensive Biennium Budget shall address, in sufficient detail, planning, programming, and financing to support OHA's strategic plan goals and to adequately meet the financial requirements of OHA's programs and operations.

1.1.3 CHAPTER 10, HRS

The Chapter 10, HRS as amended, sections guiding the Biennium Budget preparation include §10-14.5 and §10-14.6 as follows:

[§10-14.5] *Budget preparation and submission; auditing. (a) The budget, six-year program and financial plan, and the Variance Report of the office of Hawaiian affairs shall be submitted by the board to the legislature and to each member thereof in accordance with the budget submission schedule specified for the governor in chapter 37 and shall contain the program information specified in that chapter that is applicable to the office of Hawaiian affairs. Not less than twenty days prior to the convening of each regular session of the legislature, the office of Hawaiian affairs shall submit to the legislature an accounting of the expenditures made in the prior fiscal year, by account code and budget program. By November 1 of each year preceding a legislative session in which a budget is to be submitted, the board shall provide written notification to the governor of the proposed total expenditures, by cost categories and sources of funding, and estimated revenues of the office of Hawaiian affairs for each fiscal year of the next fiscal biennium. (b) The board shall provide opportunities for beneficiaries in every county to participate in the preparation of each biennial and supplemental budget of the office of Hawaiian affairs. These opportunities shall include an accounting by trustees of the funds expended and of the effectiveness of programs undertaken. (c) The office shall be subject to governmental audit.*

[§10-14.6] Legislative review: The legislature shall consider the board's proposed program and financial plan; evaluate alternatives to the board's recommendations; and appropriate any general fund portion of the budget and any matching special fund appropriations.

1.2 BUDGET PREPARATION

The OHA Strategic Plan is the basis for the preparation of the Biennium Budget. OHA Strategic Plans, pursuant to BOT Executive Policy approved November 2006, are to be prepared by Administration to cover a six year period and updated every two years in line with the biennium budget cycle. The current Strategic Plan was approved by the BOT in 2002 and updated in August 2005 as follows:

- The OHA 2002 to 2007 Strategic Plan was approved by the BOT April 2002
- In August 2005, the BOT approved the OHA Strategic Plan Update FY 2006-2011

The OHA Strategic Plan may be accessed at www.oha.org at the "About OHA/Strategic Plan" page.

The Administrative Work Plans, more commonly referred to as the Program and Operations Hale Biennium Work Plans, are prepared for each of OHA's program and operation divisions to implement the OHA Strategic Plan and prepare the Biennium Budget. The Program and Operations Hale Biennium Work Plans operationalize the Strategic Plan by addressing each goal and strategy in a project framework. The Program and Operations Hale Biennium Work Plans are comprised of project plans for each of OHA's program and operation Hales and include the following information:

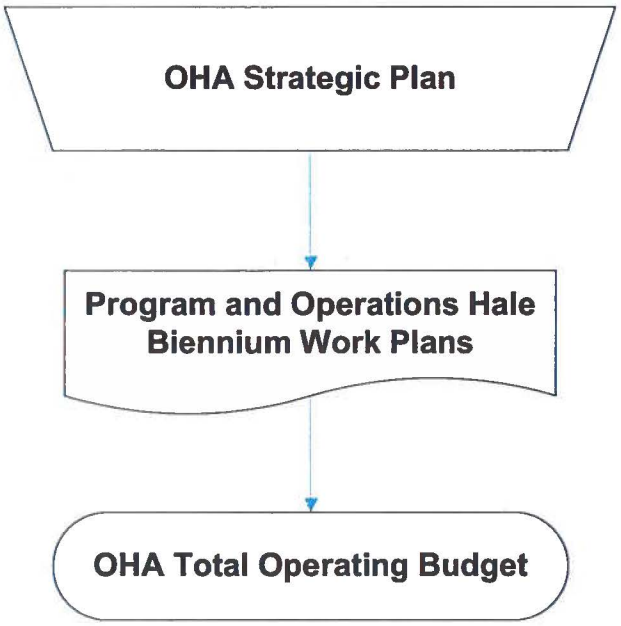
- Goal and Strategy Number
- Sub Strategy Number if appropriate
- Project Name – name of the project activity
- Project Type - examples of program project types include Communication, Coalition Building, Research, Education, Outreach, Legislative Advocacy, Networking
- Lead – staff person(s) responsible for leading the project
- Project Period – period covered by the project
- Advocacy Statement – statement on how the project relates to OHA's advocacy work
- Activities – the activities to be carried out by the project
- Outputs - Processes deliver outputs. In other words, the end result of a process is an output. Outputs can usually be seen, felt, or moved. A staff recruitment process results in the output of a newly appointed person
- Outcomes - An outcome is a level of performance, or achievement. It may be associated with the process, or the output. Outcomes imply quantification of performance.
- Project Timeframe - indicate when a project activity will take place, on a quarterly basis, by completing the quarterly timeline

A sample Program Hale Biennium Work Plan can be found in **tab 1.**

The Total Operating Budget (TOB) is prepared based on the activities outlined in the Program and Operations Hale Biennium Work Plans.

The overview of the planning and budgeting process is follows:

1.2.1 PLANNING AND BUDGETING OVERVIEW

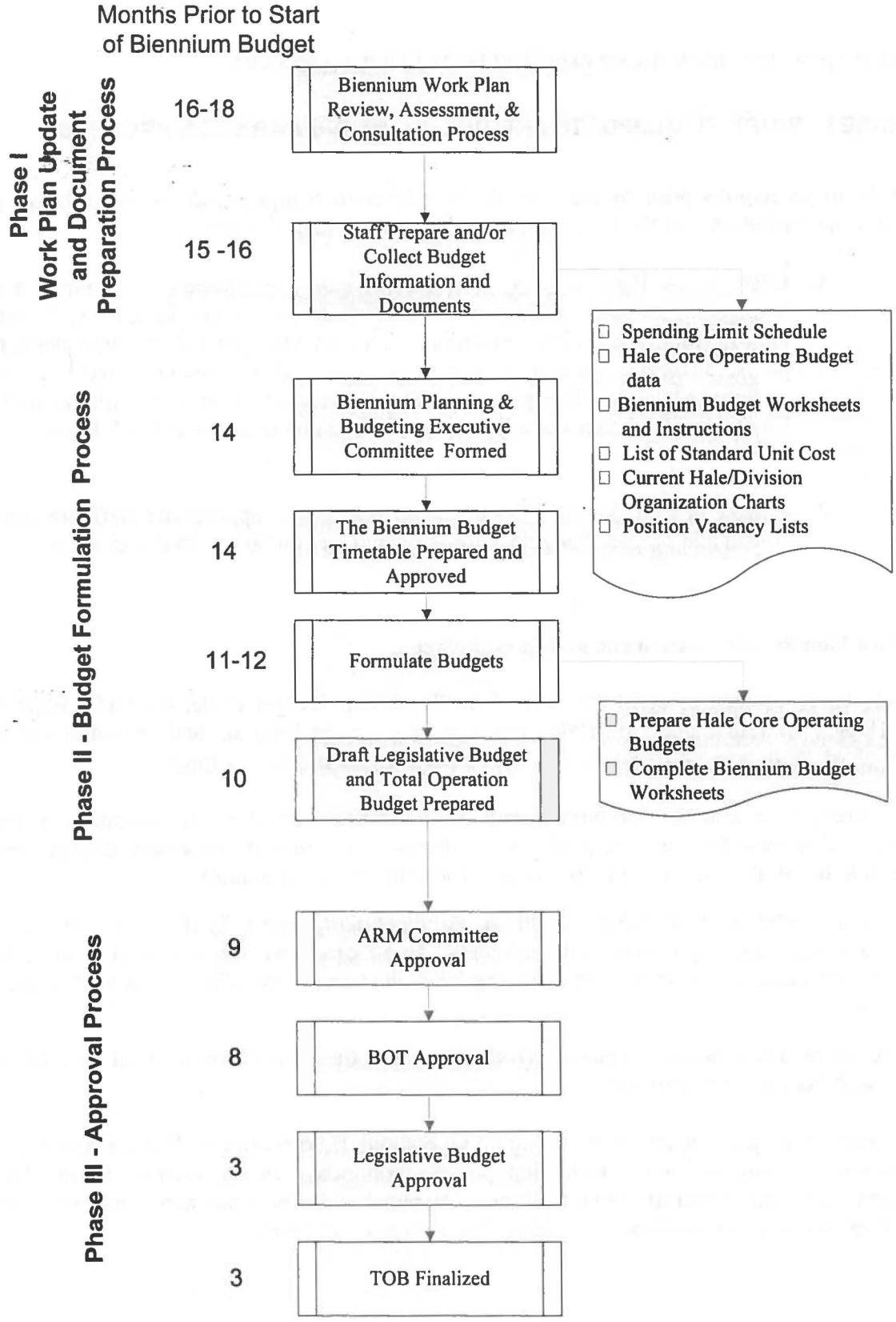


The preparation of the Total Operating Budget is conducted in three main phases:

- Work Plan Update and Document Preparation
- Budget Formulation
- Approval Process

The TOB processes are outlined in the following flowchart with timelines for the overall budget process:

Figure 1.2.1 OHA Total Operating Budget Process



Each of these processes and steps are explained in the following sections.

1.2.2 PHASE I – WORK PLAN UPDATE AND DOCUMENT PREPARATION PROCESS

Between 16 to 18 months prior to the start of the Biennium Budget, staff members begin to organize for the formulation of the Biennium Budget in two principle ways:

1. OHA Work Plan Review, Assessment, and Consultation – a review and assessment of each Hale's goals and strategies is conducted by Deputy Administrators and Hale Directors, to identify changes and or adjustments to goals, strategies, and/or activities that will affect funding levels in the upcoming budget. This process requires consultation with the Administrator for any major changes or adjustments, and results in updated Work Plans.

2. Budget Information and Document Preparation – appropriate staff members collect and prepare budget information and any budget related documents.

1.2.2.1 Work Plan Review, Assessment, and Consultation

Between 16 to 18 months prior to the start of the Biennium Budget cycle, the OHA Planner provides Deputy Administrators and Hale Directors with current Program and Operations Hale Biennium Work Plans and the Biennium Work Plan Assessment Form - **tab 2**.

The Hale Directors, in consultation with Deputy Administrators, conduct an assessment of the work plans to determine the status of goals and strategies and to identify necessary changes and adjustments to the strategies, and/or activities to achieve the assigned goal(s).

This process is conducted in consultation with the Administrator, especially if a Hale anticipates changes to strategies or major changes in activities. In all cases, written justification must be provided for any changes, indicating the spending level changes and/or adjustments to strategies and activities.

The end result of this process is updated Work Plans and the identification of all cost items associated with Hale project activities.

The OHA Planner prepares updated Program and Operations Hale Biennium Work Plans based on the review, assessment, and consultation process conducted during months 16-18. The updated plans are used to identify personnel, non-personnel and cost items associated with the project activities needed to implement Strategic Plan strategies and goals.

1.2.2.2 Budget Information and Document Preparation

Approximately 15 to 16 months prior to the start of the Biennium Budget, appropriate staff members prepare and compile the following budget information and documents. The documents are transmitted to the Administrator for review and/or approval:

Document	Responsible Person
Spending Limit Schedule	CFO
Hale Core Operating Budget Data (average core operating costs for each Hale)	CFO/Budget Analyst
Biennium Budget Worksheets and Instructions	CFO/Budget Analyst
List of Standard Unit Costs	CFO/Budget Analyst
Current Organization Charts for each Division/Hale	Director of HR
Updated Position Vacancy Lists	Director of HR

Spending Limit Schedule

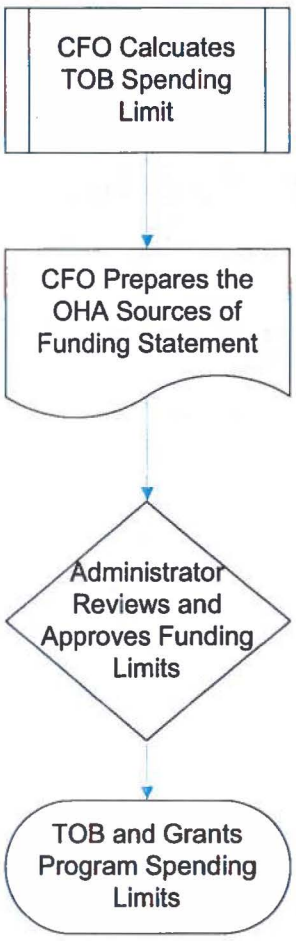
Calculation of the spending limit, using the OHA Spending Limit Worksheet, and the preparation of the OHA Sources of Funding Statement – **tab 3**, is completed by the CFO and approved by the Administrator. The Spending Limit Worksheet provides the organization with the TOB annual expenditure limits, which is calculated based on the value of the OHA Native Hawaiian Trust Fund, Ceded Lands Revenue, and the General Fund appropriation approved by the State Legislature.

The OHA Native Hawaiian Trust Fund Spending Policy - **tab 4**, approved by the BOT in July, 2008 provides the formula for calculating the spending limit on the Native Hawaiian Trust Fund (NHTF), based on a 36 month rolling average market value. The OHA Spending Limit Schedule is prepared based on the following revenue sources:

1. A fixed amount of no more than five percent (5%) of the Native Hawaiian Trust Fund's average market value based on a 36-month rolling average of OHA's portfolio, using the March immediately preceding the start of the new fiscal year as the end point.
2. The Ceded Lands Revenue payments (as established by Act 178 of the 2006 state legislative session). Currently at $15.1 million per year.
3. General fund appropriations from the state, which has averaged approximately $3 million per year.

The spending limit amount is also used to calculate the amount budgeted for OHA grants programs each year, which is based on 10% of the spending limit pursuant to BOT Community Grants Program Policy, BOT Executive Policy, November 2006.

Figure 1.2.2.2 Preparation of the Spending Limit Schedule



1. Prior to the start of preparing the biennium budget the CFO calculates the spending limit for the TOB using the OHA Spending Limit Worksheet. The limit is based on OHA's core funding sources to include, the General Fund (provided through the State Legislature), Ceded Lands Receipts, and 5% of the Native Hawaiian Trust Fund.
2. The CFO prepares the OHA Sources of Funding Statement - **tab 3**, which provides a breakdown of funding amounts from each of the core funding sources.
3. The OHA Sources of Funding Statement is submitted to the Administrator for review and approval.
4. The approved OHA Sources of Funding Statement provides the spending limits for the Legislative and TOB budgets and is also used to calculate the grants budget amount, which is established at 10% of the spending limit.

Hale Core Operating Budget Data

TOS staff compiles information on previous years` expenditures to establish spending patterns for the preparation of each Hale Core Operating Budget. The Hale Core Operating Budget is comprised of fixed costs and/or recurring line items. Fixed costs are items such as utilities, legislative provisos, rent, etc. Recurring line items are items that occur annually (such as the repair and upkeep of equipment or the printing of *Ka Wai Ola*), but don't necessarily have a stable fixed cost associated with them.

Biennium Budget Worksheets and Instructions

TOS staff members, in consultation with the Planning and Budgeting Executive Committee, prepare:

- Biennium Budget Worksheets and instructions for use by staff in requesting and justifying additions/changes to the Hale Core Operating Budgets.
- Project Based Budget Worksheets and instructions for use by staff in identifying and requesting project funds.

List of Standard Unit Cost
The CFO compiles a list of standard costs including:

- Furniture, Fixture & Equipment for Staff
- Basic workstation for new employees (Software and Computer Equipment)
- Furniture, Fixtures & Equipment for Managers
- Standard travel costs.

Current Division/Hale Organization Charts

The Director of HR prepares updated organization charts for each OHA Division and Hale for use in preparing budgets.

Updated Position Vacancy Lists

The Director of HR prepares an updated vacancy list for each OHA Division and Hale for use in budget preparation.

1.2.3 PHASE II – BUDGET FORMULATION PROCESS

1.2.3.1 Planning and Budgeting Executive Committee

The Biennium Budget formulation process taking approximately 14 months, is directed by the Administrator, and starts with the formation of a Planning and Budgeting Executive Committee. The Committee is established to ensure organization wide coordination and cooperation in the preparation of the budget. The Executive Committee may be comprised of, but not limited to, the following individuals and responsibilities:

Member	Responsibility
Administrator	Manage and oversee the budget process.
Deputy Operations	Coordinate the Operation Hales planning and budgeting activities through the formation and management of a planning and budget working group. Accurate preparation and timely submission of all Operation Hale work plans and budgets. Review and approval of all Operation Hale budget submissions. Coordinate beneficiary budget input process.
Deputy BAE	Coordinate the Program Hales planning and budgeting activities through the formation and management of a planning and budget working group. Accurate preparation and timely submission of all BAE Hale work plans and budgets. Review and approval of all BAE Hale budget submissions.
Senior Legal Off	To advise on all planning and budgeting legal matters.
CFO	Accurate and timely preparation of TOS Hale budget Prepare Spending Limit Schedule Compile historical data for Core Operating budgets for each Hale. Prepare Project Based Budget templates and Instructions Prepare Project Based Expenditure Plan forms and Instructions Provide list of Standard Unit Costs Prepare draft Total Operating Budget Prepare draft Legislative Budget
Director of HR	Provide current organization charts for each Division/Hale Provide updated vacancy lists Review new position requests and make recommendation to the Administrator
Special Assistant	Coordinate the planning function with the budgeting process.
OHA Planner	Coordinate the updating of the Biennium Work Plans

1.2.3.2 Budget Timetable

The first task of the Planning and Budgeting Executive Committee is to prepare a timetable, in consultation with the ARM Committee Chair, for the preparation and submission of the Biennium Budget. The timetable is based on the following two main processes:

- TOB and Legislative Budget preparation
- TOB and Legislative Budget approval

Beneficiary Input Plan

The budget timetable should also include opportunities for beneficiaries in every county to participate in the preparation of the Budget pursuant to §10-14.5 HRS, as amended. This may include, but is not limited to:

- Publishing the draft TOB in the Ka Wai Ola newspaper for comment and input.
- Publishing a notice in the Ka Wai Ola newspaper for beneficiaries to obtain a copy of the draft TOB for comment and input. Copies may be downloaded from the OHA website or obtained from any OHA offices.
- Conducting community meetings.
- Consulting individually with Native Hawaiian community members, groups, and leaders.

The recommended timetable is approved by the Administrator and submitted to the BOT for approval. This process is outlined in flowchart 1.2.4.3.

1.2.3.3 Budget Timetable Process

The Biennium Budget timetable is prepared by the Planning and Budgeting Executive Committee to outline the entire 14-month process in the biennium planning and budget process, and preparation of the Total Operating Budget.

Figure 1.2.3.3 Biennium Budget Timetable Preparation



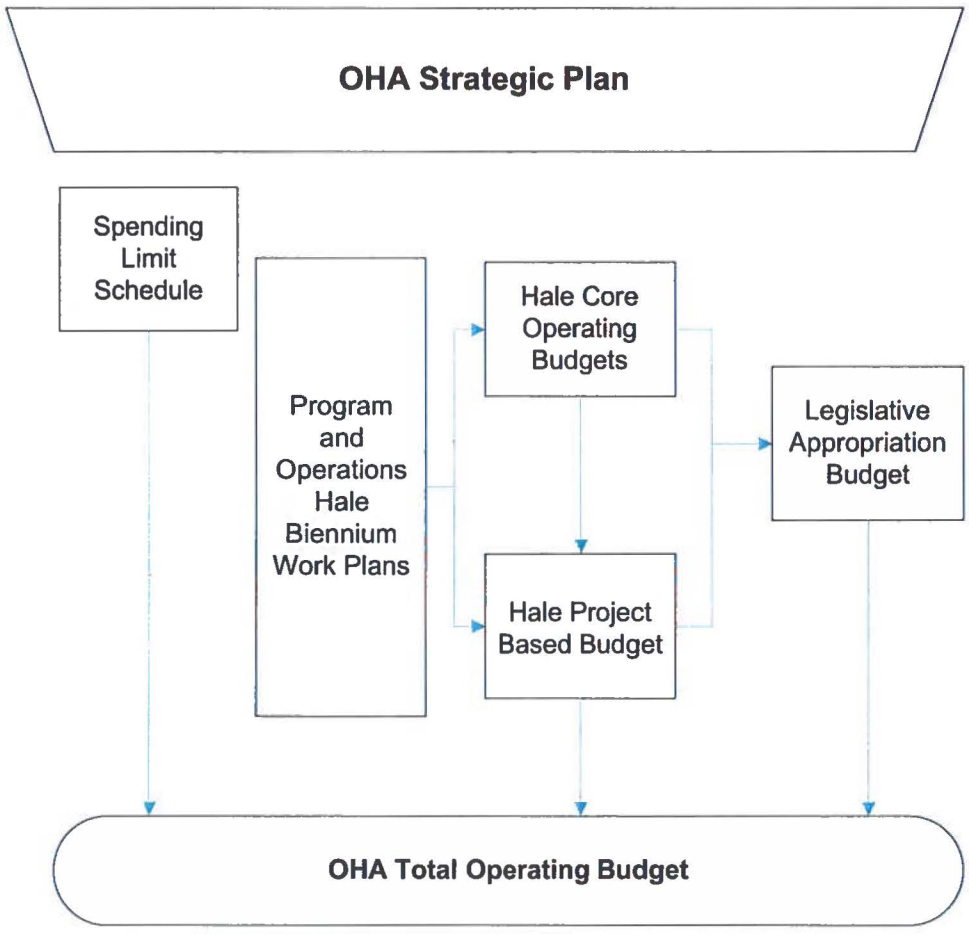
1. The Administrator establishes the Planning and Budgeting Executive Committee 14 months prior to the start of the Biennium Budget.
2. The Executive Committee prepares a draft Biennium Budget Timetable, in consultation with the ARM Committee Chair, outlining the preparation process for the biennium budget.
3. The Executive Committee transmits the draft Biennium Budget Timetable to the Administrator for review and approval.
4. The Biennium Budget Timetable is presented to the ARM Committee, by the Administrator, for review and approval.
5. The Biennium Budget Timetable is presented to the BOT, by the Administrator, for review and approval.
6. The Executive Committee implements the timetable that will result in the preparation of the Total Operating Budget.

1.2.3.4 TOB Preparation

Upon BOT approval of the timetable, the Planning and Budgeting Executive Committee coordinates the biennium planning and budget process, which supports OHA's Strategic Plan and results in the preparation of the OHA Total Operating Budget. The process incorporates the following plans and budgets outlined in the flowchart 1.2.2.4.

1. Program and Operations Hale Biennium Work Plans
2. Hale Core Operating Budgets
3. Hale Project Based Budgets
4. Legislative Budget

Figure 1.2.3.4 TOB Preparation Overview



The Biennium Budget preparation process takes approximately four months and is conducted between 10 to 14 months prior to the start of the Biennium Budget. The timeline for this process is below, followed by an outline of each of the steps in the planning and budgeting process.

1.2.3.5 OHA Planning and Budgeting Process Timeline

Budget Preparation Timeline				
Months Prior to Start of Biennium Budget	**14 May**	**12 July**	**11 Aug**	**10 Sept**
Prepare Hale Core Operating Budgets				
Prepare Hale Project Based Budgets				
Prepare Draft TOB and Legislative Budgets				
Administrator Review /Approval				

1.2.3.6 Hale Core Operating and Project Based Budget Formulation Process

12 – 14 Months Prior to the Start of the Biennium Budget
Prepare Hale Core Operating and Project Based Budgets

Approximately 12 to 14 months prior to the start of the Biennium Budget the Executive Committee and Hale Directors begin the TOB process by determining funding amounts for the Hale Core Operating and Project Budgets.

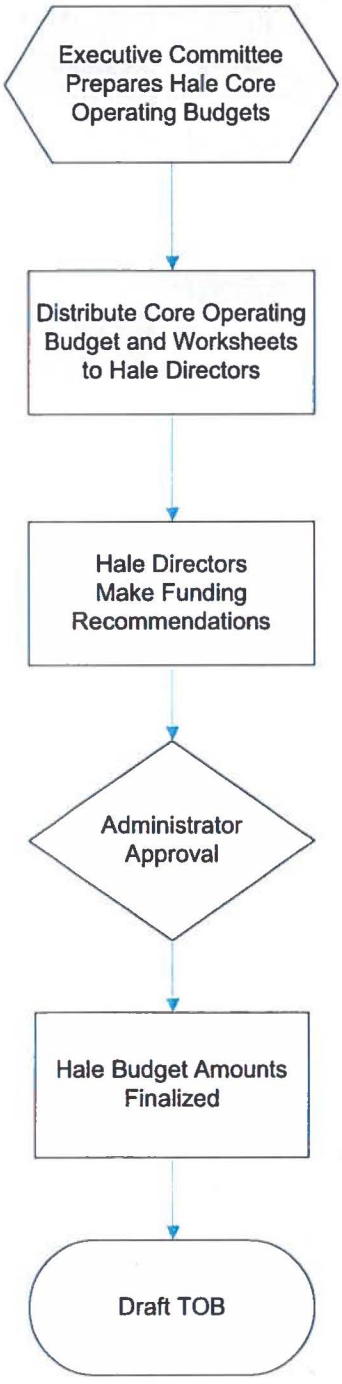
The first step in preparing the TOB is the formulation of the Hale Core Operating Budgets for each Hale. The Hale Core Operating Budget is comprised of fixed costs and/or recurring line items. Fixed costs are items such as personnel, utilities, legislative mandates, rent, etc. Recurring line items are items that occur annually (such as the repair and upkeep of equipment or the printing of *Ka Wai Ola*), but don't necessarily have a stable, fixed cost associated with them.

The Planning and Budgeting Executive Committee, in consultation with the Administrator, compiles the Hale Core Operating Budgets using the historical data provided by TOS, and the Hale Work Plans assessment process, conducted during month 18.

The proposed Hale Core Operating Budgets are provided to Hale Directors for review. During this process the Hale Directors have an opportunity to request additional personnel and other expenditures and are provided with the Biennium Budget Worksheets and Instructions. Justifications and explanations of requested initiatives should contain measures that support quantifiable outcomes in direct support of the Strategic Plan. Using the Biennium Program and Operations Work Plans and the Hale Core Operating Budget, Hale Directors recommend funding amounts for the TOB. If additional positions are being requested, Hale Directors must submit an OHA Position Request and Justification Form - **tab 5.**

Hale Directors are also provided with the Project Based Budget Worksheets and instructions for use in recommending funding amounts for projects based on the updated Biennium Program and Operations Work Plans.

Figure 1.2.3.6 Hale Core Operating and Project Based Budget Formulation Process



1. 12 – 14 months prior to the start of the biennium budget the Planning and Budgeting Executive Committee prepares Hale Core Operating Budgets.

2. TOS distributes the Core Operating Budgets and core operating and project budget worksheets, instructions, and other documents to Hale Directors for use in making budget funding recommendations.

3. Using the Biennium Program and Operations Hale Work Plans and the Core Operating Budget, provided by the Executive Committee, the Hale Directors complete the budget worksheets and may request additional personnel and related cost using the OHA Position Request and Justification Form - **tab 5.**

4. The completed budget worksheets are transmitted to the Administrator and Executive Committee for review and approval.

5. Hale budget amounts are finalized by the Administrator and Executive Committee which may include consultation with Hale Directors.

6. TOS uses the Hale budgets in preparing a draft Total Operating Budget (TOB).

1.2.3.7 Legislative Budget

10- 11 -Months Prior to the Start of the Biennium Budget
Prepare Legislative Budget

OHA receives an annual appropriation from the Hawai'i State Legislature. The appropriation amount is based on the OHA staffing level and programs at the time the appropriation was first provided in 1978 as follows:

1. Approximately $617,000 in personnel cost to pay a portion of the 62 FTE positions at OHA at the time the first appropriation was provided.

2. Approximately $1.5 million for contracts for Native Hawaiian programs in the three areas of:
    - Multi-service Social Service Programs
    - Legal Advocacy Programs
    - Education Enrichment Programs

3. Approximately $900,000 in other operating cost.

Figure 1.2.3.7 Legislative Budget Process



1. Based on the draft TOB, TOS prepares the Legislative Budget to include the mandates, and to allocate a portion of the personnel and operating cost for 62 FTE positions.

2. The draft legislature budget is submitted to the CFO for review.

3. The draft legislative budget is finalized.

1.2.4 PHASE III - BUDGET APPROVAL PROCESS

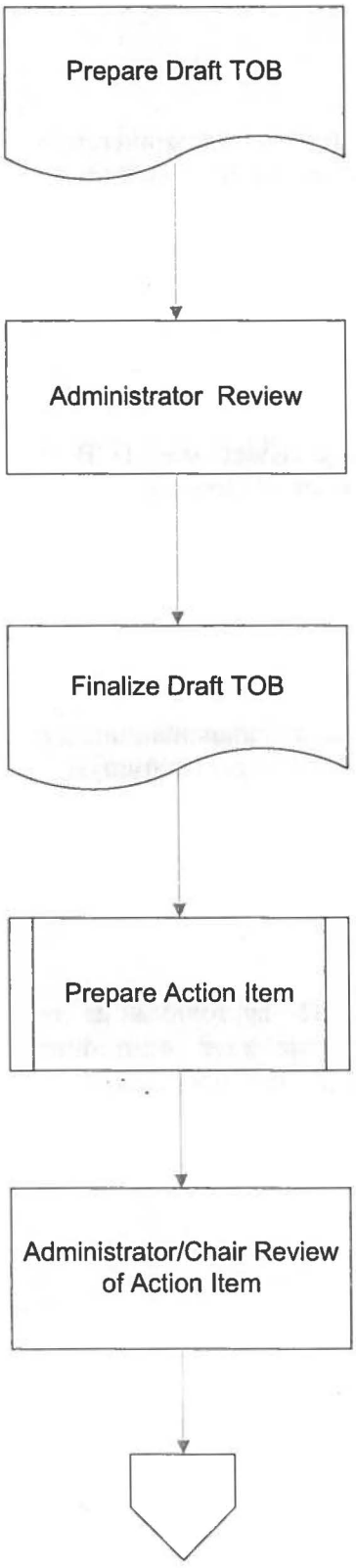
1.2.4.1 OHA Planning and Budgeting Approval Process Timeline

Budget Approval Timeline							
Month Prior to Start of Biennium Budget	**10**	**9**	**8**	**7**	**6**	**3**	**2**
	Sept	**Oct**	**Nov**	**Dec**	**Jan**	**April**	**May**
Draft TOB finalized							
Prepare Action Item							
ARM Committee TOB Approval							
Submit Written Notification to the Governor							
BOT TOB Approval							
Submit Leg. Budget Package							
Leg. Budget Approved							
Governor Approval							

The Total Operating Budget (comprised of the OHA budget and the approved legislative budget) is compiled and presented to the Administrator for review before a final draft is presented to the ARM committee and BOT for approval.

Pursuant to Chapter 10-14.5, HRS, as amended, the Governor is notified of the proposed total expenditures by cost categories and sources of funding and the estimated revenues for each fiscal year of the next fiscal biennium, by November 1 of each year preceding a legislative session in which a budget is to be submitted.

Figure 1.2.4.1 Total Operating Budget Approval Process



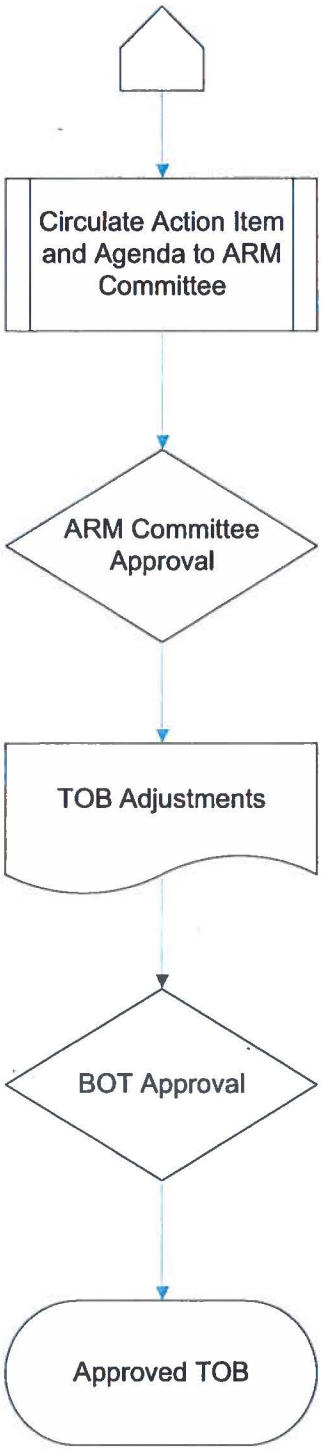
1. In mid August, prior to the biennium budget period, the TOS Budget Analyst prepares the draft TOB using the Hale Core Operating Budgets, Project Based Budgets, and the Legislative Budget.

2. During the first week of September the draft TOB is submitted to the Administrator for review and possible adjustments. Meetings with managers may take place during the review phase to discuss funding needs.

3. The draft TOB is finalized by the end of September.

4. The CFO prepares an Action Item for presentation of the TOB no later than the last week in September.

5. The TOB Action Item is submitted to the Administrator and Committee Chair for review no later than the first week of October.



6. The TOB Action Item along with the meeting agenda is circulated to ARM committee members no later than the second week of October.

7. The ARM committee members consider the TOB Action Item no later than the third week of October.

8. ARM committee changes and adjustments are incorporated into the TOB by the TOS Budget Analyst.

9. The TOB is presented to the BOT for approval at its next scheduled meeting, but no later than mid November. This may be delayed until December during a Trustee election year.

10. Approved TOB.

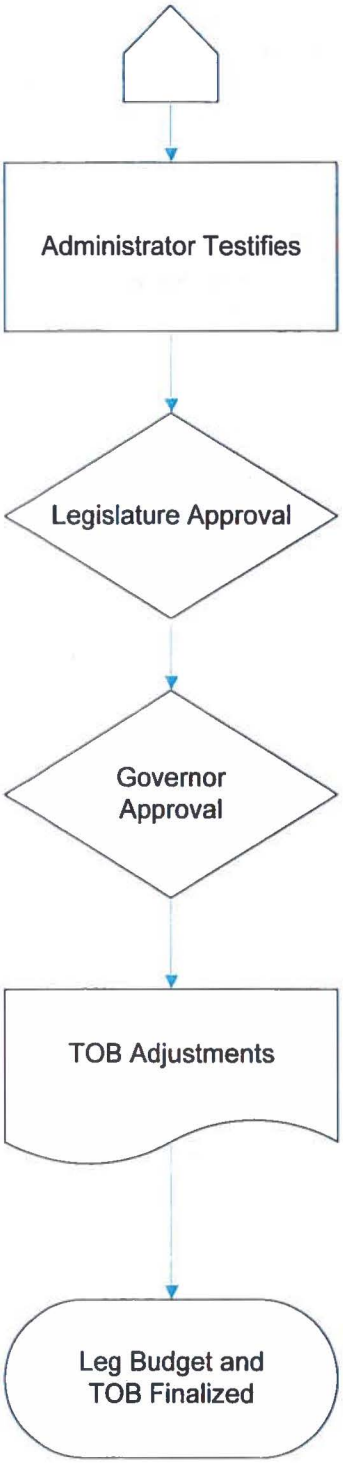
1.2.4.2 Legislative Budget Approval Process

The State appropriation is approved by the State Legislature and the Governor through the following process.

Figure 1.2.4.2 Legislative Budget Approval Process



1. The Administrator notifies the Governor of the proposed total expenditures, by cost categories and sources of funding, by November 1.
2. The CFO prepares the Legislative Budget packet to include the Legislative Budget, supporting testimony, and State Budget Form A, CIP upon BOT approval of the TOB, but no later than the end of December.
3. The Administrator reviews and approves the Legislative Budget testimony no later than the first week in January.
4. The Administrator submits the budget and testimony to the Finance (FIN) and Ways and Means (WAM) Committee clerks, and the State Budget Forms to FIN and WAM Budget Analysts, no later than 20 days before the start of the legislative session.
5. The Administrator conducts detailed budget briefings for both the FIN and WAM Committees in January.



6. The Administrator testifies at FIN and WAM Committees and all subject matter hearings as scheduled between January and April.

7. The State Legislature considers and approves the OHA Budget with or without changes and adjustments in April.

8. The Governor approves the budget no later than 45 days after receipt of the budget bill from the legislature.

9. Corresponding adjustments are made to the OHA TOB.

10. The legislative and TOB Budgets are finalized.

1.3 BUDGET IMPLEMENTATION

Budget implementation begins with the approval of the TOB, by the Board of Trustees, and consists of the preparation and ongoing review and assessment of Hale Expenditure Plans and Hale Work Plans to ensure the efficient and effective implementation of OHA's goals and strategies.

Prior to the start of a Biennium Budget, Hale Directors prepare Expenditure Plans based on the TOB and Biennium Program and Operations Hale Work Plans. The Expenditure Plans outlines a Hale's goals, strategies, and activities, indicating anticipated expenditures on a quarterly basis for the Biennium Budget period. The Expenditure Plans are used by TOS to determine quarterly cash management needs and for senior management to monitor the implementation of the TOB and the OHA Strategic Plan. The Expenditure Plans are routinely monitored through the preparation of quarterly Variance Reports used to identify TOB or Strategic Plan discrepancies.

The review, assessment, and evaluation of Biennium Program and Operations Work Plans are conducted semi-annually using the Biennium Work Plan Assessment Form - **tab 2**. The review and assessment process may be conducted more often if the monthly Expenditure Plan monitoring reveals any significant TOB or Strategic Plan discrepancies. In this case, a Hale Director will conduct a review and assessment of Work Plans and Expenditure Plans using the Biennium Work Plan Assessment Form. This process may result in Work Plan and/or Expenditure Plan changes, which could result in a TOB budget adjustment or realignment.

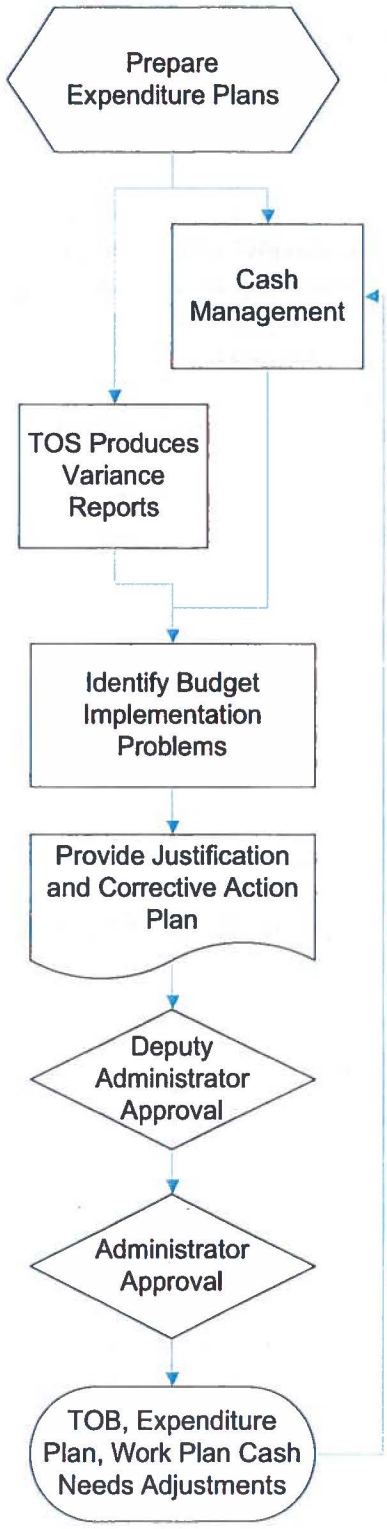
Budget realignments are made to adjust an upcoming annual budget for the purpose of reallocating funds based on changing needs in achieving goals and strategies, or due to unplanned or unforeseen expenditures that may occur at anytime during a budget cycle and cannot be otherwise funded by shifting funds from within the existing TOB but instead require an infusion of external funds. These realignments may also occur due to the need for new personnel positions.

Budget adjustments are completed throughout the budget cycle for a number of reasons as follows:

1. Under-budgeted needs requiring a 10%, or less, shift in funds between cost centers.
2. An adjustment within a cost center.
3. At fiscal year end to ensure the maximum capture of general funds.

Recommended changes to Expenditure Plans, Biennium Program and Operations Work Plans, and/or TOB must be prepared in consultation with Deputy Administrators and approved by the Administrator.

Figure 1.3.1 Budget Implementation Process



1. Hale Directors prepare Expenditure Plans - **tab 6,** based on the TOB and Biennium Program and Operations Hale Work Plans indicating anticipated expenditures on a quarterly basis

2. The Treasury Division of TOS uses the Expenditure Plans to determine cash needs throughout the budget cycle.

3. TOS prepares quarterly Variance Reports for distribution to the Administrator, Deputy Administrators, and Hale Directors.

4. Hale Directors use the Variance Reports to identify budget implementation problems.

5. Hale Directors provide explanation for the budget problem and recommended a course of action to correct it. This process may include completion of a Biennium Work Plan Assessment Form - **tab 2**.

6. The Deputy Administrator reviews and approves the course of action or the Biennium Work Plan Assessment Form.

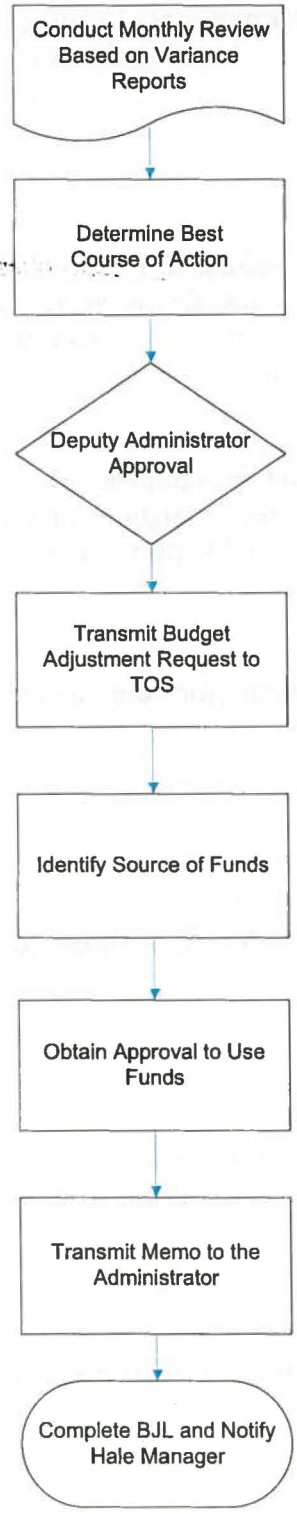
7. The Administrator reviews and approves the course of action or the Biennium Work Plan Assessment Form.

8. Appropriate adjustments are made to the Expenditure Plan, Hale Work Plan, and TOB. Treasury cash needs may also be adjusted.

1.3.2 Budget Adjustments

A Budget Journal Entry (BJE) is used to record adjustments as follows:

Figure 1.3.2 Budget Adjustments Process



1. TOS provides monthly Variance Reports to Hale Directors for review, assessment, and evaluation of Work Plans and Expenditures Plans.

2. Hale Directors, in consultation with the appropriate Deputy Administrator, determine the best course of action to address any deficiencies in Work or Expenditure Plans.

3. Hale Directors complete and transmit a Budget Adjustment Request Form – **tab 7,** to their Deputy Administrator for approval.

4. The Budget Adjustment Request Form is transmitted to TOS.

5. The TOS Budget Analyst runs a Variance Report to identify potential sources of funds for the adjustment request including the requestor's own cost center.

6. If funds are not available in the requestor's cost center the TOS Budget Analyst contacts and obtains verbal approval from a director who may have the funds available.

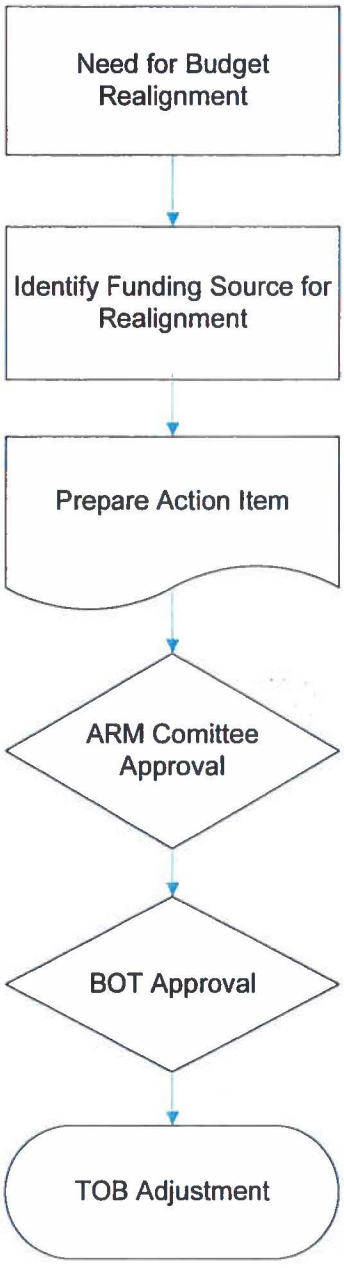
7. The CFO transmits the Budget Adjustment Request Form - **tab 7,** to the Administrator for approval, outlining the Budget Journal Entry, purpose of the adjustment, and cost centers affected.

8. The TOS Budget Analyst completes the Budget Journal Entry and notifies the Hale Director when the funds are available.

1.3.3 Budget Realignments

Budget realignments are made to adjust an upcoming annual budget for the purpose of reallocating funds based on changing needs in achieving goals and strategies, or due to unplanned or unforeseen expenditures that may occur at anytime during a budget cycle and cannot be otherwise funded by shifting funds from within the existing TOB but instead require an infusion of external funds. These realignments may also occur due to the need for new personnel positions.

Figure 1.3.3 Budget Realignment Process



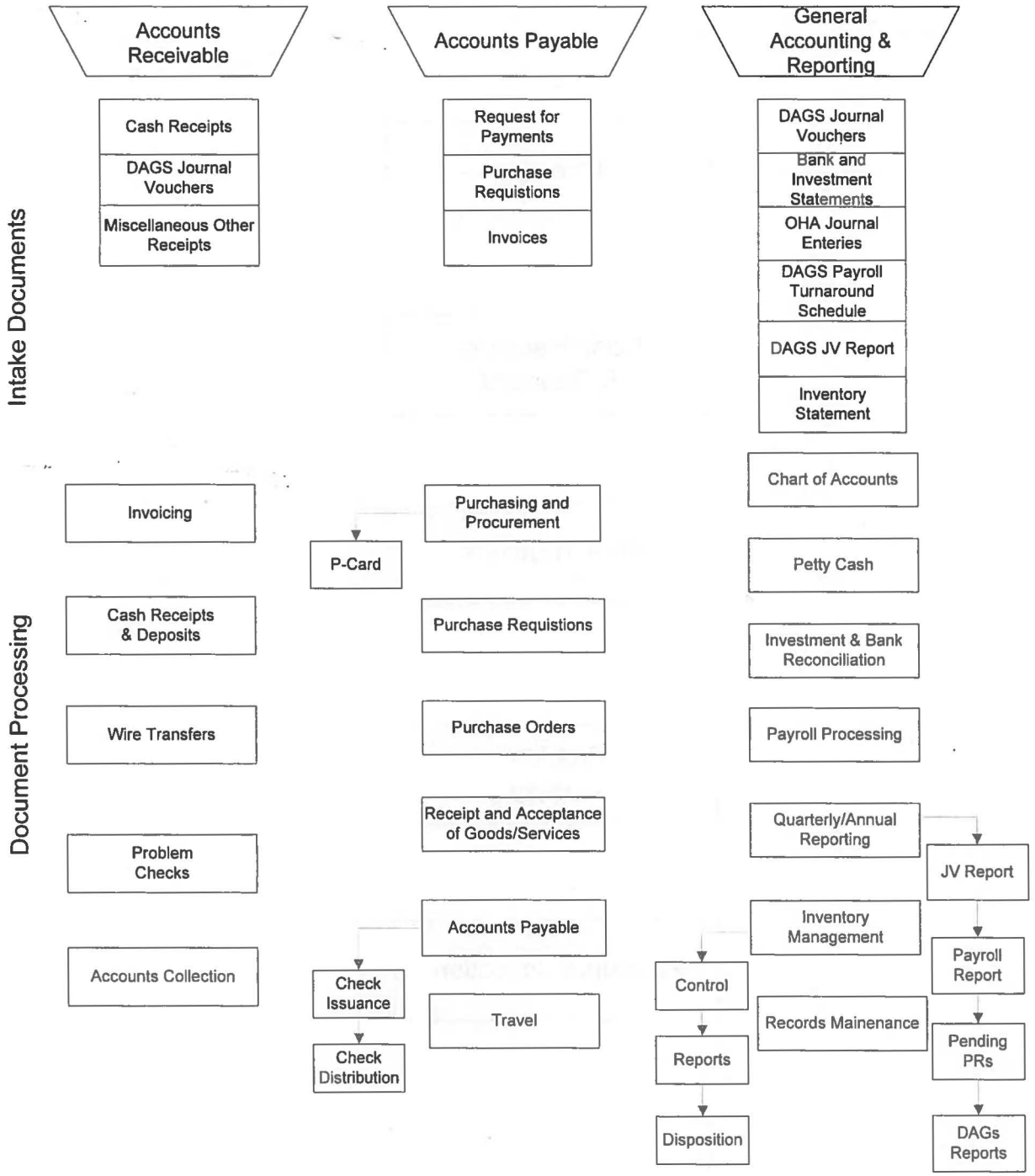
1. In consultation with Deputy Administrators, CFO, and Hale Directors, the Administrator determines the need for a budget realignment indicating the amount of funds required and the justification for the realignment.
2. The CFO identifies the funds for the realignment from a number of sources including updated spending limits, unanticipated receipts, budget savings, and fiscal reserves.
3. The CFO prepares an Action Item for the budget realignment.
4. The Action Item is presented to the ARM Committee for approval.
5. The Action Item is presented to the BOT for approval. A super majority vote is required if the funds are to be taken from the fiscal reserve.
6. The adjustment is made by the TOS Budget Analyst in the Oracle Accounting System.

2. ACCOUNTING FUNCTIONS

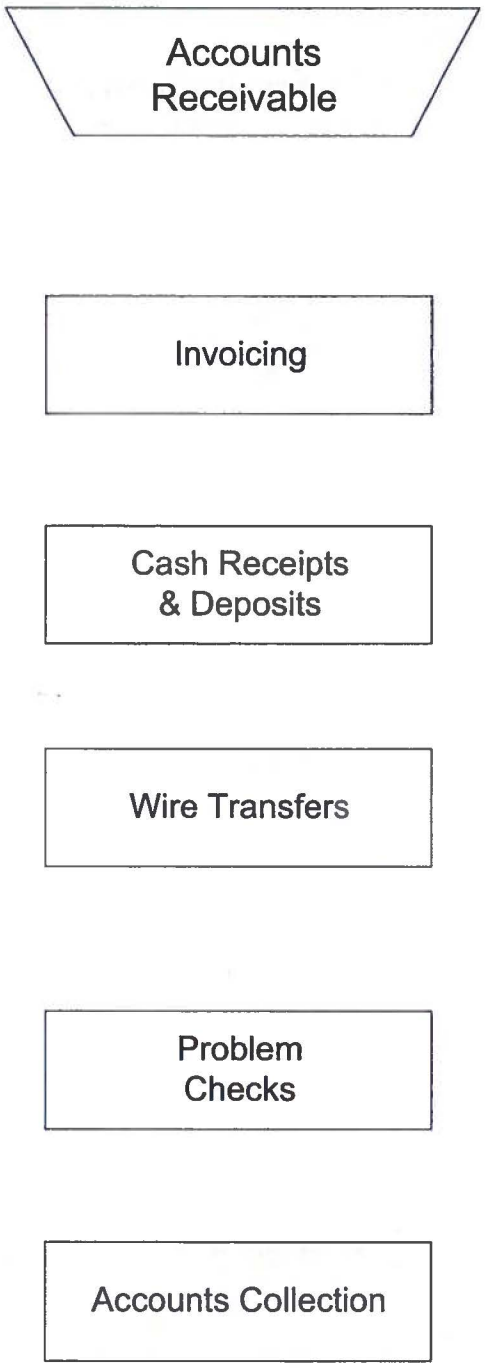
The OHA accounting functions are presented in three sections as follows:

1. Accounts Receivable
2. Accounts Payable
3. General Accounting

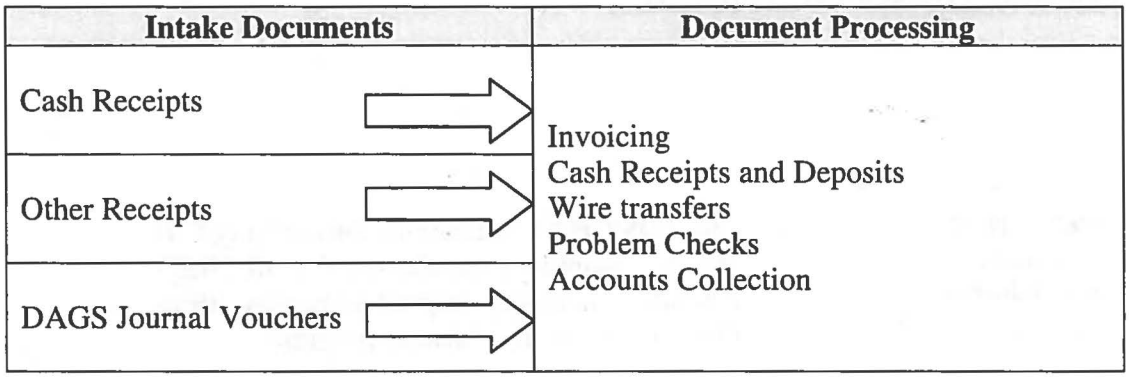
Each section provides information on the main intake documents required for the accounting function along with the document processing necessary to complete each function.



2.1 ACCOUNTS RECEIVABLE



The accounts receivable function includes the following intake and document processing:



2.1.1 INVOICING

TOS is responsible for the timely preparation and distribution of invoices to optimize cash flow. TOS also maintains accurate records over Accounts Receivable establishes proper internal controls.

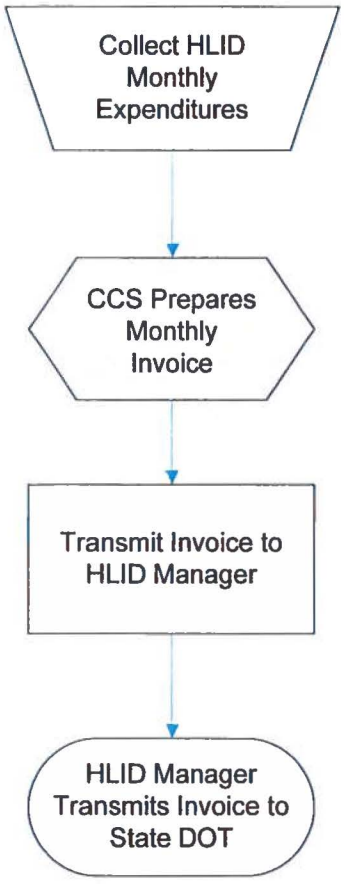
Invoices are prepared monthly for a number of programs and projects as follows:

- HLID Project
- Kai Wai Ola advertisements
- Waialua Court House

2.1.1.1 HLID Project Invoicing

The Hālawa-Luluku Interpretive Development (HLID) Project is federally funded through the State Department of Transportation (DOT) grant for the purpose of establishing an interpretive development plan for areas affected by the construction of H-3 that will preserve and interpret the history, culture and traditions of these lands in perpetuity. The project is implemented by a project manager and two staff members. Project expenditures are reimbursed by the State of Hawai'i DOT on a monthly basis as follows:

Figure 2.1.1.1 HLID Project Invoice Processing

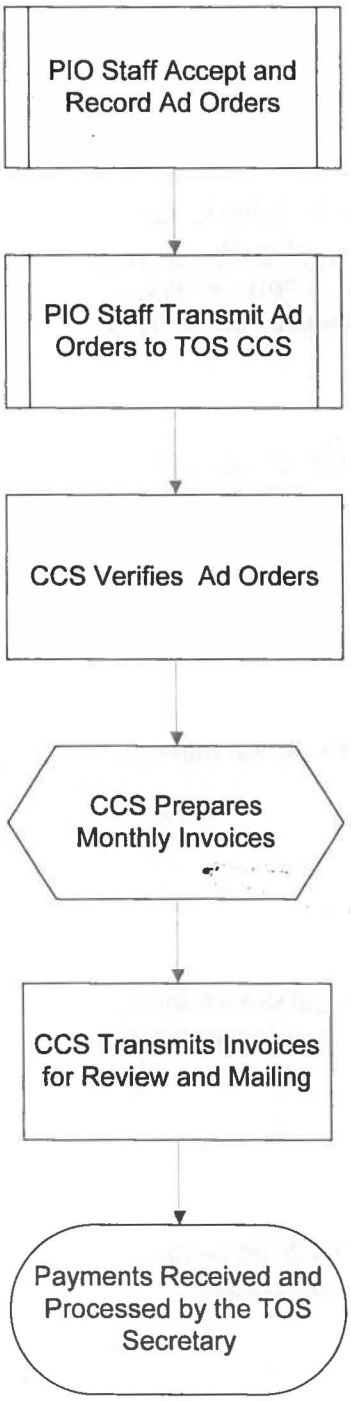


1. The TOS Credit Collections Specialist (CCS) obtains monthly expenditures for all HLID activities including payroll expenses, from OHA's accounting software program.
2. The TOS CCS prepares the monthly HLID invoice used to claim program reimbursements.
3. The invoice is transmitted to the HLID Program Manager for review, approval, and signature.
4. The HLID Program Manager transmits the approved invoice to the State Department of Transportation for reimbursement.

2.1.1.2 Ka Wai Ola Advertisement Invoicing

Ka Wai Ola is published monthly and sells advertising space in the paper with advertisers that are invoiced within 5 days of the paper's publication.

Figure 2.1.1.2 Ka Wai Ola Invoice Processing

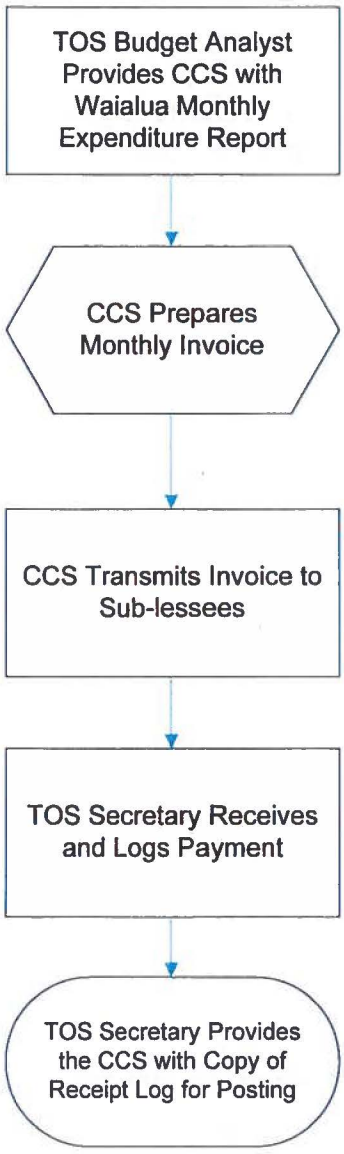


1. Pubic Information Office (PIO) staff accepts advertisement orders from customers and records all orders on the Ad Placement Order Log.
2. PIO staff transmits copies of insertion orders and the Ad Placement Order Log to the TOS CCS on a monthly basis.
3. The TOS CCS ensures there is an advertisement order for each of the ads in the newspaper by verifying the actual ads against the Ad Placement Order Log.
4. The TOS CCS prepares monthly invoices for all Ka Wai Ola insertions.
5. The TOS CCS transmits the invoices to PIO for review and mailing to clients.
6. Payments are received and processed by the TOS Secretary in the normal manner.

2.1.1.3 Waialua Court House Invoicing

The Waialua Court House has been designated a historical site and leased to OHA by the State of Hawai'i, for public use and preservation. OHA allows sub-lessees to use part of the Court House for a pro-rata share of the operating cost (utilities, yard maintenance, trash collection, etc.) based on the amount of space utilized. Invoices for the Court House costs are submitted to the OHA Lands Management Division which reviews, approves, and transmits the invoices to the TOS Accounts Payable Unit for processing.

Figure 2.1.1.3 Waialua Court House Invoice Processing



1. The TOS Budget Analyst runs the Waialua Court House expenditure report 10 days after the end of each month, capturing all Court House expenditures and transmits the report to the TOS CCS.

2. TOS CCS prepares a monthly invoice for sub-lessees based on the pro-rata share of operating costs for the month based on the Court House expenditure report.

3. TOS CCS transmits the invoices to the sub-lessees for payment.

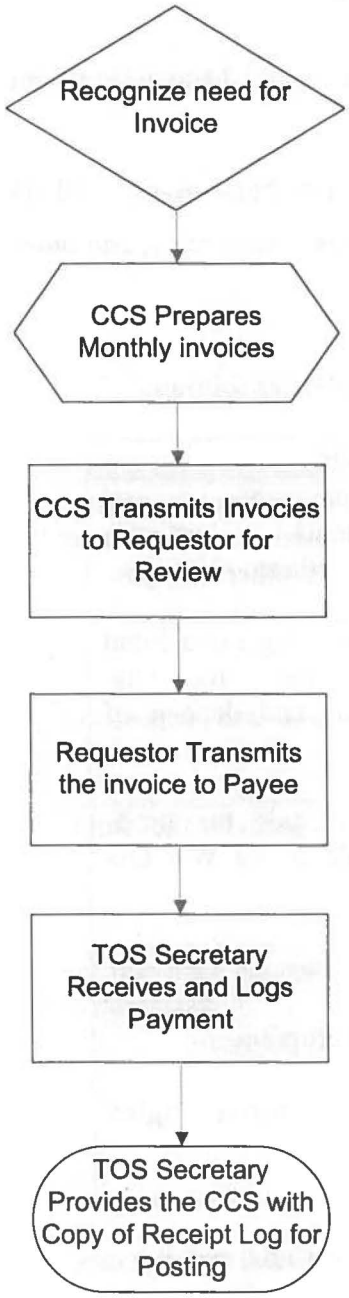
4. TOS Secretary receives, logs, and processes the payments. A copy of the log is provided to the TOS CCS.

5. Upon receipt of the log the TOS CCS posts the amounts to the appropriate expense accounts.

2.1.1.4 Miscellaneous Invoicing

Miscellaneous invoicing results from the need to provide invoices for such items as conference sponsors, donors requiring an invoice for the release of funds, former employees that need to be invoiced for outstanding charges, and other miscellaneous items.

Figure 2.1.1.4 Miscellaneous Invoice Processing



1. An OHA staff member recognizes the need to create an invoice and notifies TOS.
2. TOS CCS prepares the invoice based on the information provided by the requestor.
3. TOS CCS transmits the invoice to the requester for review and approval.
4. The requestor transmits the invoice to the individual or organizations for payment.
5. TOS Secretary receives, logs, and processes the payments. A copy of the log is provided to the TOS CCS.
6. Upon receipt of the log the TOS CCS posts the amounts to the appropriate accounts.

2.1.2 CASH RECEIPTS AND DEPOSITS

The following outlines the methods to be followed for receiving, applying, and depositing cash receipts. This applies to all cash receipts received by OHA. Accurate internal control of cash receipts and deposits should be maintained at all times. Cash receipts fall into one of the following categories:

- Public Land Trust Payments
- General Fund Reimbursements
- Loan Re-payments - Consumer Micro Loan Program and Native Hawaiian Revolving Loan Program Payments
- Other Receipts – Trustee and employee reimbursements, HLID reimbursements, Kai Wai Ola advertisement payments, t-shirt sales, and other miscellaneous payments

Deposits are made into one of five main bank accounts maintained by OHA as follows:

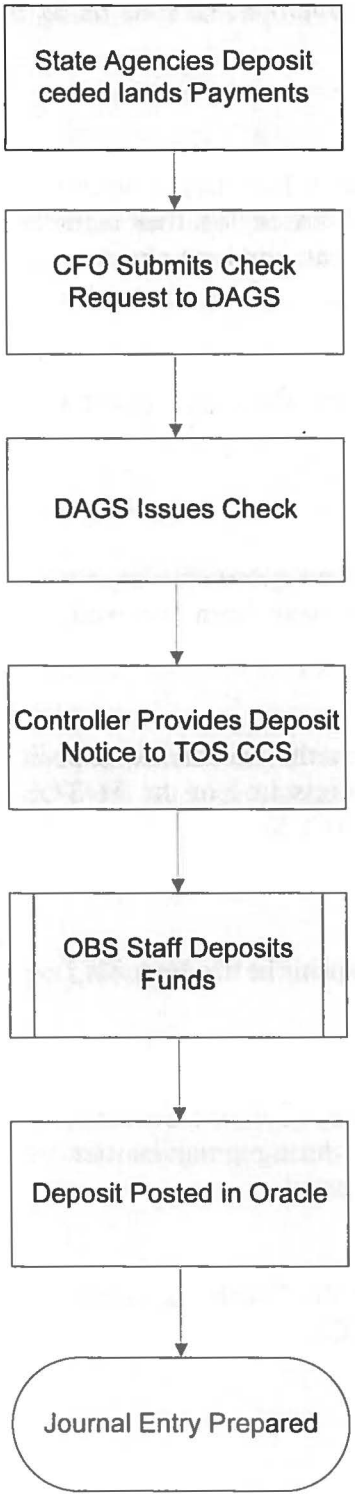
Account	Funds
1. OHA Operating Account – general operating checking account.	Public land trust payments, general funds reimbursements, Consumer Micro-loan payments, other receipts.
2. NHRLF Account	Native Hawaiian Revolving Loan Fund checking account use for the disbursement of loans and deposit of loan payments.
3. Projects Account	Special projects to include the funds received from the sale of Ka Wai Ola advertisements.
4. Federal Account	Federally funded programs such and the Hālawa-Luluku Interpretive Development (HLID) program.
5. Native Rights Account	Payments for various native rights settlements.

The following Cash Procedures should be utilized to control the flow of cash through the organization.

2.1.2.1 Public Land Trust Payments

Public Land Trust payments are processed by the various State agencies on a quarterly basis and deposited into the OHA DAGS 901 Account. OHA transfers the funds from the DAGS 901 account to its Bank of Hawai'i (BOH) Operating Account on a regular basis.

Figure 2.1.2.1 Public Land Trust Receipts Processing

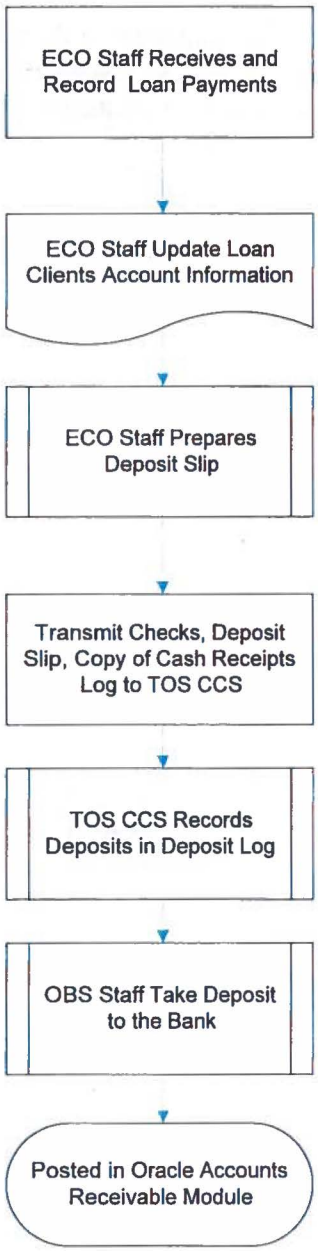


1. The State agencies calculate and deposits ceded lands payments in the OHA DAGS 901 account, through a Journal Voucher on a quarterly basis.
2. The Chief Financial Officer (CFO) monitors OHA funding needs and directs the TOS Accounting Assistant to run the General Fund Reimbursement Interface (FAMIS) to identify funds available for transfer from the DAGS 901 account into the OHA Operating Account. The CFO issues a check request for the amount of funds to be transferred from the OHA DAGS 901 account to the OHA Operating Account.
3. DAGS issues a check for the requested amount.
4. The Controller provides the check to the TOS Credit and Collections Specialist (CCS) who prepares a deposit slip and records the deposit in the Deposit Log - **tab 8**.
5. Office of Board Services (OBS) staff makes the deposit in the OHA Operating Account, during a daily courier run.
6. Information from the deposit log is posted in the Oracle Account Receivables module by the TOS CCS.
7. An Accounting Assistant prepares a journal entry for the deposit.

2.1.2.2 Loan Payments

The OHA Economic Development Hale operates two main loan programs; Consumer Micro Loan Program (CMLP), and the OHA Mālama Loan Program, which evolved out of the Native Hawaiian Revolving Loan Fund (NHRLF). The Mālama Loan Program was established in November, 2007 and is administered by First Hawaiian Bank with all payments collected and processed by the bank. Outstanding (pre November 2007) Native Hawaiian Revolving Loan Fund loans will continue to be processed by OHA staff until all existing loans are retired under the program. Payments are received and recorded by Economic Development Hale using loan tracking software, with payments turned over to TOS for deposit.

Figure 2.1.2.2 Loan Payment Processing

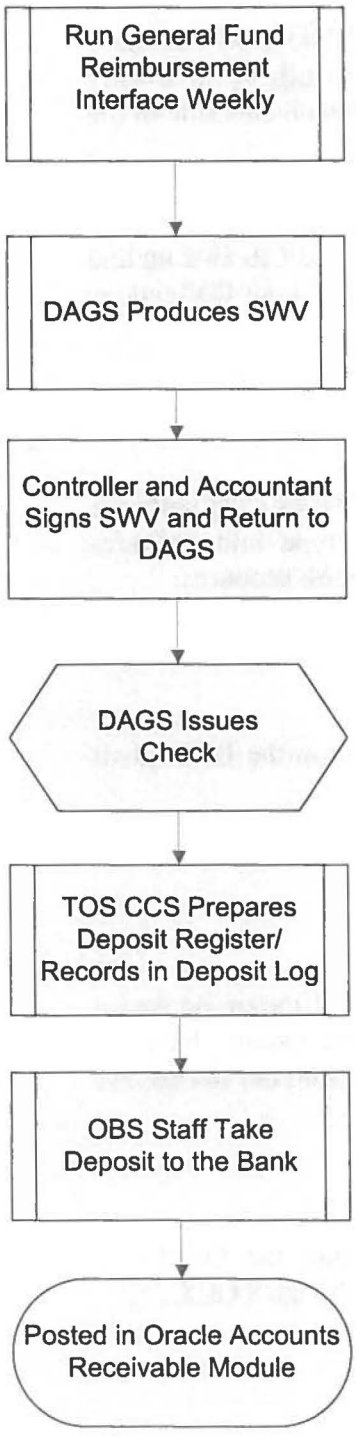


1. Economic Development receives a loan payment and enters the information into a check log that includes the date, payment amount, client, and loan number.
2. Economic Development updates the loan client's account.
3. Economic Development prepares a deposit slip, once a significant number of payments have been received, but no less than once a week.
4. Economic Development forwards the checks, deposit slip, and copy of the Cash Receipts Log to the TOS Credit and Collections Specialist (CCS).
5. The TOS CCS records the deposit in the Deposit Log - **tab 8.**
6. The deposits are made by Office of Board Services (OBS) into the bank account during a regular courier run, but no less than once a week.
7. The cash receipts are recorded in the Oracle Accounts Receivable module by the TOS CCS.

2.1.2.3 Funds Reimbursement

The Office of Hawaiian Affairs receives an annual appropriation from the State of Hawai'i to fund a portion of its staff, operating, and program costs. The funds are provided from the State, on a reimbursement basis, which are processed as follows:

Figure 2.1.2.3 General Funds Reimbursement Process

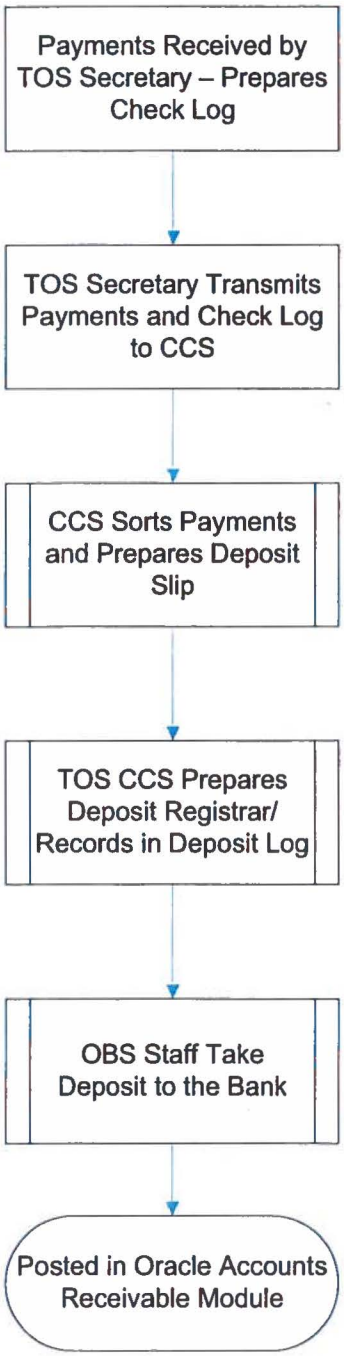


1. TOS Accounting Assistant runs the General Fund Reimbursement Interface FAMIS on a weekly basis. All General Fund expenditures that have not been claimed for reimbursement are identified.
2. During the next business day, Department of Accounting and General Services (DAGS) produces a Summary Warrant Voucher (SWV) including all General Fund expenditure lines for reimbursement.
3. The Controller and Accountant sign the SWV and return it to DAGS for processing.
4. DAGS issues a voucher (check) for the reimbursement amount.
5. The TOS CCS prepares a deposit slip and records the deposit in the Deposit Log - **tab 8.**
6. The deposits are made by OBS (into the operating account) during a regular courier run, but no less than once a week.
7. The cash receipt is recorded into the Oracle Accounts Receivable module by the TOS CCS.

2.1.2.4 Other Receipts

Figure 2.1.2.4 Other Receipts Processing

Other receipts include payments from the State Department of Transportation for the reimbursements for HLID program expenses, Kai Wai Ola advertisement payments, reimbursements from Trustee and employees for costs not covered by OHA as official business, payments for lost key cards, t-shirt sales, and other miscellaneous payments.

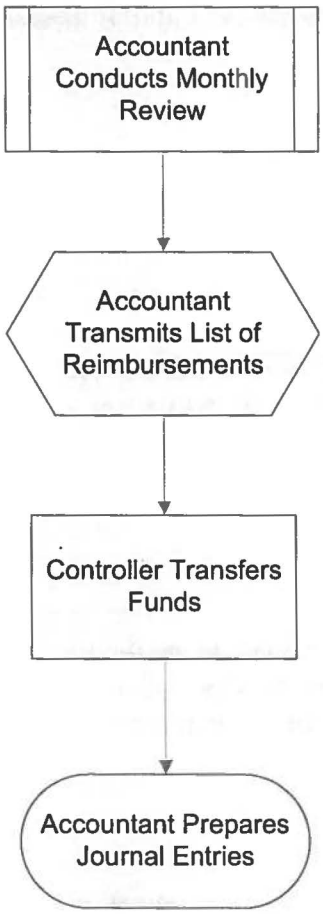


1. All payments are received by the TOS Secretary who prepares a Check Log - **tab 9,** on a daily basis and stamps the back of each check with the endorsement stamp.
2. The TOS Secretary transmits the Check Log and payments to the TOS Credit and Collections Specialist (CCS) daily.
3. No less than once a week the TOS CCS sorts the payments by bank account type and prepares deposit slips for each of the bank accounts.
4. The TOS CCS records the deposit in the Deposit Log - **tab 8**.
5. The deposits are made by OHA Office of Board Services (OBS), into the appropriate bank accounts during a regular courier run, but no less than once a week.
6. The cash receipts in recorded into the Oracle Accounts Receivable module by the TOS CCS.

2.1.2.5 Monthly Operating Account Reimbursements

All payments and checks are issued from the OHA BOH Operating Account. Reimbursements to the operating account from the other bank accounts (NHRLF, Projects, Federal, and Rights accounts) are done monthly. The process for reimbursement is as follows:

Figure 2.1.2.5 Monthly Operating Account Reimbursement



1. On a monthly basis the Accountant reviews all disbursements made from the general operating account to identify those disbursements that require reimbursement from another account.

2. The list of amounts and related accounts is transmitted to the Controller.

3. The Controller reviews and approves the list and makes the necessary transfers on-line.

4. The Controller notifies the Accountant of the transfers and the Accountant makes the necessary Journal Entries.

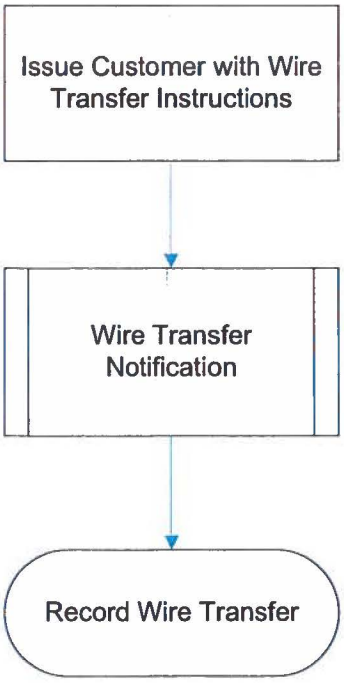
2.1.3 WIRE TRANSFERS

OHA uses wire transfers to move funds between its five main bank accounts and provides additional payment/funds transfer options to its investment managers and other vendors. Wire transfers should be treated with special care and accuracy to prevent loss to OHA or the vendor.

The following ensure proper procedures are followed when processing wire transfer requests. This applies to individuals who are sending or receiving wire transfers and the financial institutions, which process these requests.

2.1.3.1 Incoming Wires

Figure 2.1.3.1 Incoming Wire Transfer Procedures



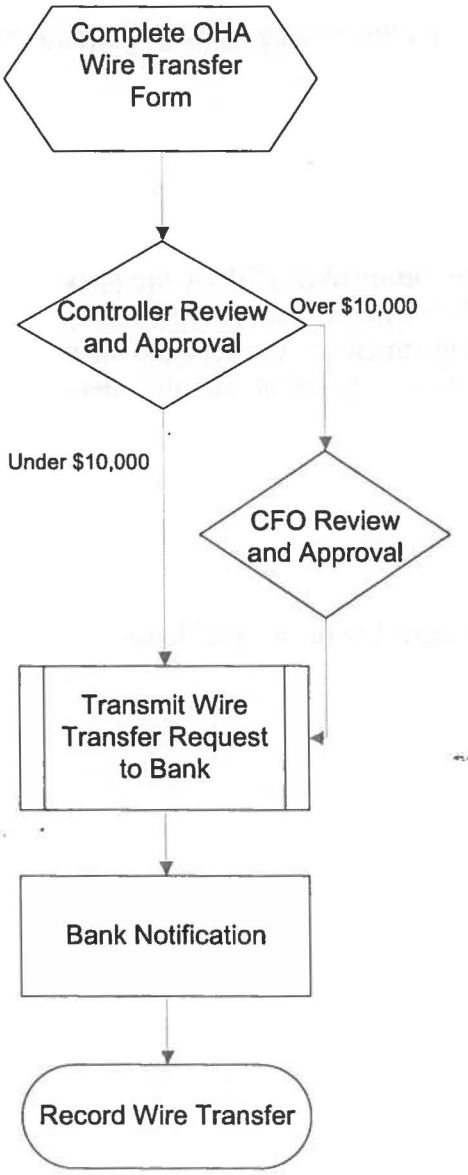
1. Customers who prefer to pay by wire transfer are issued a Bank Wire Instructions document - **tab 10.**

2. Wire transfer notification is received from the vendor by TOS and provided to the Controller. Notification can be in the form of a phone call, e-mail, or mailed notice.

3. The Accountant V enters the payment information in Oracle via journal entry at months end.

2.1.3.2 Outgoing Wires

Figure 2.1.3.2 Outgoing Wire Transfer Procedures



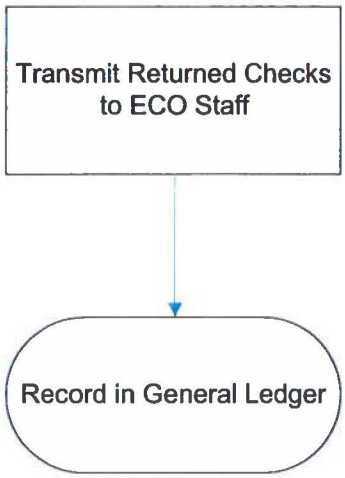
1. The requester must complete an OHA Wire Transfer Form - **tab 10,** in order to complete the wire transfer request.
2. The completed Wire Transfer form is submitted to the Controller for review and approval.
3. Transfers of $10,000 or more must be submitted to the CFO for review and approval.
4. Submit Wire Transfer request to appropriate bank for processing.
5. Obtain bank notification that the funds have been transferred.
6. The Accountant V makes an appropriate entry in Oracle via journal entry.

2.1.4 PROBLEM CHECKS

2.1.4.1 Loan Payment Checks

Problem checks for loan payments are handled differently from other payments as outlined in the following procedures.

Figure 2.1.4.1 Loan Payment Checks



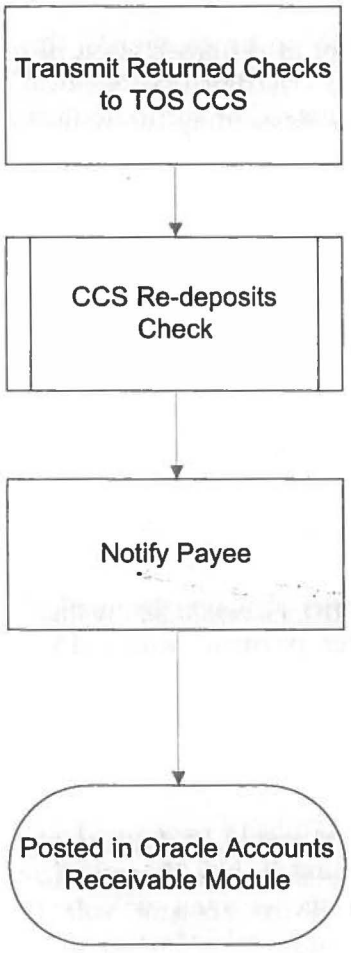
1. Loan payment checks are returned to TOS by the bank and turned over to the Economic Development Hale to make an appropriate adjustment to the Client's loan account and to take the necessary action with the client to correct the problem.

2. The returned check is recorded in the general ledger.

2.1.4.2 Other Payment Problem Checks

Problem checks include those that have stale dates, are returned for insufficient funds, and are submitted to OHA unsigned.

Figure 2.1.4.2 Other Payment Problem Checks



1. Non-loan payment checks that are returned to TOS by the bank are turned over to the TOS Credit and Collections Specialist (CCS).

2. The returned check is re-deposited. If the check clears there is no further action.

3. If the check does not clear on redeposit, the payee is contacted by phone or in writing for more serious issues, using the OHA Bad Check Notice Form - **tab 11**. For checks returned due to insufficient funds the payee is advised of a $20 returned check fee and is provided a corrective action deadline date, which if not met may result in legal or other action.

4. A corresponding adjustment is made to the Oracle Accounts Receivable module by the OHA Accountant.

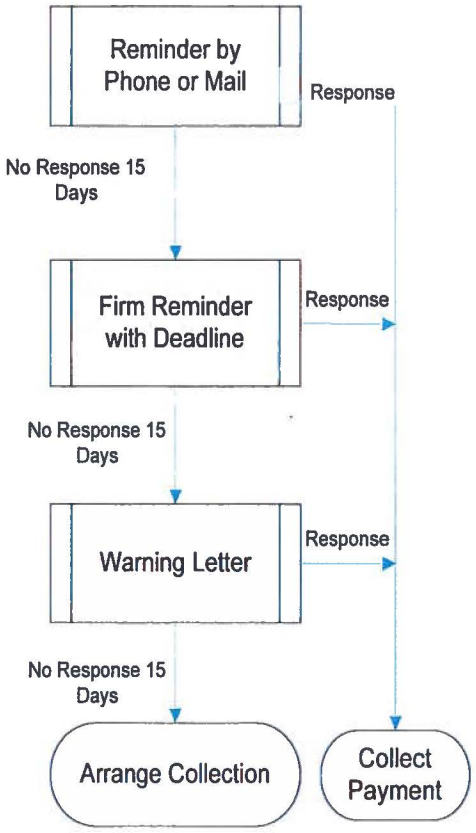
2.1.5 ACCOUNTS COLLECTION

All open accounts receivable with late or delinquent payment activity will be handled in a timely and effective manner. An account is normally considered delinquent when payment is 30 or more days overdue. However, good judgment should be exercised with regular paying customers and accounts that are not often late.

The Economic Development Hale issues monthly statements to its loan clients and is responsible for monitoring delinquent accounts. The Economic Development Hale will provide the initial follow-up on late accounts and once an account is over 60 days the TOS Credit and Collections Specialist (CCS) is notified if further action is required.

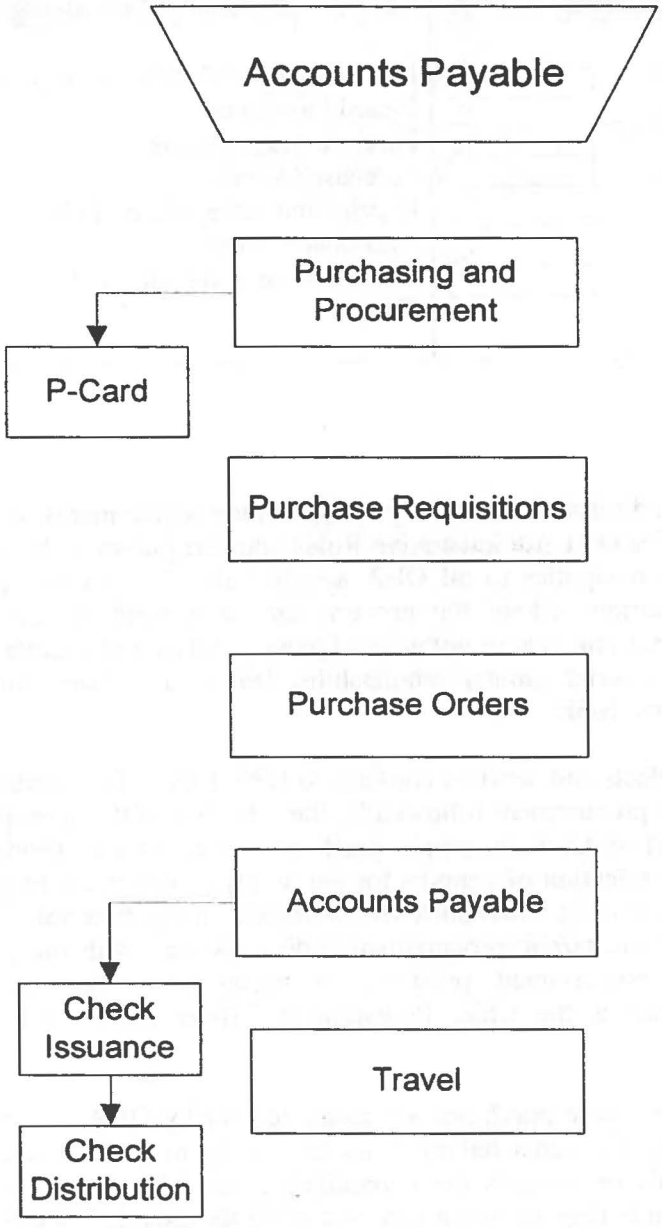
A log of all telephone conversations and correspondence shall be kept as documentation of the collection efforts. All correspondence shall have the notation 'ADDRESS SERVICE REQUESTED". Guidelines for collection efforts when a receivable is outstanding for more than 30 days are as follows:

Figure 2.1.5.1 Collection Process for Delinquent Accounts



1. Send a reminder by mail or telephone.
2. After 15 days, send a firmer reminder by mail, establishing a deadline for payment within 15 days.
3. If no response is received within 15 days, send a final warning by mail, stating that if immediate payment is not received the account will be assigned to a collection agency, and/or litigation.
4. If no response is received, forward the account to a collection agency.

2.2 ACCOUNTS PAYABLE



The accounts payable function includes the following intake documents and document processing:

Intake Documents	Document Processing
Request for Payments ⇨	Procurement of Goods and Services P-card Payments
Purchase Requisitions ⇨	Purchase Requisitions Purchase Orders Receipt and Acceptance of Goods/Services
Invoices ⇨	Accounts Payable Check Issuance and Distribution Travel

2.2.1 PROCUREMENT

The procurement of goods and services by OHA is subject to the requirements of Chapter 103D, HRS, as amended, and the Hawai'i Administrative Rules adopted pursuant thereto (Chapter 3-120 to 3-132). This procedure applies to all OHA acquisitions of goods and services unless specifically excluded. Situations where the procurement of a good or service through a competitive means is either not practical or not advantageous to OHA and exempt from Chapter 103D. Grants, subgrants, tutorial grants, scholarships, leases, and loans for example are generally exempt from Chapter 103D.

OHA ensures purchased products and services conform to HRS 103D. This starts with selection of the appropriate method of procurement followed by the selection of the appropriate suppliers that have the capability and systems to supply products, materials and services to OHA's specified requirements. The selection of vendors for the timely procurement of goods, services and construction necessary for OHA operations will be based on the best value that comports with the spirit and intent of the public procurement code consistent with the goals of public accountability and public procurement practices to encourage a fair and competitive environment. The BOT Chair is the Chief Procurement Officer (CPO), for the Office of Hawaiian Affairs.

All capital assets and theft sensitive purchases are accounted for by OHA. Capital assets are defined as tangible or intangible items having a useful life of more than one year and an acquisition cost which equals or exceeds the capitalization level of $1,000. Theft sensitive property is defined as a tangible item having a unit cost of $250 through $999.99 with a useful life of more than one year. Each capital asset and theft sensitive item acquired shall be assigned a serially numbered OHA identification tag. The identification tag shall be affixed in a conspicuous area of the item and in a manner such that the identification tag is attached with relative permanence.

2.2.1.1 Procurement Methods

Goods and services can be procured by OHA, pursuant to Chapter 103D as follows:

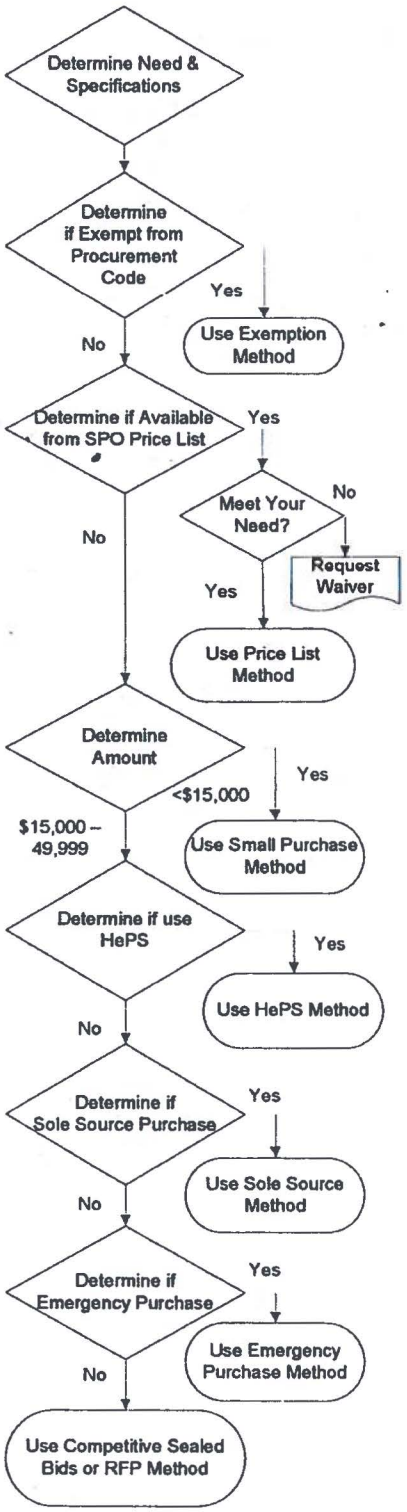
Method	Reason for Method	Reference
Exempt Purchase	Purchases exempt from HRS Chapter 103D.	HRS 103D-102; Exhibit A "Procurements Exempt From HRS §103D, HAR Chapter 3-120"
Price List	The State of Hawai'i maintains a number of price lists for commonly used items or services which are competitively bid to set prices for a specific time. Price lists for the State of Hawai'i can be viewed at **http://www4.hawaii.gov/priceapps/ShowPrice.cfm**	
Small Purchase	Goods, services, or construction less than $15,000.	HRS § 103D-305
Hawaii Electronic Procurement System (HePS)	Small Purchases of goods, services, or construction between $15,000 to $49,999.	HRS § 103D-305 HAR Chapter 3-122-73 HAR Chapter 3-122-78
Sole Source	A good or service that has a unique feature, characteristic, or capability that is essential for OHA to accomplish its work and there is only one source or supplier.	HRS §103D-306
Emergency	An emergency situation that may affect the health, safety, or welfare of any person.	HRS § 103D-307
Invitation for Bid (IFB)	The IFB is used when the specifications are clear—you know what your needs are and you can spell them out. Award is made on the basis of lowest bid price, provided the bidder is responsive and responsible.	HRS §103D-302 HAR Chapter 3-122, Subchapter 5.
Request for Proposal (RFP)	The RFP is used when you know what your objective is but don't know how best to meet that objective. The process gives you the opportunity to evaluate several approaches to meet your needs and to request price offers from acceptable offerors only. Also, factors other than price may be important to you. This process allows you to award to other than the lowest bidder.	HRS §103D-303 HAR Chapter 3-122, Subchapter 6.
OHA Professional Services	Selection of consultants made from a list of pre-qualified individuals.	HRS §103D-304 or HRS §464.

(Revised 2/09)

2.2.1.2 Selecting the Procurement Method

If the goods or services required cannot be procured from the OHA Professional Services List, the following flow chart should be used by purchasers to evaluate the best method of procurement that does not violate or circumvent state law.

Figure 2.2.1.2 Selecting the Procurement Method



1. Determine what goods or services need to be purchased and the specifications.

2. Determine if the goods or services are exempt from the procurement code, HRS chapter 103D §103D-102.

3. Determine if the goods or services are available from the State Procurement Office (SPO) Price list. If yes, purchase from the applicable SPO Price list. If the good or service on the price list does not meet the needs, request a waiver to purchase outside of the price list using SPO Form-05.

4. If the good or service is not available from the SPO Price list, determine the estimated dollar amount of the purchase. If the amount is less than $15,000 use the Small Purchase procedures.

5. The State of Hawaii requires all small purchases between $15,000- $49,999 be conducted through the Hawaii Electronic Procurement System (HePS).

6. Determine if the purchase qualifies as a sole source purchase - justify that the needs can be met by purchase from one source only and no other.

7. Determine if the purchase qualifies as an Emergency Procurement - if you don't act immediately and an emergency condition that is a threat to public health, welfare, or safety would result, seek an emergency procurement approval.

8. Competitive sealed bids or proposals ($50,000+). If none of the above methods apply to the purchase, you must use either the competitive sealed bids process or the competitive sealed proposal process.

Information and procedures on each of the procurement methods is outlined in the following sections. The first step in the procurement process is identification of the procurement need. Each purchaser must determine their specific needs and identify the proper method of procurement. The process should establish the degree of competition, sources, price, and degree of difficulty in administering the contract.

The next step in the process is to determine if the procurement is exempt from Chapter 103D, HRS or HAR Chapter 3.120.

2.2.1.3 Exempt Procurements

The following procurements are exempt from Chapter 103D, by law:

- Grants or subsidies as those terms are defined in section 42F-101, made by the State in accordance with standards provided by law as required by article VII, section 4, of the State Constitution; or by the counties pursuant to their respective charters or ordinances;
- To make payments to or on behalf of public officers and employees for salaries, fringe benefits, professional fees, or reimbursements;
- Obligations that the State is required to pay by law, including paying fees, permanent settlements, subsidies, or other claims, making refunds, and returning funds held by the State as Trustee, custodian, or bailee;
- Entitlement programs, including public assistance, unemployment, and workers' compensation programs, established by state or federal law;
- Dues and fees of organizations of which the State or its officers and employees are members, including the National Association of Governors, the National Association of State and County Governments, and the Multi-State Tax Commission;
- For the deposit, investment, or safekeeping, including expenses related to their deposit, investment, or safekeeping;
- Awards to governmental bodies of the State;
- Loans, under loan programs administered by a governmental body;
- Contracts awarded in accordance with Chapter 103F, HRS;

- Goods, services, or construction from a governmental body other than the University of Hawai'i Bookstores, from the federal government, or from another state or its political subdivision;
- Services of expert witnesses for potential and actual litigation of legal matters involving the State, its agencies, and its officers and employees, including administrative quasi-judicial proceedings;
- Works of art for museum or public display;
- Research and reference materials including books, maps, periodicals, and pamphlets, which are published in print, video, audio, magnetic, or electronic form;
- Meats and foodstuffs for the Kalaupapa Settlement;
- Opponents for athletic contests;
- Utility services whose rates or prices are fixed by regulatory processes or agencies;
- Performances, including entertainment, speeches, and cultural and artistic presentations;
- Goods and services for commercial resale by the State;
- Services of printers, rating agencies, support facilities, fiscal and paying agents, and registrars for the issuance and sale of the State's or Counties' bonds;
- Services of attorneys employed or retained to advise, represent, or provide any other legal service to the State or any of its agencies, on matters arising under laws of another state or foreign country, or in an action brought in another state, federal or foreign jurisdiction, when substantially all legal services are expected to be performed outside this state;
- Financing agreements under chapter 37D,HRS; and
- Trade agreements, including the Uruguay Round General Agreement on Tariffs and Trade (GATT) which requires certain non-construction and non-software development procurements by the comptroller to be conducted in accordance with its terms.

Additional items have been exempt from Chapter 103D, HRS, by the Hawai'i Administrative Rules Section 3-120-4 – Exhibit A, Procurements Exempt from Chapter 103D as follows:

"EXHIBIT A"

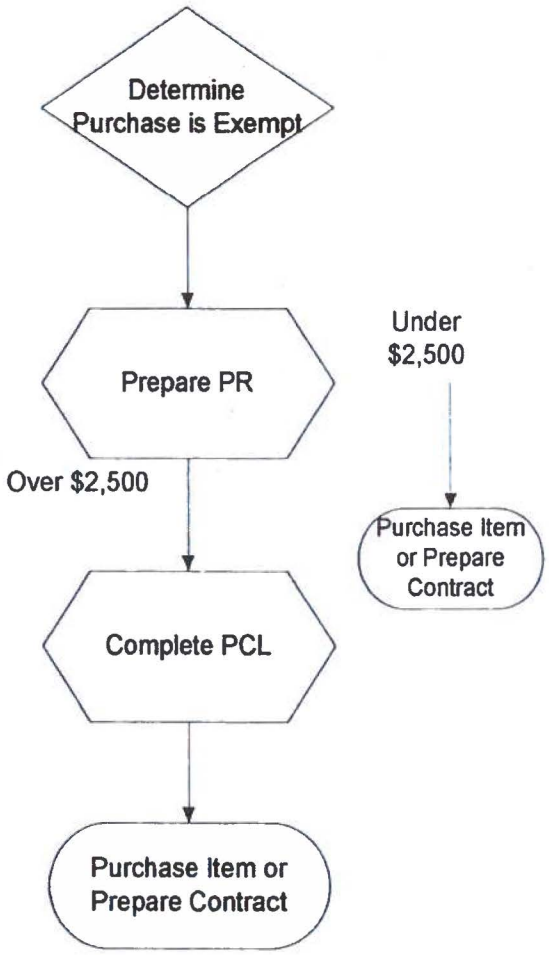
PROCUREMENTS EXEMPT FROM CHAPTER 103D, HRS Chapter 3-120 07/17/08

Exemptions are in section 103D-102(b) (4), HRS. The following is a list of additional exemptions which the procurement policy board has also determined to be exempt from chapter 103D, HRS:

Exemption Number	Exemption
1.	Research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases;
2.	Services of printers, rating agencies, support facility providers, fiscal and paying agents, and registrars for the issuance and sale of the State's or counties' bonds;
3.	Services of lecturers, speakers, trainers, facilitators and scriptwriters, when the provider possess specialized training methods, techniques or expertise in the subject matter;
4.	Services of legal counsel, guardian ad litem, psychiatrists, psychologists, receivers and masters when required by court order;
5.	Fresh meats and produce;
6.	Insurance to include insurance broker services;
7.	Animals and plants;
8.	New or used items which are advantageous and available on short notice through an auction, bankruptcy, foreclosure, etc;
9.	Food and fodder for animals;
10.	Facility costs for conferences, meetings, and training sessions;
11.	Advertisements in specialized publications, such as in ethnic or foreign language publications, trade publications, professional publications;
12.	Arbitrator and mediator services;
13.	Interpreter services;
14.	Procurement of repair services when dismantling is required to assess the extent of repairs;
15.	Burial services consisting of mortuary, crematory, cemetery, and other essential services for deceased indigent persons or unclaimed corpses; and
16.	Radio and television airtime when selection of station is based on the targeted audience (i.e. ethnic or age group, gender, etc.);
17.	Subscription costs and registration or workshop fees for conferences or training; and
18.	Court reporter services.

Allowable exemptions are subject to changes made by the State Policy Procurement Board and will be periodically updated to reflect any changes made.

Figure 2.2.1.3 Exempt Purchase Procedure



1. The purchaser determines if the purchase is exempt from HRS Chapter 103D.

2. Prepare Purchase Requisition (PR) following the procedures outlined in 2.2.2.1 Purchase Requisitions Process.

3. If the purchase is under $2,500 purchase goods or service, complete purchase as outlined in 2.2.1.5a Small Purchase Procurement Process – Under $2,500.

4. If the goods or service is over $2,500 the purchaser completes the **Procurement Check List (PCL) – tab 13**, indicating the appropriate statutory or rule exemption, and completes the review process outlined in 2.2.4.4 Purchase Review Process for Contracts and Grants.

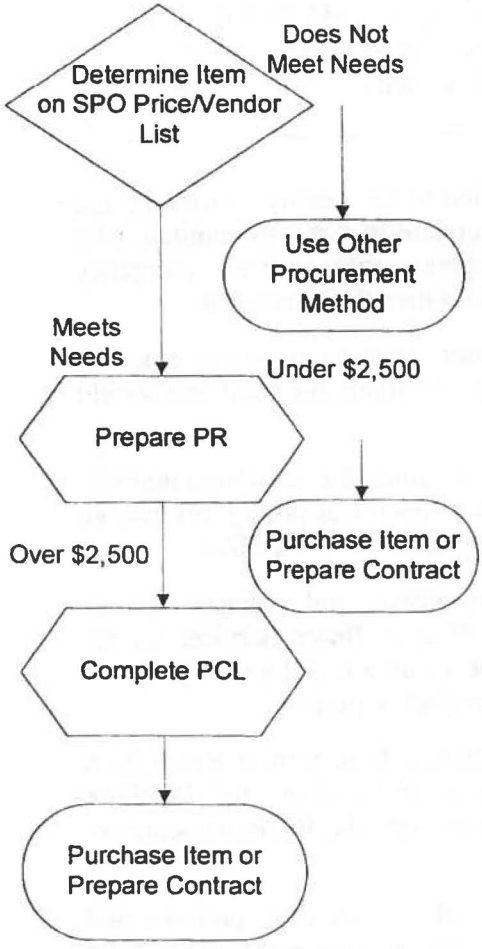
5. The item(s) is purchased or in the case of a service a contract is prepared.

2.2.1.4 Price List Procurement

It is mandatory that purchasers check the price list found at **http://www2.hawaii.gov/priceapps/**, before proceeding with a procurement of goods or services. Price lists are established to obtain more favorable prices through volume purchasing and to reduce procurement lead time and administrative effort.

If the good or service on the price list does not meet your needs you may request a waiver to purchase outside of the price list by submitting SPO Form 5 to the CPO, or the CPO's designee, for review and consideration.

Figure 2.2.1.4 Procuring Items from the SPO Price/Vendor List



1. The purchaser determines if the good or service is on a **State SPO Price/Vendor List - tab 12.**

2. If the **SPO Price/Vendor List** does not meet the purchaser's need, utilize other appropriate procurement method.

3. If the good or service is on the **SPO Price/Vendor List** the purchaser follows the specific procurement directions on the price/vendor list. Then the purchaser prepares a Purchase Requisition (PR), following the procedures outlined in 2.2.2.1 Purchase Requisitions Process.

4. If the good or service is over $2,500 the purchaser completes the **Procurement Check List (PCL) - tab 13,** indicating the Price/Vendor List number, and completes the review process outlined in 2.2.4.4 Purchase Review Process for Contracts and Grants.

5. The item(s) is purchased or in the case of a service a contract is prepared.

2.2.1.5 Small Purchases

Hawai'i law does not require purchasers to use a competitive bid or conduct a competitive negotiation on the purchase of goods or services which fall within the dollar threshold of a small purchase. As outlined in the table below, OHA utilizes these dollar threshold amounts for small purchases:

Value of Goods or Services	Requirement
Small Purchases up to $2,499	Reasonable and adequate competition is recommended. Award to most advantageous
Small Purchases from $2,500 to less than $15,000	At least three (3) verbal quotations. Award to most advantageous
Small Purchases from $15,000 to less than $50,000	The State of Hawaii requires all small purchases between the amounts of $15,000 and $49,999 be conducted through an electronic procurement system.

The award for the goods or service must take into consideration price, quality, warranty, and delivery and be made to the most advantageous offer. Purchasers are required to maintain files of quotations and/or justification explaining insufficient sources, sole source, emergency procurement decisions and reason why an award was made to other than the lowest bid.

In order to obtain consistency in the quotation response, purchasers should ensure that potential suppliers are given identical information. These records must be available for audit and should be kept with your copy of the purchase order.

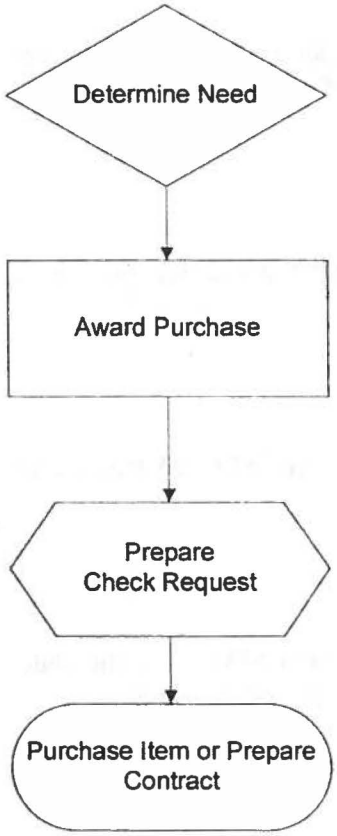
Small purchases shall not be parceled by dividing the purchases of same, like, or related items of goods, services, or construction into several purchases of smaller quantities during any twelve month period to evade the competitive sealed process pursuant to Section 3-131-2 HAR.

OHA staff will be assigned the responsibility of procuring goods and services by the Administrator. This can be on an ongoing basis, as with the Office of Board Services for the procurement of office supplies, computers, and other daily needs, or on a case by case basis for the procurement of professional services or goods for a specific project or purpose.

The staff member assigned to conduct the purchase will work with a Procurement Requisition Representative who will be responsible for the Oracle data input to create the Purchase Requisition (PR), and subsequent Purchase Order (PO). In some cases the PR Representative will be the purchaser.

The assigned purchaser is responsible for compliance with all procurement policies and procedures, the timely and accurate delivery of the goods or services, and the preparation of the Procurement Check List (PCL) and all supporting documents.

Figure 2.2.1.5.a Small Purchase Procurement Process – Under $2,500



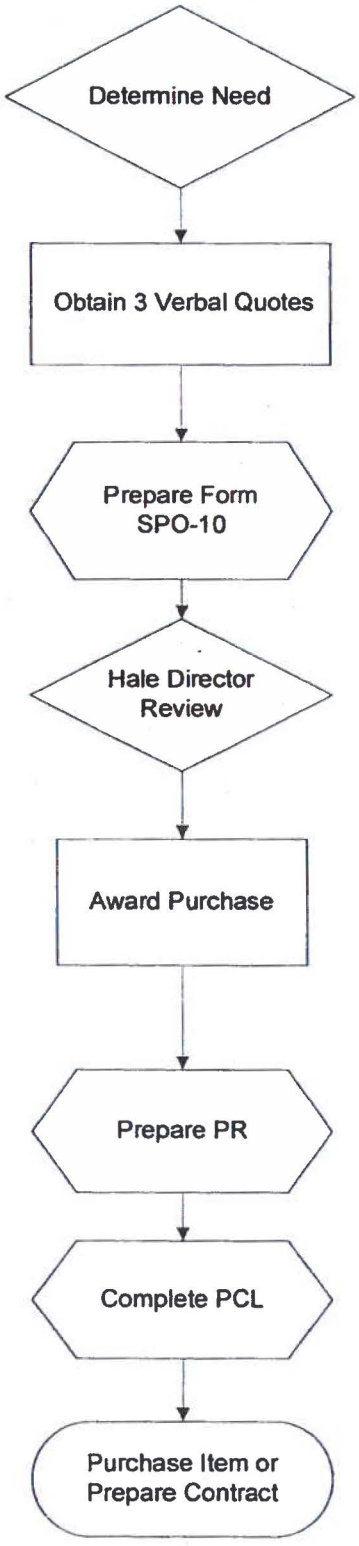
1. The purchaser determines the good or service needed and prepares the specifications.

2. The purchaser awards purchase to the vendor most advantageous to OHA.

3. The purchaser prepares and submits a check request.

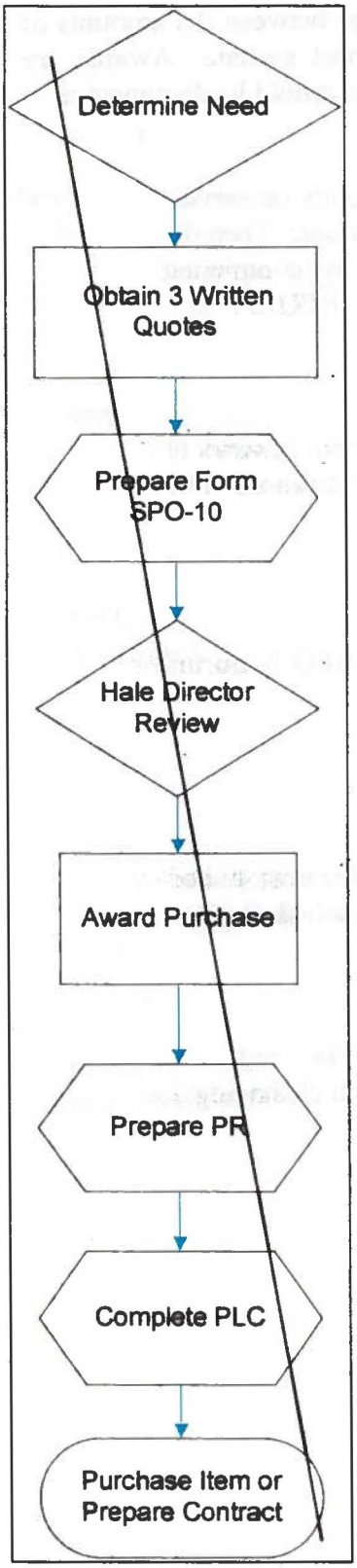
4. The item(s) is purchased or in the case of a service a contract is prepared.

Figure 2.2.1.5.b Small Purchase Procurement Process –$2,500 to less than $15,000



1. The purchaser determines the good or service needed and prepares the specifications.
2. The purchaser identifies suppliers and obtains at least 3 verbal quotes.
3. The purchaser prepares Form **SPO-10 Record of Procurement - tab 14**.
4. The purchaser submits **Form SPO 10** to the Hale Director for review and approval of vendor.
5. The purchaser awards purchase to the approved vendor.
6. An assigned PR Representative prepares a PR following the procedures outlined in 2.2.2.1 Purchase Requisition Process.
7. The purchaser completes **Procurement Check List (PCL) – tab 13,** and completes the review process outlined in 2.2.4.4 Purchase Review Process for Contracts and Grants.
8. The item(s) is purchased or in the case of a service a contract is prepared.

Figure 2.2.1.5.c Small Purchase Procurement Process $15,000 to $24,999



1. The purchaser determines the goods or service needed and prepares the specifications.

2. The purchaser identifies suppliers and obtains at least 3 written quotes.

3. The purchaser prepares Forms SPO-10 Record of Procurement and SPO-10A Small Purchase Written Quotations.

4. The purchaser submits Form SPO-10 and 10A to Hale Director for review and approval of the vendor.

5. The purchaser awards purchase to the approved vendor.

6. PR Representative prepares the purchase requisition following the procedures outlined in 2.2.2.1 Purchase Requisitions Process.

7. The purchaser completes Procurement Check List (PCL) and completes the review process outlined in 2.2.4.4 Purchase Review Process for Contracts and Grants.

8. The item(s) is purchased or in the case of a service a contract is prepared.

2.2.1.6 Sole Source Procurement

Pursuant to Chapter 3-122-81, HAR, as amended, sole source procurement shall be in accordance with section 103D-306, HRS, with the exception of sole source procurement subject to section 103D-305, HRS. A sole source purchase may be made when only one source is available for a purchase, unless the expenditure is expressly exempt from public bidding by law or rule.

Justification for sole source purchase must establish that a good, service, or construction has a unique feature, characteristic, or capability essential to the agency to accomplish its work and is available from only one supplier or source. Examples are:

- Proprietary item; or
- Compatibility to existing equipment.
- Public utility repair or construction that can only be provided by the utility company.

A sole source purchase can be made from the State Procurement Office approved sole source items list known as " EXHIBIT A PROCUREMENTS APPROVED FOR SOLE SOURCE , JANUARY 2007", which is provided below.

Sole source procurement of items not on "Exhibit A" requires approval by the Chief Procurement Officer and must be documented by an end user on two forms. The end user must submit a "Request for Sole Source (SPO Form 1) to the CPO and publicly post for seven days the "Notice of Sole Source" (SPO Form 1A). The CPO may approve the request after notice has been given.

Any objections to the request for sole source shall be submitted in writing and received by the Chief Procurement Officer within seven days from the date the notice was posted. The Chief Procurement Officer shall place a sole source request on hold, review the objections, and provide a written determination to the person submitting the objections. All documents relating to the objection, including written summary of the disposition of the objections, shall be kept with the sole source file.

The answers to the following questions will help a purchaser determine if there is justification for sole source procurement:

- Do other companies make similar commodities that will do the same job or meet the same goal?
- How is this item unique from all others?
- Can other items do the same or similar thing?
- Is there a copyright or patent on the commodity?
- Is this item available from other distributors?

Amendments to a contract that would change the original scope of the contract, or increase the original scope of the contract, or increase the original contract price by ten per cent or more, may only be made with the approval of the Chief Procurement Officer. The annual renewal of a sole source contract for services shall not be submitted as an amendment, but as a new request. To amend a sole source contract, the purchasing agency shall complete and submit a "Notice of Amendment to Sole Source Contract" (SPO Form 1B) to the chief procurement officer and a copy shall be posted in a designated area accessible to the public.

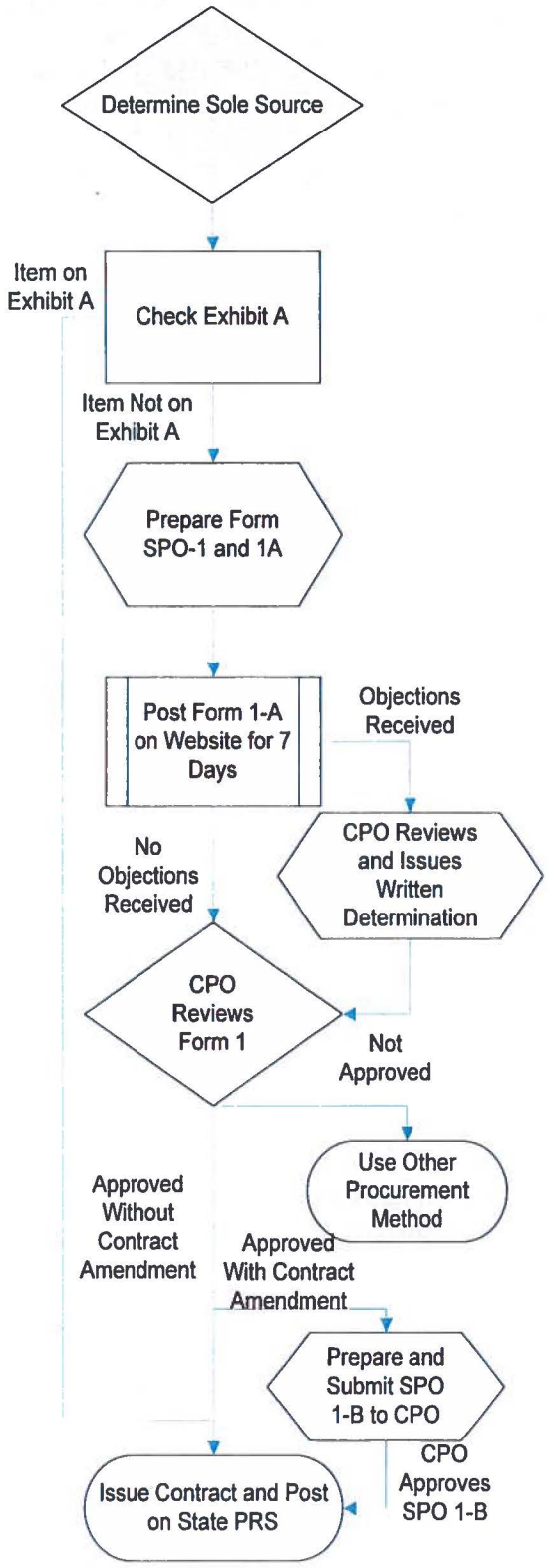
EXHIBIT A
PROCUREMENTS APPROVED FOR SOLE SOURCE
JANUARY 2007

The following procurements are not subject to the procedure for obtaining sole source approval, APM Section A8.255.2:

SOLE SOURCE
NUMBER SOLE SOURCE

1. Rental of booth space for exhibits at conventions and trade shows when organized by a single sponsor.
   Criteria: When rental is available only through a single organizer or sponsor of the convention or trade show.
2. For the repair, replacement, installation (connection, activation or hookup), or relocation of public utility company equipment or facilities.
   Criteria: When the equipment or facilities are owned or controlled by utility companies such as an electric, telephone, gas or Cable Television Company.
3. Annual license renewal and maintenance for computer software.
   Criteria: When the license renewal and maintenance can be obtained from only a single source, normally the developer of the software.
4. Procurement of computer software conversions, modifications, and maintenance for existing programs from the manufacturer of the software.
   Criteria: When the conversion, modification, or maintenance can only be obtained from the manufacturer of the software.
5. Transcripts of court proceedings.
   Criteria: When the transcripts of court proceedings are only available from the respective assigned court reporter provided by the Judiciary.
6. Repair and maintenance services and supplies from the original equipment manufacturer of its designated representative; when the manufacturer or its designated representative is required to provide the services and supplies to retain the manufacturer's warranty or guarantee.
   Criteria: When the services or supplies can only be obtained from the manufacturer or its designated representative to retain the manufacturer's warranty or guarantee.
7. Procurement of equipment upgrades from the original manufacturer to existing equipment and information technology hardware, when the upgrades can only be obtained from the manufacturer.
   Criteria: When the upgrades are available only from the manufacturer.

Figure 2.2.1.6 Sole Source Procurement Process



1. Hale Director determines there is only one source able to supply the service or good needed.

2. The Hale Director checks "Exhibit A Procurement Approved for Sole Source". If the item is on the list the Hale Director assigns a staff member to purchase the item or issue a contract and posts the procurement on the State Procurement Reporting System (PRS).

3. If the item is not on "Exhibit A" the Hale Director prepares SPO Form-1 Notice and Request for Sole Source - **tab 16**.

3. SPO Form-1 is posted for seven days at http://www.hawaii.gov/spo2/solesource/.

4. Objections to the sole source procurement are received by the chief procurement officer (CPO) within seven days of the public notice and the sole source request is put on hold until determination.

5. The CPO reviews the objection and issues a written determination

6. The CPO reviews SPO Form 1.

7. If the CPO does not approve the request for sole source purchase the Hale Director uses other source of selection method (i.e. IFB, RFP).

8. If the CPO approves the request and there is no need to amend the contract terms the Hale Director issues the contract and post on Procurement Reporting System (PRS).

9. If need to amend contract terms the purchasers prepares form SPO 1-B Notice of Amendment to Sole Source Contract - **tab 17,** and submits to the CPO.

10. CPO approves SPO 1-B the Hale Director issues the contract and post on PRS.

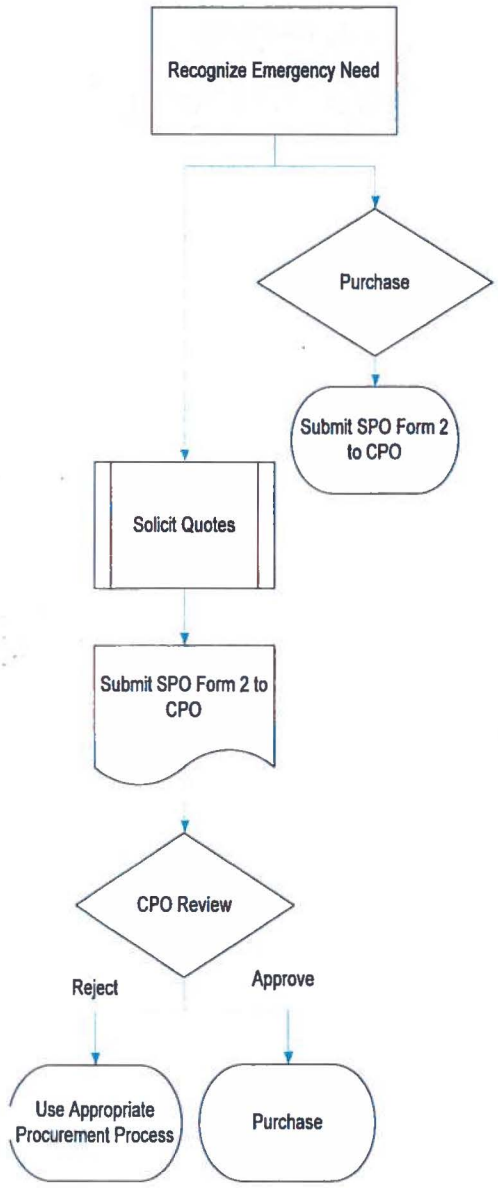
2.2.1.7 Emergency Procurement

An emergency condition means a situation which creates a threat to public health, welfare, or safety that may arise by reason of major natural disaster, epidemic, riot, fire, or other reason as may be proclaimed by the Administrator. The emergency condition creates an immediate and serious need for goods, services or construction that cannot be met through normal procurement methods, the lack of which would seriously threaten the continued function of OHA, the preservation or protection of property, or the health or safety of any person.

Emergency procedures may be utilized only to purchase that which is necessary to cover the emergency. Subsequent requirements shall be obtained using normal purchasing procedures. Purchasers must document an emergency procurement before it takes place, or as soon after as possible. To further assess justification for an emergency procurement, purchasers should answer the following:

- What happened to cause the emergency?
- What would be the negative consequences of following normal procedures?

Figure 2.2.1.7 Emergency Procurement Process



1. Hale Director determines immediate need for service or good(s) due to an emergency situation that may affect the health, safety, or welfare of any person.

2. Hale Director procures from the best available source.

3. Hale Director prepares SPO Form 2 Emergency Procurement Request - **tab 18,** and submits to the Chief Procurement Officer (CPO) after the fact.

4. Hale Director solicits quotes when appropriate

5. Hale Director prepares SPO Form 2 and submits to the CPO.

6. CPO Reviews request.

7. If approved the goods or services are purchased. If rejected an appropriate procurement process is followed.

2.2.1.8 Professional Services

Professional services, may be procured in accordance with Sections 103D-302, 103D-303, 103D-304, 103D-305, 103D-306, or 103D-307, HRS. Professional services anticipated to cost in excess of $50,000, shall be procured in accordance with Sections 103D-302, 103D-303, 103D-304, 103D-306, or 103D-307, HRS. However, professional services are generally procured through the Section 103D-304, HRS, process, which requires the development of a list of individuals to perform a particular service for OHA. Pursuant to Section 103D-304, HRS, at least annually OHA must generate a list of anticipated professional needs and ask for statements of qualifications from potential providers.

Supplemental notices shall be given if:

1. The response to the initial notice is inadequate;
2. The response to the initial notice does not result in adequate representation of available sources;
3. New needs for professional services arise; or

The selection criteria employed in selecting service providers in descending order of importance shall be:

1. Experience and professional qualifications relevant to the project type:
2. Past performance on projects of similar scope for public agencies or private industry; including corrective actions and other responses to notices of deficiencies;
3. Capacity to accomplish the work in the required time; and
4. Any additional criteria determined in writing by the selection committee to be relevant to the purchasing agency's needs or necessary and appropriate to ensure full, open, and fair competition for professional services contracts.

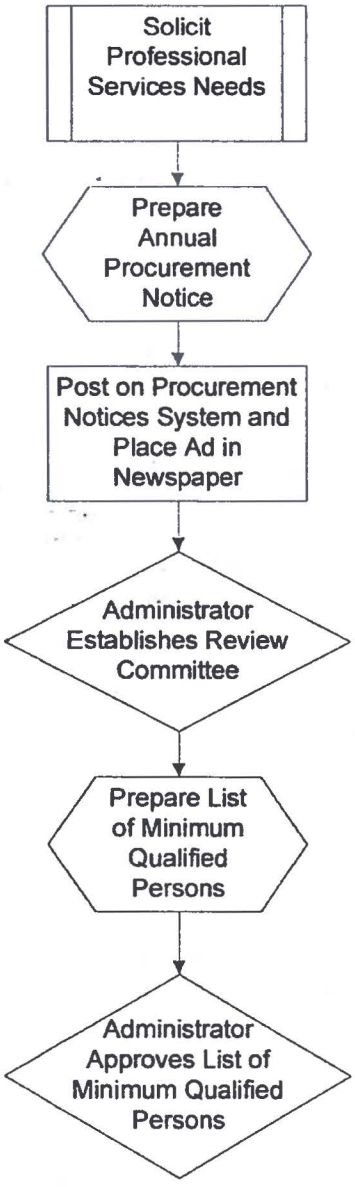
Pursuant to §103D-701 any actual or prospective bidder, offeror, or contractor who is aggrieved in connection with the solicitation or award of a contract may protest to the Chief Procurement Officer (CPO), or a designee as specified in the solicitation. A protest shall be submitted in writing within five working days after the aggrieved person knows or should have known of the facts giving rise thereto; provided that a protest of an award or proposed award shall be submitted in writing within five working days after the posting of award of the contract, if no request for debriefing has been made, as applicable; provided further that no protest based upon the content of the solicitation shall be considered unless it is submitted in writing prior to the date set for the receipt of offers.

The Chief Procurement Officer or a designee, prior to the commencement of an administrative proceeding under section 103D-709 or an action in court pursuant to section 103D-710, may settle and resolve a protest concerning the solicitation or award of a contract. This authority shall be exercised in accordance with rules adopted by the policy board. If the protest is not resolved by mutual agreement, the chief procurement officer or a designee shall promptly issue a decision in writing to uphold or deny the protest. The decision shall:

(1) State the reasons for the action taken; and
(2) Inform the protestor of the protestor's right to an administrative proceeding as provided in this part, if applicable.

A copy of the decision shall be mailed or otherwise furnished immediately to the protestor and any other party intervening and shall be final and conclusive, unless any person adversely affected by the decision commences an administrative proceeding under section 103D-709.

Figure 2.2.1.8 Professional Services Procurement Process



1 No later than May of each year, TOS solicits anticipated needs for professional services from each Division and Hale Director.

2 Based on the organization's professional services needs, TOS prepares an Annual Procurement Notice requesting proposals from appropriate service providers.

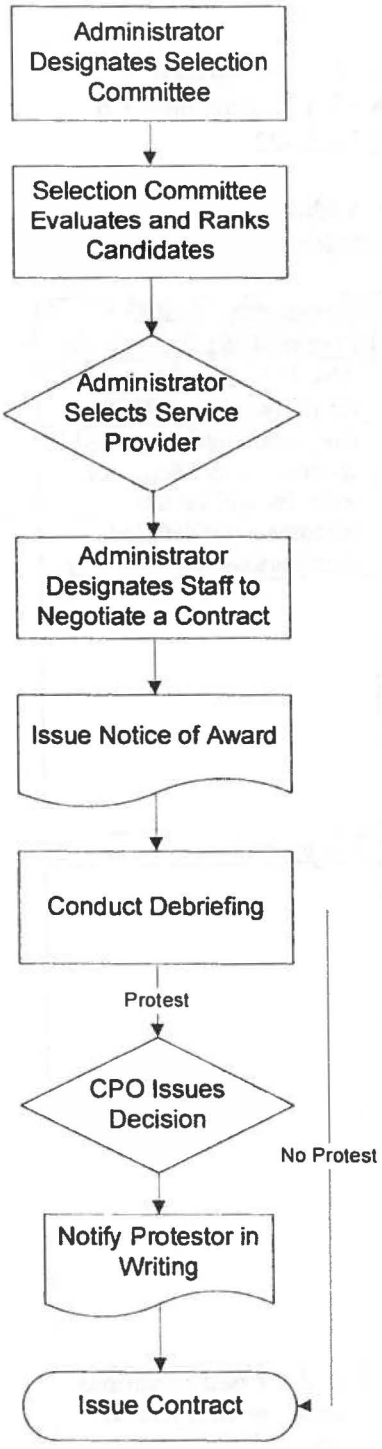
3 TOS posts the notice on the Procurement Notices System (PNS) and places the notice in major newspaper(s) directing potential service providers to the PNS notice.

4 The Administrator designates Review Committees, for each respective category, with a minimum of three persons with sufficient education, training, licenses and credentials for each type of professional service being reviewed.

5 The Review Committee reviews and evaluates all submissions and prepares a list of minimum qualified persons that is transmitted to the Administrator.

6 The Administrator approves the Qualified List of Professional Service Providers.

If the need for a particular professional service arises, the Administrator designates a selection committee with a minimum of three persons.



7. The Administrator designates a Selection Committee.
8. The Selection Committee evaluates the statements of qualifications and ranks a minimum of three providers using the selection criteria.
9. The Selection Committee makes a recommendation to the Administrator.
10. The Administrator designates a staff person to negotiate a contract with the first ranked provider.
11. The notice of award is issued to the provider.
12. Conduct debriefing within 7 working days with non-selected provider(s) that submitted written requests. Protests are received within 5 working days after last debriefing, during which time the purchase is put on hold.
13. The Chief Procurement Officer issues a decision on protest in writing.
14. The protestor is notified of the decision in writing, accepts the decision or proceeds to an administrative hearing.
15. Issue contract.

2.2.1.9 Competitive Sealed Bids or Proposals ($50,000+)

The competitive procurement process consists of:

- Invitations for Bids (IFB) HRS §103D-302, HAR §3-122, Subchapter 5
- Request for Proposals (RFP) HRS §103D-303, HAR §3-122, Subchapter 6
- Combination IFB and RFP HRS §103D-302, HAR §3-122-22

There are several major differences between a Competitive Sealed Bid, a Multi-Step Competitive Sealed Bid, and Competitive Sealed Proposals. Some of their characteristics have been provided below:

Competitive Sealed Bid (IFB)	Multi-Step Competitive Sealed Bid	Competitive Sealed Proposal (RFP)
Also known as "Invitation for Bid" or "IFB"	Combination of IFB and RFP	Also known as "Request for Proposal" or "RFP"
Detailed specifications that allow objective measurements of what is being offered between competing responses	It is not practical to prepare initially a definitive purchase description which will be suitable to permit an award based on price	Does not contain detailed specifications. Scope of work focuses on the outcomes, not detailed explanations.
	Phase 1: • Step 1: bidders submit un-priced technical offers to be evaluated • Step 2: those bidders whose technical offers are determined to be acceptable during the first phase, have their price bids considered.	
No discussions	Discussions	Discussions
There is a public opening of bids	• The CPO shall examine written requests of confidentiality for trade secrets and proprietary data in the technical offer of the successful bidder to determine the validity of any such requests. If the parties do not agree as to the disclosures of data, the CPO shall reject the offer. Such technical offer shall be open to public inspection subject to any continuing prohibition on the disclosure of confidential data. • Un-priced technical offers of bidders who are not awarded the contract shall not be open to public inspection.	
Award is made to the lowest responsive and responsible bidder meeting specifications.	Phase 2: • Award is made to the lowest responsive and responsible bidder meeting specifications.	Award is based on various criteria – price is just one factor.

2.2.1.9.1 Invitation for Bid (IFB)

Pursuant to §103D-302 Contracts shall be awarded by competitive sealed bidding except as otherwise provided in section 103D-301. Awards of contracts by competitive sealed bidding may be made after single or multi-step bidding. Competitive sealed bidding does not include negotiations with bidders after the receipt and opening of bids. Award is based on the criteria set forth in the invitation for bids.

When using a competitive sealed bid process, the goods, services or construction must be described in a way so the bids can be submitted by suppliers and evaluated against the description set forth in the Invitation to Bid (IFB).

An invitation for bids shall be issued, and shall include a purchase description and all contractual terms and conditions applicable to the procurement. If the invitation for bids is for construction, it shall specify that all bids include the name of each person or firm to be engaged by the bidder as a joint contractor or subcontractor in the performance of the contract and the nature and scope of the work to be performed by each. Construction bids that do not comply with this requirement may be accepted if acceptance is in the best interest of the State and the value of the work to be performed by the joint contractor or subcontractor is equal to or less than one per cent of the total bid amount.

Adequate public notice of the invitation for bids shall be given a reasonable time before the date set forth in the invitation for the opening of bids. In the competitive bid process, bids must be opened publicly, in the presence of one or more witnesses, at the time, date and place designated in the IFB. The open bids are available for inspection by the public at the time of opening and award is made to the lowest responsive and responsible offeror

Bids are evaluated based on the requirements set forth in the invitation for bids. These requirements may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price and be considered in evaluation for award shall be objectively measurable, such as discounts, transportation costs, and total or life cycle costs. The invitation for bids shall set forth the evaluation criteria to be used. No criteria may be used in bid evaluation that is not set forth in the invitation for bids.

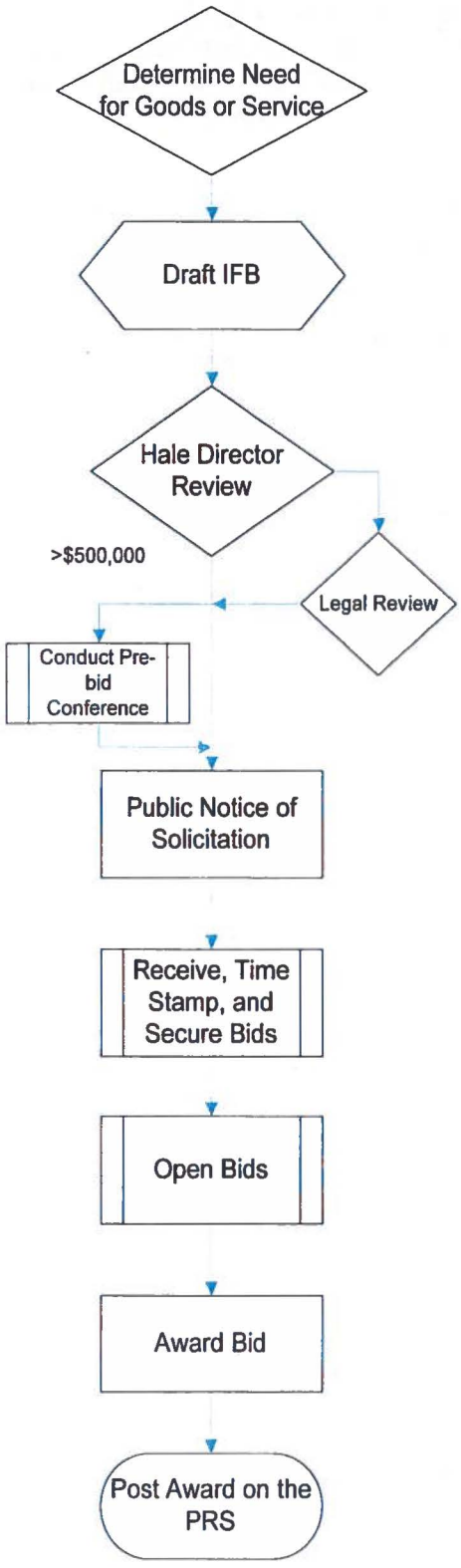
The opened bids shall be made available for public inspection at the time of opening except to the extent that the bidder designates trade secrets or other proprietary data to be confidential as verified by the procurement officer or designee. The bidder must submit a written nondisclosure of trade secrets and other proprietary information with the bid.

A person who is aggrieved by an award of a contract may protest a purchasing agency's failure to follow procedures established by HAR §103F-501 The protest shall be submitted to the head of the purchasing agency, in writing, within five working days after the postmark date on the notice of award. The head of the purchasing agency, or a designee, may settle and resolve a protest by one or more of the following means:

(1) Amending or canceling a request for proposal;
(2) Terminating the contract which was awarded;
(3) Initiating a new process to award a contract;
(4) Declaring the contract null and void from the time of its award; or
(5) Affirming the purchasing agency's contract award decision.

A copy of the written decision shall be mailed or otherwise furnished to the person who initiated the protest.

Figure 2.2.1.9.1 Invitation for Bid (IFB) Process



1. Determine need for good, service, or construction.
2. A designated staff prepares draft IFB in accordance with HAR §3-122-21.
3. Hale Director reviews draft IFB and if legal issues, submits to Legal Office for review.
4. A pre-bid conference is conducted for construction or design-build projects, total estimated contract of $500,000 or more.
5. Public notice of the solicitation is provided pursuant to HAR §3-122-16.03.
6. Bid proposals are received and time is stamped by the designated staff person and un-opened bids are turned over to the designated procurement officer for safe keeping.
7. Bids are opened publicly in the presence of one or more witnesses at the time, date, and place designated in the IFB. Name, price(s), and other information deemed appropriate by the procurement officer are read aloud.
8. The procurement officer makes the award to the lowest responsive bidder based on the criteria set forth in the IFB. If two bids are identical in price and meet all other requirements and criteria of the IFB, the procurement officer uses the criteria in HAR §3-122-34 to make the award.
9. The award is posted on the Procurement Reporting System (PRS) for 5 working days.

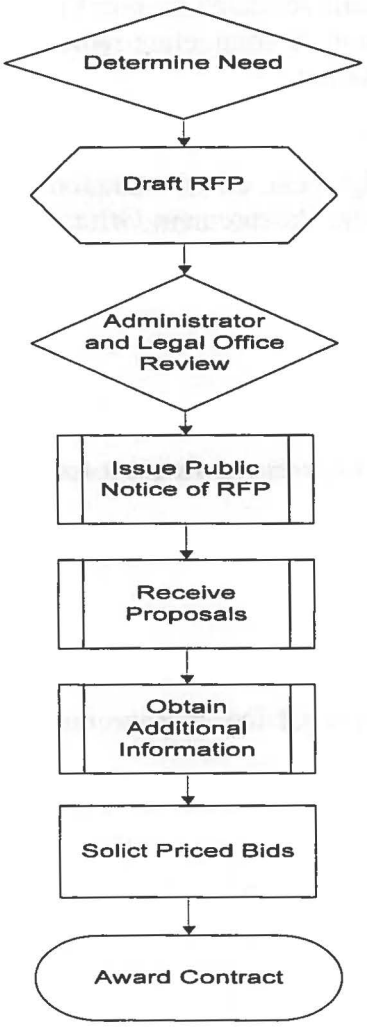
2.2.1.9.2 Multi-step Competitive Sealed Bid

Purchasers can also choose to use the multi-step competitive sealed bid process, which is a combination of the IFB and RFP. When using a multi-step competitive sealed bid process, purchasers should think in terms of two steps. This method is a combination of the competitive sealed bid proposal process (Step 1) and the competitive sealed bidding process (Step 2), and is desirable to use when it is not practical to initially prepare a definitive purchase description upon which an award would be made based on price.

In Step 1, the purchaser is given the flexibility to do the following prior to soliciting the priced bids in Step 2:

- Receive technical proposals to be evaluated to determine acceptability;
- Enter into discussions, if necessary, to clarify the technical proposals received;
- Request supplemental information; allow changes to the technical offer; and
- Amend the purchase description.

Figure 2.2.1.9.2 Multi-step Competitive Sealed Bid Process



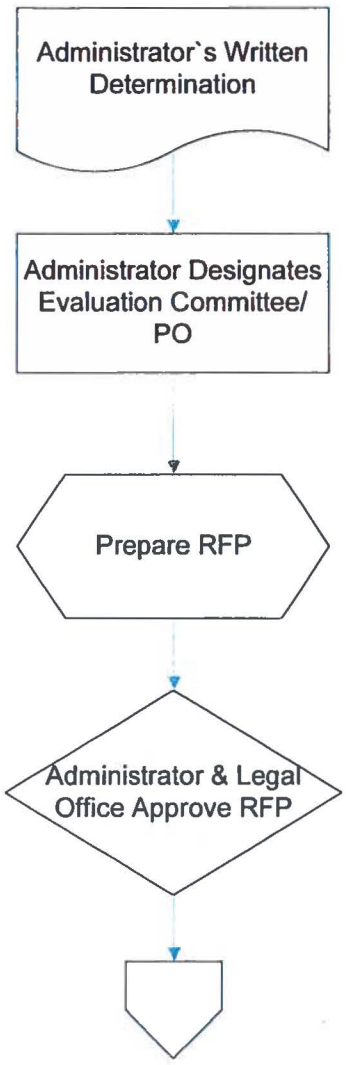
1. Determine need for goods, service, or construction.
2. The Hale Director prepares draft RFP.
3. The Administrator and Legal Office review draft RFP.
4. The notice of RFP is issued.
5. Vendors submit proposals.
6. Additional information is obtained from bidders.
7. Solicit priced bids.
8. Award contract.

2.2.1.9.3 Request for Proposal (RFP)

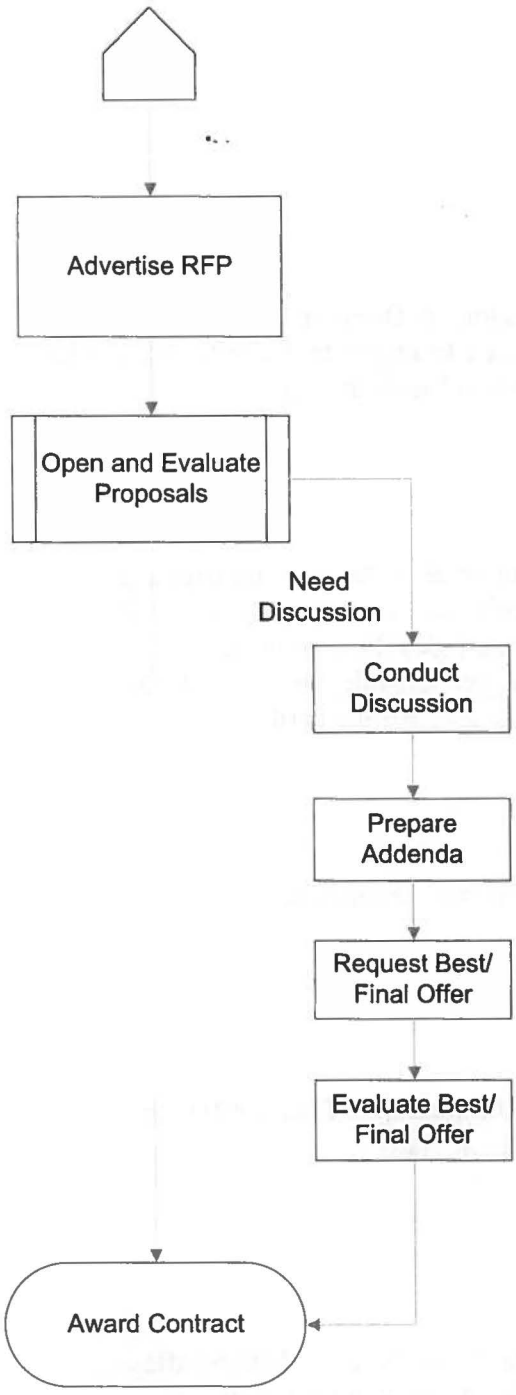
Competitive sealed proposals are used when it is not practicable or not advantageous to use competitive bidding. Competitive proposals provide flexibility in describing what is wanted in general terms and the opportunity through negotiations to change the content of the offer and pricing after the opening. The negotiation step allows the purchaser and supplier an opportunity to mediate differences and arrive at an agreement acceptable to both.

Once the Administrator approves the use of the RFP process for procurement, a written Request for Proposal (RFP) is generated and it describes in general terms what is to be procured. It must contain the specific terms that will be used to evaluate the proposals and should contain other applicable contractual terms and conditions.

Figure 2.2.1.9.3 Request for Proposal (RFP) Process



1. A written determination is made by the Administrator that a competitive sealed proposal is the more appropriate method of contracting rather than competitive sealed bidding.
2. The Administrator designates an Evaluation Committee or designates the Procurement Officer to conduct the evaluation.
3. The Procurement Officer prepares the Request for Proposal (RFP).
4. The Administrator and Legal Office approve the RFP.



5. The RFP is advertised in major newspaper(s) and on the OHA website.

6. The Evaluation Committee or the procurement officer opens and evaluates the proposals. If discussion is not necessary, award contract.

7. If discussion is needed generate a priority list from the acceptable and potentially acceptable offers.

a. Conduct discussion with priority listed offerors.

b. Prepare addenda, if required and distribute to priority listed offerors.

c. Request best and final offers if required.

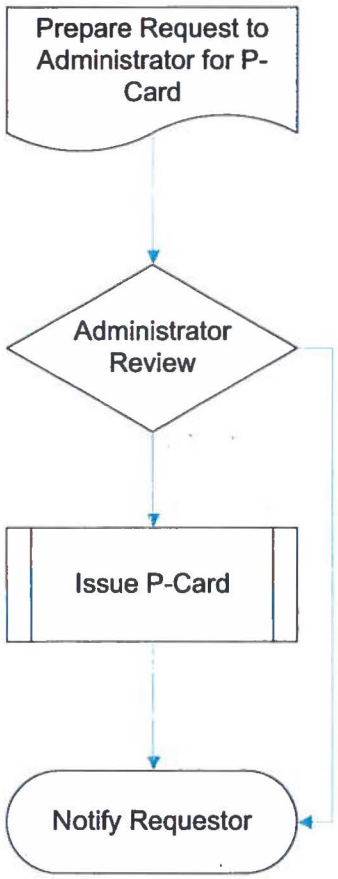
d. Evaluate best and final offers, if any.

8. Award the contract.

2.2.1.10 P-Cards

P-Cards are issued, through the approval of the Administrator, to Directors for the purchase of goods and services up to a specified limit. The P-Card is used to insure that goods and services needed for the efficient opearation of OHA can be procured in a timely maner.

Figure 2.2.1.10.1 Procedure for Obtaining a P-Card

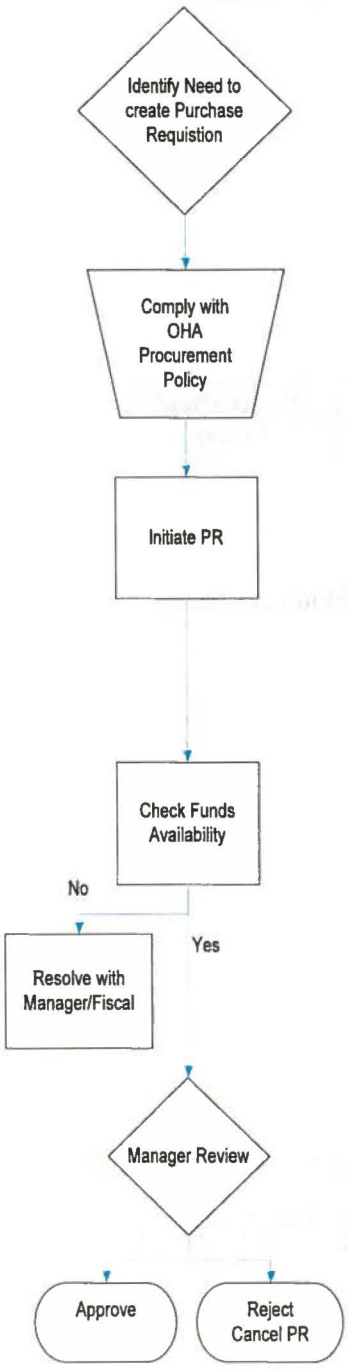


1. Deputy Administrator or Hale Director transmits a request to the Administrator for the issuance of a P-Card. The request includes the reason the card is needed, staff person responsible for use of the card, and security measures for the card.
2. The Administrator reviews the request.
3. If approved by the Administrator, TOS notifies the requestor and issues the P-Card.
4. If not approved by the Administrator, TOS notifies the requestor indicating the reason for the denial.

2.2.2 PURCHASE REQUISITIONS

Purchase Requisitions (PR) are created by designated and trained staff in all OHA Departments, for the purpose of ensuring funds are available, encumbering those funds, and creating a Purchase Order (PO) for the procurement and payment of goods and services needed by OHA. PRs are created online using the Oracle accounting system. The procedure for creating a Purchase Requisition is as follows:

Figure 2.2.2.1 Purchase Requisition Procedure



1. The need to create a PR for the procurement of goods or services is identified by a Hale Director or Deputy Administrator.

2. The Director or Division Head directs the appropriate staff member to initiate the procurement process in-line with OHA Procurement Policy and Guidelines - **tab 19**.

3. The designated PR representative is instructed to enter the initial information in the online Oracle Purchase Requisition form in a three step process outlined below.
   - Step 1 -Completing the Header lines
   - Step 2 -Completing the Requisition Lines
   - Step 3- Creating Distribution Expense Codes

   Instructions and examples for these and the additional steps in the process can be found in section 2.2.3 - Creating a Purchase Requisition.

4. The PR representative checks if funds are available for the procurement by following Step 4 - Check the Availability of Funds.

5. If funds are not available, the issue will need to be resolved with the appropriate manager and/or TOS.

6. If funds are available the PR is sent to the appropriate manager for review. Every requisition has to be approved before it can be turn it into a Purchase Order. All requisitions have to be routed through the Purchasing system for the proper approvals following Step 5 – Approving a Requisition, which is printed on colored paper and submitted to TOS for approval.

7. PRs are routed to the appropriate Manage or Division Head who will approve or reject the PR using the Manager/Division Head PR Approval Process. If rejected the PR rep cancels the PR.

Individuals preparing Purchase requisitions need to enter the OHA Account Code String and the OHA Goal and Strategy number. Information on how to obtain these numbers is provided in the following section.

2.2.2.2 Account Code String

OHA Account Code Strings are comprised of four components, detail of which can be found in **tab 20,** and are as follows:

1. Appropriation
2. FY Year Budget
3. Cost Center
4. Object Code

An example Account Code String is:

Appropriation	FY Year Budget	Cost Center	Object Code
100	2008	100	54460

1. Appropriation

The Appropriation number indicates the source of funds from which the funds are being appropriated. Some of these accounts are:

- 100 – General Fund
- 910 – Trust Fund Match (State of Hawai'i Appropriation)
- 930 – Public Land Trust Fund
- 320 – Hawaiian Projects
- 321 – Hawaiian Rights
- 202 - NHRLF

A complete listing of Appropriation Codes can be found in **tab 20**.

In our example Account Code String the funds are appropriated from the General Fund budget.

Appropriation	FY Year Budget	Cost Center	Object Code
100	2008	100	54460

2. FY Year Budget Code

The next component in the Account Code String is the "FY Year Budget Code", which refers to the fiscal year budget from which the funds will be appropriated. In our example the funds are being appropriated from the FY2008 budget.

Appropriation	**FY Year Budget**	Cost Center	Object Code
100	**2008**	100	54460

3. Cost Center Code

The Cost Center Code refers to the Division budget from which the funds will be appropriated. The Division codes are as follows:

- Board of Trustees – 100 series
- Support Services – 200 series
- Beneficiary, Advocacy and Empowerment– 300 & 400 series

In our example the funds are being appropriated from the BOT Division budget.

Appropriation	FY Year Budget	**Cost Center**	Object Code
100	2008	**100**	54460

A complete listing of Cost Center Codes can be found in **tab 20**.

4. Object Code

An Object Code is a five digit number representing the specific purpose or account group each expenditure is associated with. A complete listing of Object Codes can be found in **tab 20**.

In our example the funds are being appropriated from the out-of-state travel budget line.

Appropriation	FY Year Budget	Cost Center	**Object Code**
100	2008	100	**54460**

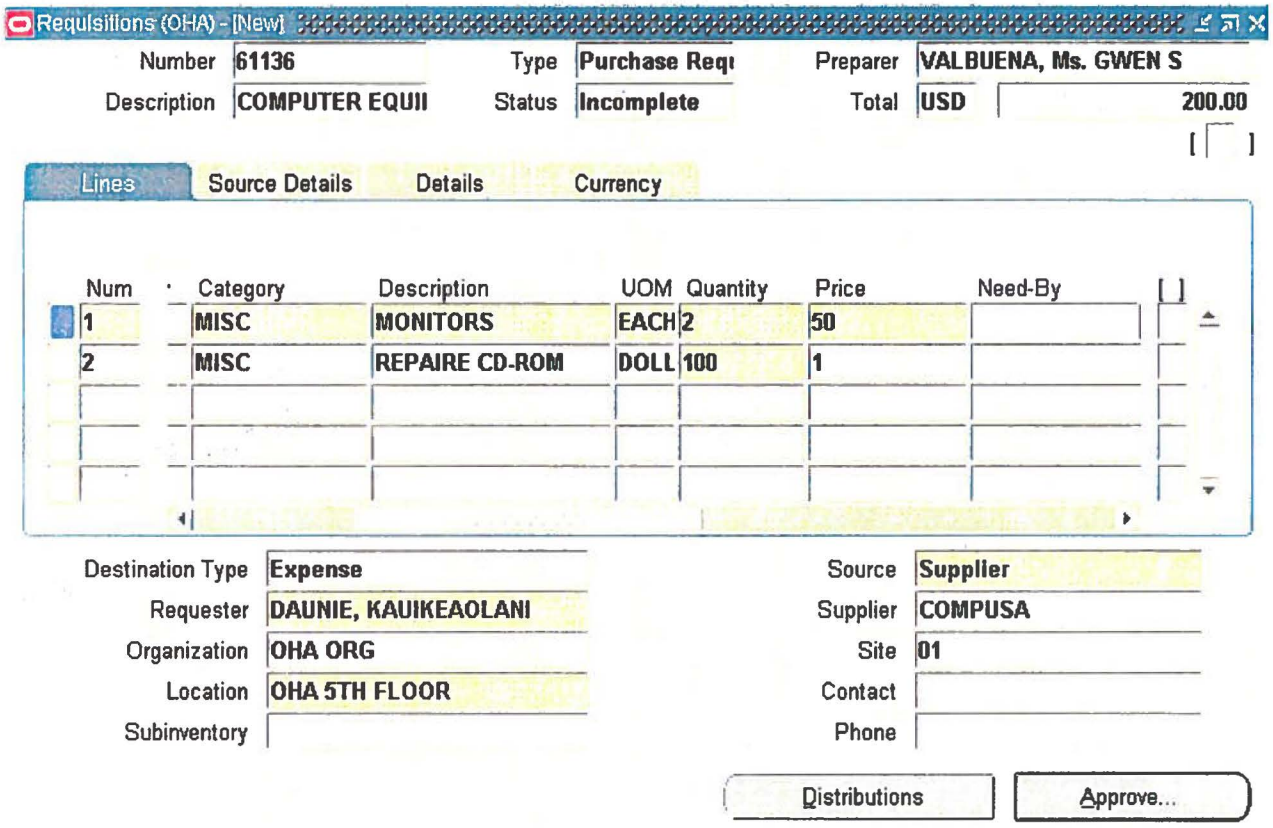
2.2.2.3 OHA Goals and Strategies

In order for Hale Directors to control and monitor their budgets all expenditures need to be allocated to the proper OHA goal and strategy. When preparing Purchase Requisitions or other financial documents, staff should refer to the OHA Goals and Strategy Designation table to determine the appropriate Goal and Strategy to be allocated to the expenditure. A listing of the OHA Goals and Strategies – can be found in **tab 21**.

2.2.3 CREATING A PURCHASE REQUISITION

Step 1 – Completing the Header Lines

1. The **Requisition Number** will automatically populate when the document is saved.
2. The **Type** will default to *Purchase Requisition*. DO NOT CHANGE!
3. Enter a **Description** for this requisition that you will be able to use to find the requisition later in the Requisition Summary. Use all capital letters.
4. The **Preparer Name** will automatically default to your name.
5. The **Status** will say *Incomplete* until some action is taken on this document.
6. The currency will automatically default to *USD*.
7. The **Total** field will increase as you key each line item of the requisition.
8. Hit the **TAB** key to take you to the requisition lines.



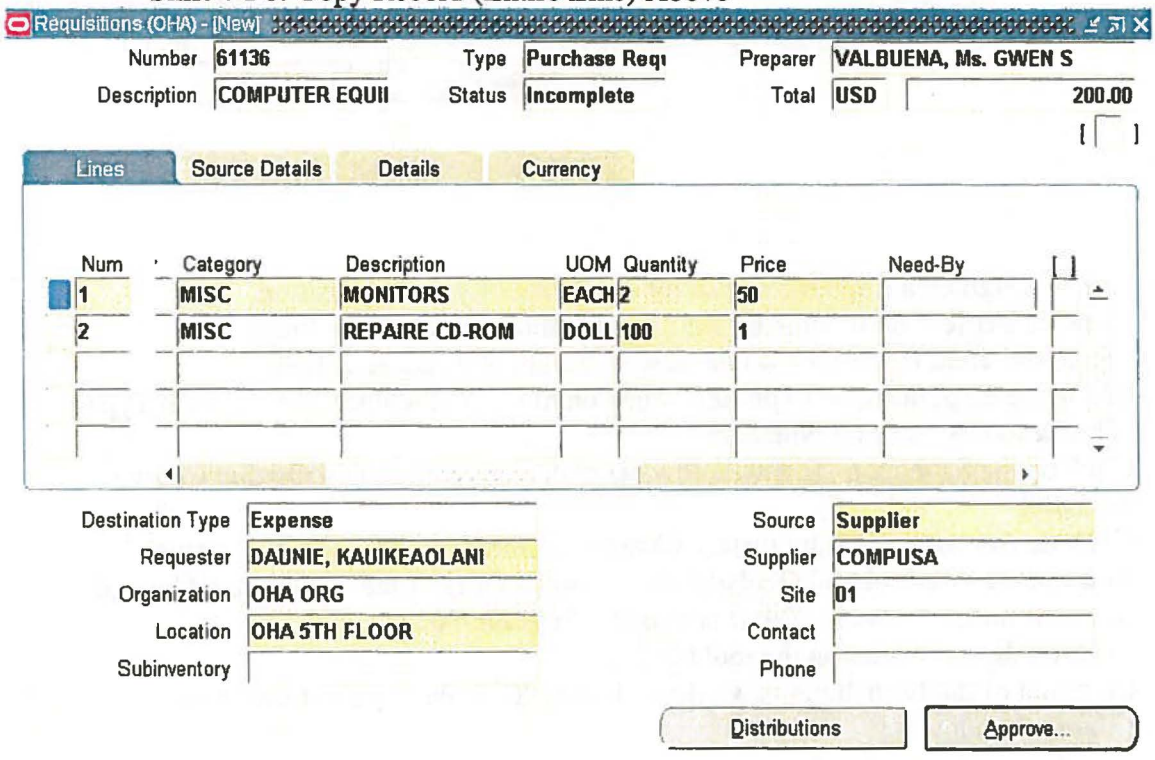
Creating a Purchase Requisition

Step 2 - Completing the Requisition Lines

1. The system will number the requisition line number.
2. A line **Type** of *Services* will default. Keep this if ordering items by Quantity (Tangible goods). If ordering *Services*, click on the List of Values (1-2-3 icon) and choose *Services*.
3. **Note:** You may use both Goods and Services on a requisition.
4. The Category will default to MISC. DO NOT CHANGE!
5. In the Description field, enter a detailed description of the item you wish to order.
6. Enter the Quantity and Price you are requesting.
   - If Type is Goods then enter both Quantity and Price.
   - If Type is Services then enter a dollar amount into Quantity field.
7. When you tab, the quantity will multiply with the dollar amount and update the requisition Total amount in the top right hand corner of the form.
8. Update Requester if necessary.
9. Select Supplier and Site from the List of Values.

Notes: Requester, Supplier, Site are dependent on Requisition Line. In other words, you can assign different suppliers to each Requisition Line if necessary.

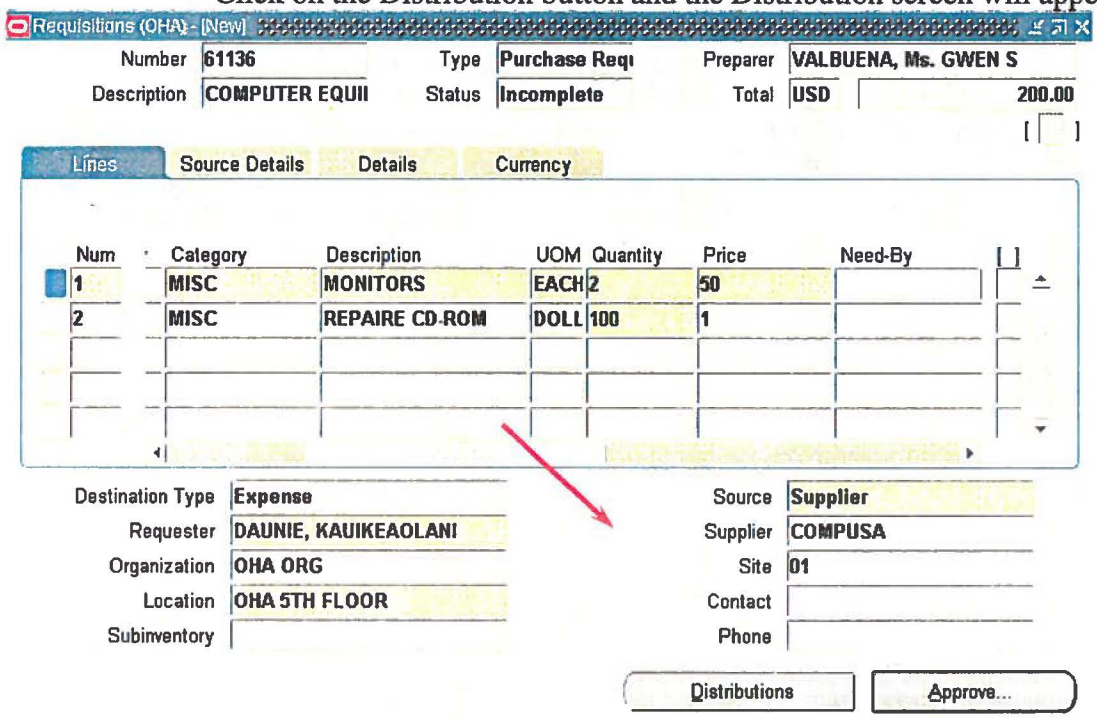
Short Key: Shift + F5: Copy Field Above
Shift + F6: Copy Record (Entire Line) Above



Creating a Purchase Requisition

Step 3 - Creating Distribution Expense Codes for your Item

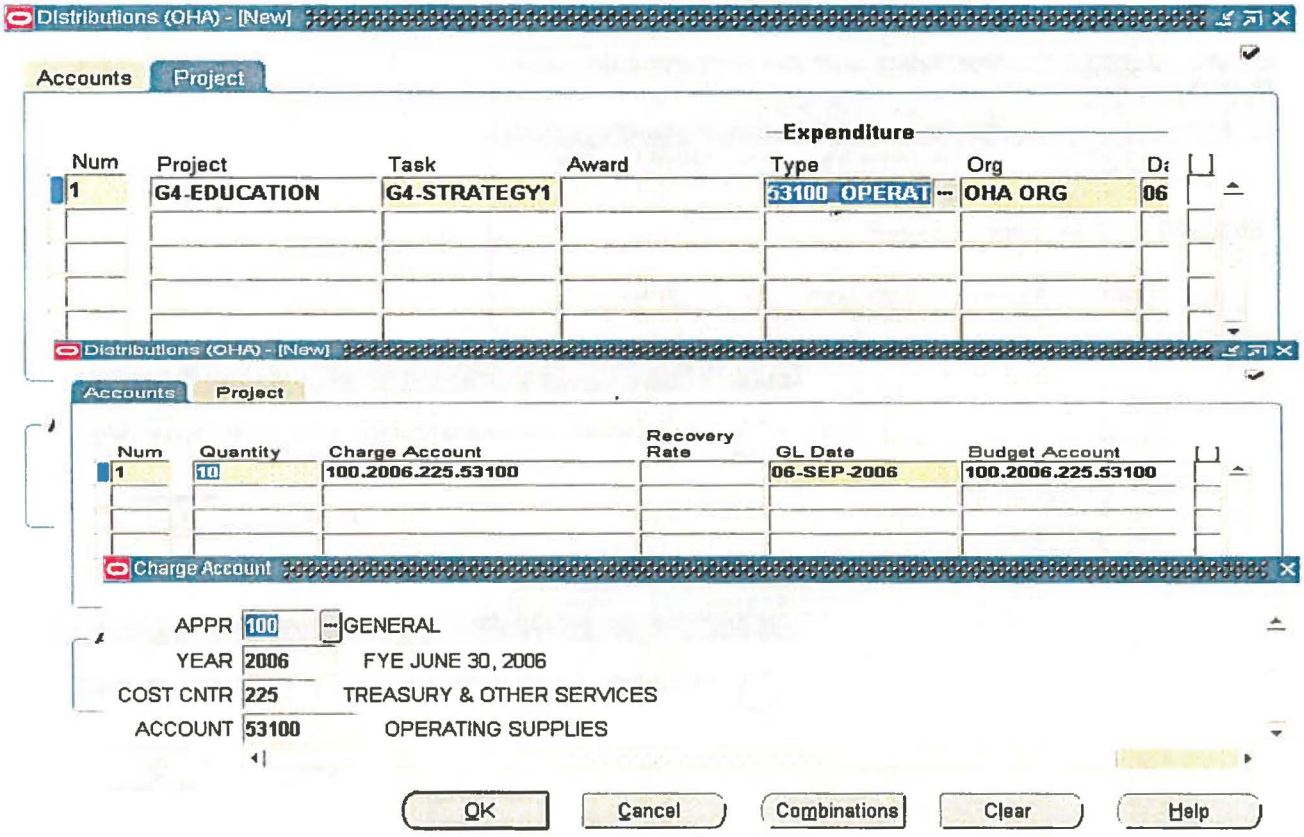
1. You have to assign Distribution Expense Codes for every line of your Requisition
   - Click on the Distribution button and the Distribution screen will appear.



2. You now have to assign Goals and Strategies for every line of your Requisition.
   - Click on **Project** field, click on the List of Values and choose a Project.
   - Tab to the **Task** field, click on the List of Values and choose a Task.
   - Tab to the **Expenditure Type** field, click on the List of Values and choose a Type (This becomes Account Number).
   - Click on the Save icon. This will now generate your default Distribution Charge Account.
   - Click on Accounts Tab and update **Charge Account** or **Quantity** if necessary.
   - You can create additional Goals/Strategies under **Project** tab and update **Charge Account** under Accounts Tab if necessary.(Splitting Funds)
   - Click on the Save icon on the tool bar.
   - Close out of the Distributions window. (Little "X" in the top right corner of either/or window)

Notes:

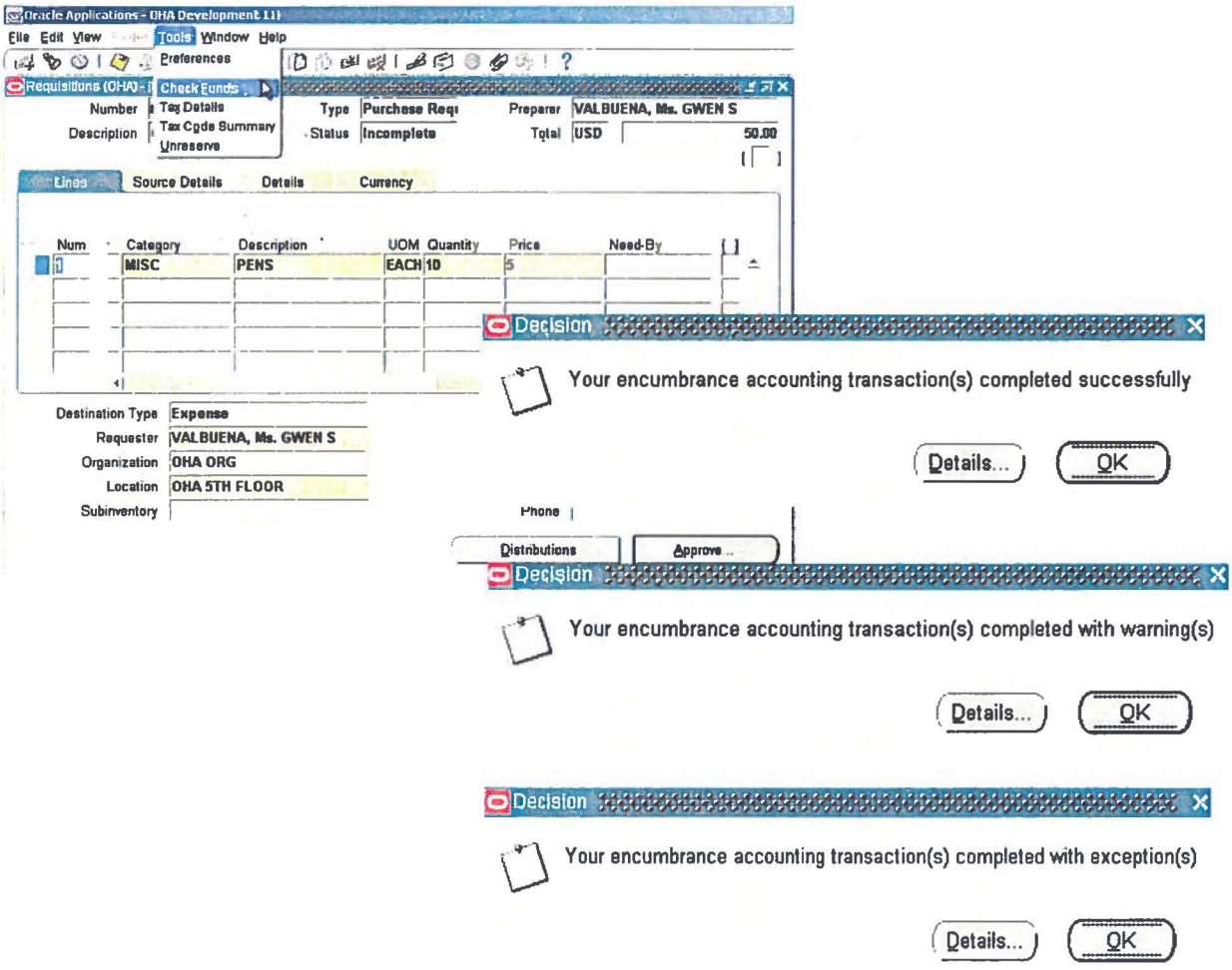
- Each Requisitioner is only authorized to charge items to their own Cost Centers.
- The default Charge Accounts are generated based on the employees' default PO account code and Expenditure Type entered in Distribution Window. Upon changes in Expenditure Type, the Account Value in the Charge Account will be updated and other segment values in the Charge Account will remain the same.



Creating a Purchase Requisition

Step 4 – Check the Availability of Funds

1. **Go to Tools and click on Check Funds.**
2. **One of three messages will appear.**
    - Your encumbrance accounting transaction(s) completed successfully. **It's OK to submit the PR for Approval.**
    - Your encumbrance accounting transaction(s) completed with warning(s). **It's OK to submit the PR for Approval.**
    - Your encumbrance accounting transaction(s) completed with exceptions(s). **Contact your manager to resolve insufficient fund.**



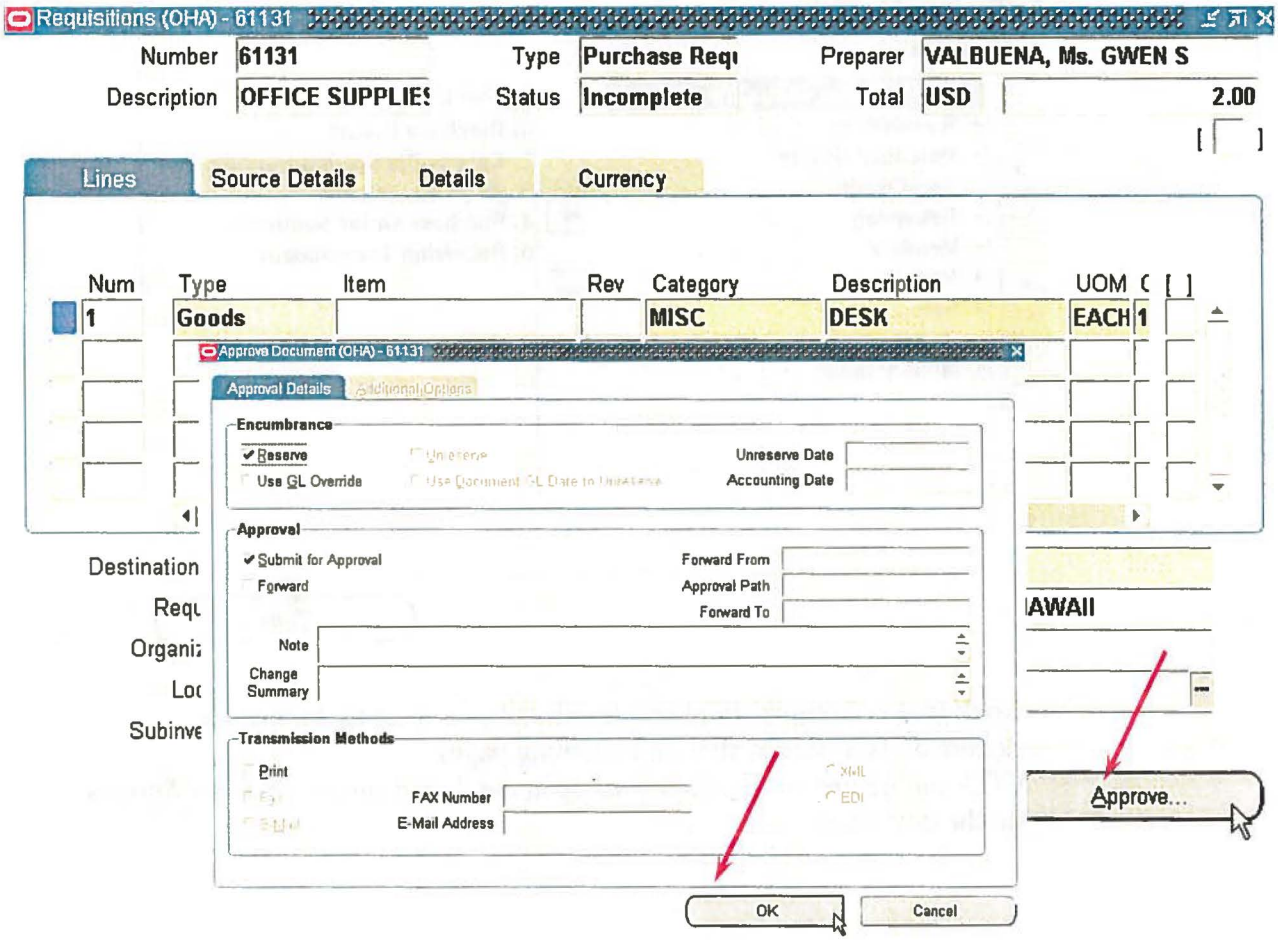
Creating a Purchase Requisition

Step 5 – Approving a Requisition

Every requisition has to be approved before Purchasing can turn it into a Purchase Order. All requisitions have to be routed through the Purchasing system for the proper approvals.

- Click on the Approve button and an Approve screen will appear.
- Click on the **Reserve** box and the **Submit for Approval** box.
- Optionally, you can click on the **Forward** box and forward the PR to other manager for approval when your manager is not available.
- Optionally type a note in the **Note** field for the next approver to see.
- Click OK to start the Requisition through the approval process.
- Once the PR is submitted, it is out of your hands and you are not able to make any changes after this.

Notes: If the PR needs to be corrected, ask your manager to reject the PR so that you can make corrections.



Approving a Purchase Requisition

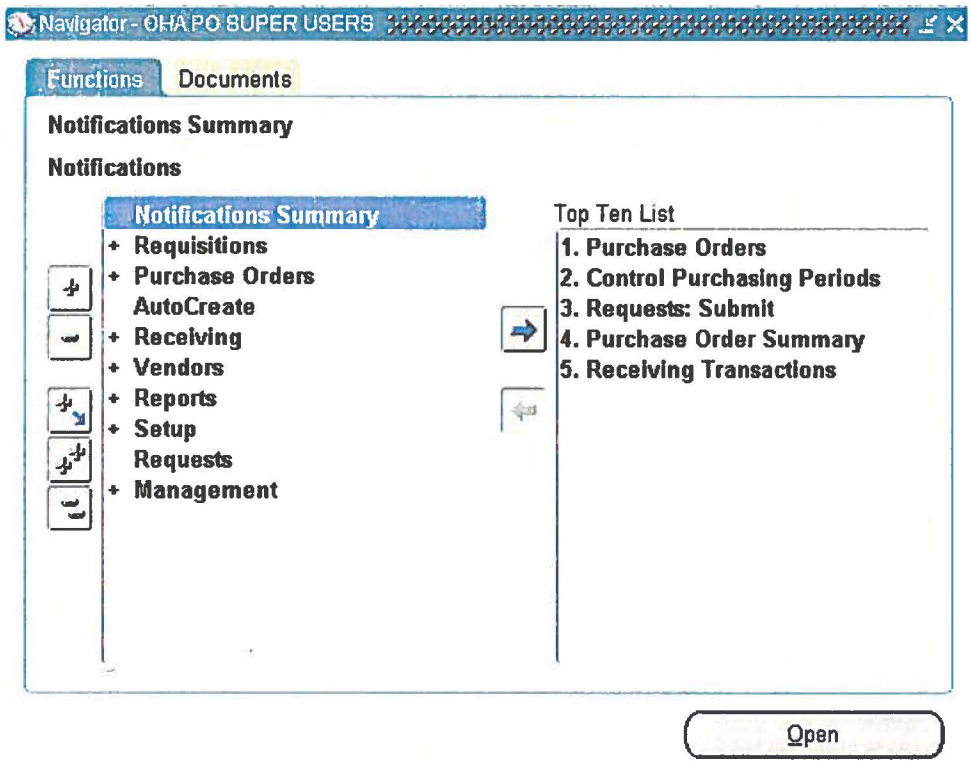
Manager Division Head Approval Process

1. Manager Division Head Notification

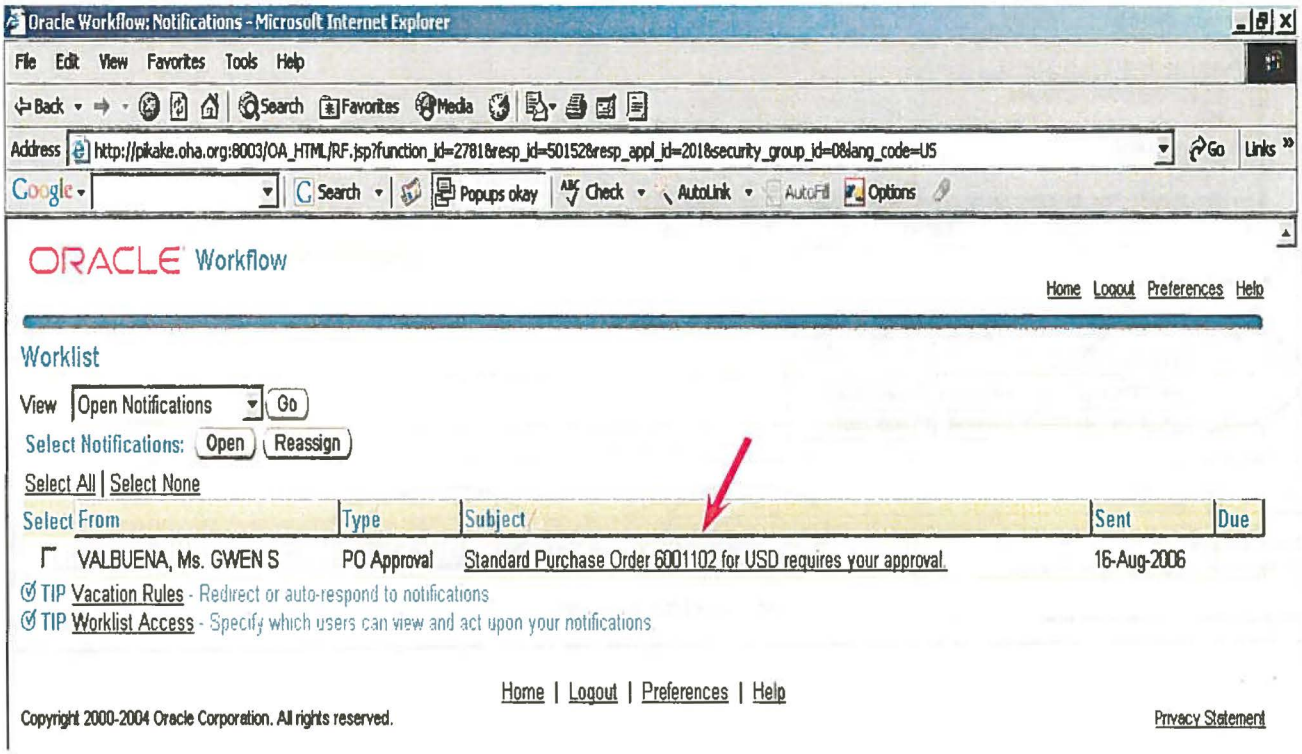
This window is used by Managers and Division Heads to view and approve purchase requisitions.

This window is also used by the PR Rep to view and modify the purchase requisitions that have been rejected back to them.

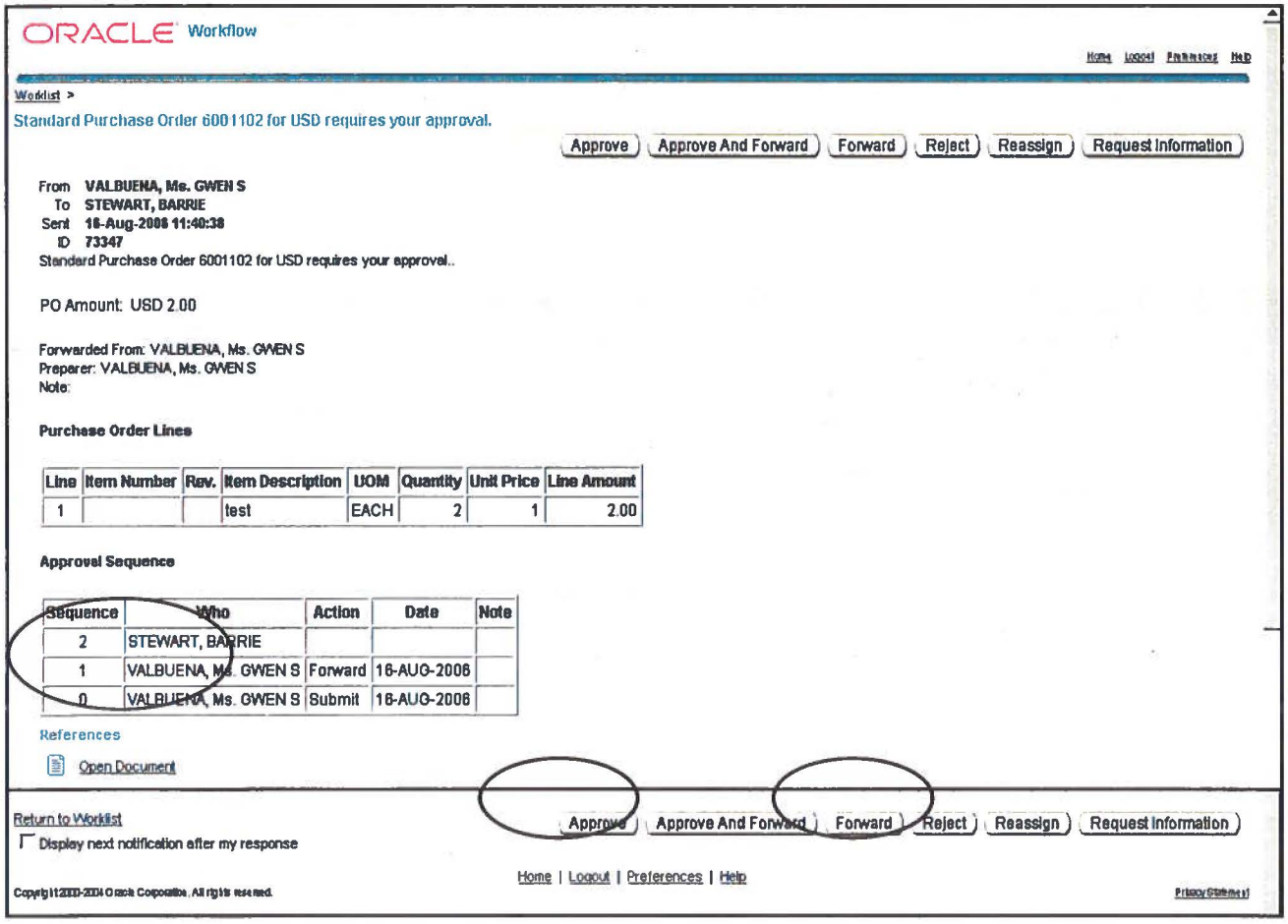
- Start from the Navigator menu and click on Notifications to open this window.



- Look in the 'Subject' field and it will tell you what to do with the document (see screen shot on following page).
- Click on the line in the Subject to open the details and to perform Actions on the document.



- After reviewing the Purchase Requisition click on **Approve** button in order to approve the PR.
- Click on **Reject** button to reject the Purchase Requisition after entering into Note field why you are rejecting the Purchase Requisition.
- If you want to review more details, click on Open Document link and this will open Purchase Requisition Window and you can review the Requester, Charge Account, Goals/Strategies, etc.


ORACLE Workflow
Home Logout Preferences Help
Worklist >
Standard Purchase Order 6001102 for USD requires your approval.
Approve
Approve And Forward
Forward
Reject
Reassign
Request Information
From VALBUENA, Ms. GWEN S
To STEWART, BARRIE
Sent 16-Aug-2006 11:40:38
ID 73347
Standard Purchase Order 6001102 for USD requires your approval..
PO Amount: USD 2.00
Forwarded From: VALBUENA, Ms. GWEN S
Preparer: VALBUENA, Ms. GWEN S
Note:
Purchase Order Lines
Line | Item Number | Rev. | Item Description | UOM | Quantity | Unit Price | Line Amount
1 | | | test | EACH | 2 | 1 | 2.00
Approval Sequence
Sequence | Who | Action | Date | Note
2 | STEWART, BARRIE | | |
1 | VALBUENA, Ms. GWEN S | Forward | 16-AUG-2006 |
0 | VALBUENA, Ms. GWEN S | Submit | 16-AUG-2006 |
References
Open Document
Return to Worklist
Display next notification after my response
Approve
Approve And Forward
Forward
Reject
Reassign
Request Information
Home | Logout | Preferences | Help
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2.2.4 GRANTS, PROCUREMENT, AND CONTRACTS REVIEW PROCESS

The acquisition process for the procurement of goods and services $2,500.00 or more, is reviewed to ensure compliance with Chapter 103D, HRS, as amended, and the Hawai'i Administrative Rules adopted pursuant thereto (Chapter 3-120 to 3-132). Grants are statutorily exempt from 103D (Hawai`i Public Procurement Code). The review process for both the purchases of goods and services and grant awards may include any or all of the following documents:

Document	Purpose	Prepared/Submitted By
Purchase Requisition (PR) printed on TOS designated color paper	To temporarily reserve budgeted funds while the grant or contract is under review	Designated PR Representative
Accounting Checklist (ACL)	To verify and certify funds	Staff person responsible for procuring the goods or services and/or drafting the grant agreement or contract. Funds verified by the Budget Analyst and certified by the CFO
Tax Clearance (for all non-grant procurements $25,000 or more)[2]	To demonstrate a vendor is in good standing with the State Department of Taxation and IRS	Vendor supplying goods or providing services
Procurement Document Checklist (PCL) signed by Hale Manager	To validate the procurement method used and supporting documentation as identified on the PCL	Staff person responsible for procuring the goods or services
DCCA verification of business registration and standing with the State of Hawai'i	To demonstrate that the grantee or contractor is registered to conduct business in Hawai'i and to glean general information about the standing of the entity	Owners of all forms of business except sole proprietorship, charitable organizations, unincorporated associations, and foreign insurance companies
CFO Certification	Certify the availability of funds	CFO
Standard Long Form Grant Agreement or Contract for Purchase of Services	Document legal relationship with the Grantee or Contractor has with OHA for BOT Initiatives and the purchase of services	Hale managers procuring services and Grants staff or assigned grants monitor.
Grant Agreement Form GA-1 Grant Agreement Form CGA-1[3]	Kaiaulu grants up to $100,000 CBED grants up to $50,000 Kauhale grants up to $24,999	Grants staff or assigned grants monitor.
'Ahahui Agreement Form	'Ahahui grants up to $10,000	Grants staff or assigned grants monitor.
Small Grants Award Letter	Hawaiian Governance grants	Hawaiian Governance staff.

[2] Tax Certificates are not required for grants pursuant to Chapter 103D-328 and 103D-53.
[3] Used for University of Hawaii grants.

2.2.4.1 Grants Review Process

Grants staff is responsible for coordinating the preparation and review of all grants and BOT Initiatives using the OHA Long Contract, GA-1, and CGA-1 agreements. Hale staff members are responsible for grant agreement preparation for assigned grants and for all Program Hale based grants using the respective Grant Agreement template.

Staff assigned to prepare grant agreements normally only need to complete the following sections unless otherwise specified by the grants hale staff:

- Scope of Work
- Compensation and Payment
- Reporting Requirements

Hale staff should not alter any sections of the agreement without first consulting with the OHA grant staff. BOT Initiatives, Kaiaulu, Kauhale, and CBED grants use standard contract agreement forms including the OHA standard (long) contract, Grant Agreement GA-1, Grant Agreement CGA-1, and the 'Ahahui form (GP-1). Any questions staff may have regarding the grants process, forms, and procedures should be directed to the grants staff.

For the 'Ahahui grants and Hawaiian Governance Small Grants program, staff utilizes a standard agreement format. The Small Grants Award Letter includes standard contract provisions which OHA deems accepted by the grantee upon receipt of the award letter and negotiation of the accompanying check by the grantee. The 'Ahahui grants utilize a one page agreement, GP-1, that only requires the grantee signature. Agreements for these types of grants are retained and maintained by the grant monitors and not the Legal Office. When requesting the PO, it is necessary to submit proof of award to TOS with the PR. Proof of award includes the grant award letter, Board minutes, or copy of the approved Administrative Memo. Should the senior staff attorney's signature be required on a PCL ($2,500 or more), proof of award (i.e. the grant award letter, Board minutes, or copy of the approved Administrative Memo) must accompany the PCL.

2.2.4.2 Purchase of Goods and Services Review Process

The acquisition process for the procurement of goods and services must comply with Chapter 103D, HRS and the Hawai'i Administrative Rules adopted pursuant thereto (Chapter 3-120 to 3-132), as respectively amended. The staff person assigned to procure the goods or services in his or her respective Hale is responsible for procuring the purchase and preparing the required documents.

Procurement questions should be directed to the staff's Hale manager. The Hale manager may consult with the staff attorney if legal advice is required on issues pertaining to procurement law that arise from any purchase of goods or services.

For the purchase of services, staff must use the standard contract template provided by the Legal office. Each contract should include the following provisions:

- Scope of Service
- Time and Manner of Performance
- Compensation and Method of Payment
- Coordination and Reports
- Records Maintenance, Retention, and Access
- Responsibility for Accuracy, Completeness and Adequacy
- Independent Contractor
- Subcontracts and Assignments
- Indemnification and Injuries
- Insurance
- Other Conditions of Use of Funds
- Confidentiality of Materials
- Conflict of Interest and Disclosure
- Return of Records/Property of OHA
- Notices
- Dispute
- Termination of Agreement
- Waiver of Violations
- Severability
- Waiver of Contractual Rights
- Entire Agreement
- Applicable Law

Contract numbers will be issued by the Legal Office after the agreement is fully executed (and notorized as applicable) by all parties to the agreement. At the time staff presents the original contract to the Legal Office for numbering, staff should not only ensure that he or she has a copy of the original contract to note the contract number assigned, but has also retained a copy of the supporting documents for their files. The original contract and all supporting documents will be left with the Legal Office at that point. The Legal Office, as the agency's central respository for all original numbered agreements, will maintain the original agreement along with the original Accounting Checklist (ACL), and Procurement Checklist (PCL) and the validated tax clearance when required.

2.2.4.3 Review Documentation

To ensure compliance with State Procurement laws, all purchases $2,500 or more, require an initial review of the Procurement Check List by the AP Supervisor before being forwarded to the senior staff attorney for signature. Contracts must be submitted to the Legal Office for legal review (see legal review process Figure 2.2.3.4) and approval as to form by the senior staff attorney in the Legal Office to ensure compliance with contract laws.

The documents to be submitted for the review process for grants and the purchase of goods and services varies depending on the type of purchase as indicated in the following table

Document Procurement Type		Purchase Requistion (PR)	Accounting Checklist (ACL)	Tax Clearance* (non-grant $25,000 or more)	Procurement Document Checklist (PCL)	Proof of Good Standing	Contract or Agreement* (if applicable)
Exempt Purchase	Goods & Services	✓	✓	✓	✓	✓	✓
	Non-Goods or Service	✓	✓		✓		✓
Grants using the OHA Long Contract	Grants	✓	✓		✓		✓
Grants using GA-1 CGA-1	Grants	✓					✓
Price List Method		✓	✓		✓		✓
Small Purchase $2,500 to $14,999	Goods	✓	✓		✓		✓
	Services	✓	✓		✓		✓
HePS Small Purchase $15,000 to $49,999	Goods & Services	✓	✓	✓	✓	✓	✓
Sole Source	Goods & Services	✓	✓	✓	✓	✓	✓
Emergency Purchase	Goods & Services	✓	✓		✓		✓
Comp Sealed Bid/RFP $50,000+	Goods & Services	✓	✓	✓	✓	✓	✓
Professional Services List	Goods & Services	✓	✓	✓	✓	✓	✓

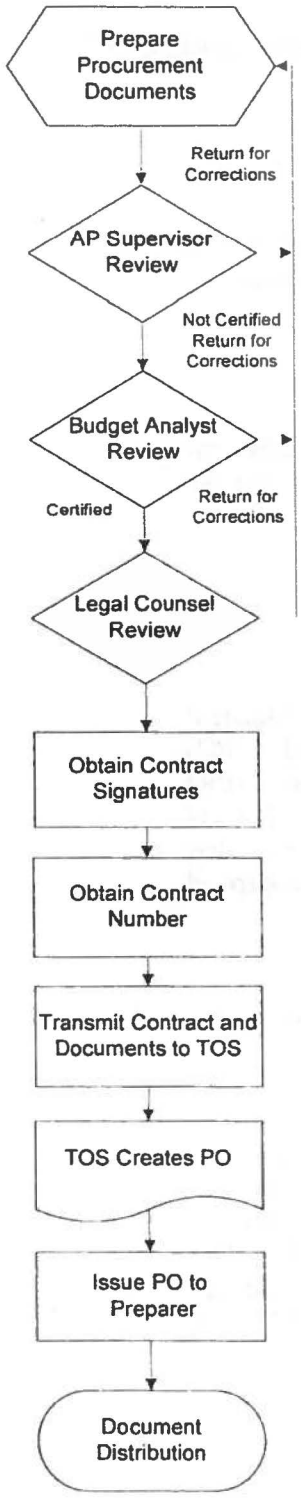
(Revised 2/09)

The GA-1 and CGA-1 agreements also require CFO Certification of Funding Availability. The availability of funding is certified by the CFO on the Accounting Checklist for all other purchases.

*Tax clearances, unless not required by statute, must be sumbitted by the contractor to OHA **prior to entering into a contract** with the State of Hawai'i or any of its four counties. This requirement is in addition to the tax clearance certificate **required before final payment** is made by the contracting agency upon completion of the contract. Tax clearance certificates are valid for 6 months for bidding purposes or prior to entering into a contract. However, a tax clearance obtained for final payment is valid for 2 months.

The review process is conducted as outlined in the following flowchart:

Figure 2.2.4.4 Purchase Review Process for Contracts and Grants



1. Purchaser prepares the appropriate procurement documents for review.

2. The AP Supervisor conducts an initial review of the **Procurement Check List (PCL)** for purchases of $2,500 or more.

3. The **Accounting Check List (ACL)** is submitted to the Budget Analyst to ensure availability of funding, correct coding has been used, and installment payments coincide with the contract language.

4. The senior staff attorney reviews the **final** form (not drafts) of contracts. If corrections are required or the contract has not been approved as to content by the respective Hale director, the contract will be returned to the responsible staff person for corrections and/or content approval. If corrections are not required, the senior staff attorney will sign the contract and the **Procurement Check List (PCL)** and return to the responsible staff person to secure the other required signatures to the contract. For contract amendments presented to the Legal Office for the senior staff attorney for approval, the original contract and amendments, if any, should be included for review.

5. Obtain other appropriate signatures on the contract.

6. Obtain contract number from Legal when contract is fully executed and notarized as appropriate. The original numbered contract and required supporting documents are submitted to the Legal Office at this time.

7. Purchaser creates a PR and then submits the PR, ACL, Tax Clearance, final signed copy of PCL, and final signed copy of the contract to TOS.

8. TOS converts the PR information into a Purchase Order (PO) and will add the contract number assigned by Legal.

9. The original and one copy of the PO are issued by TOS to the preparer for their files and to indicate the contract encumbrance process is complete.

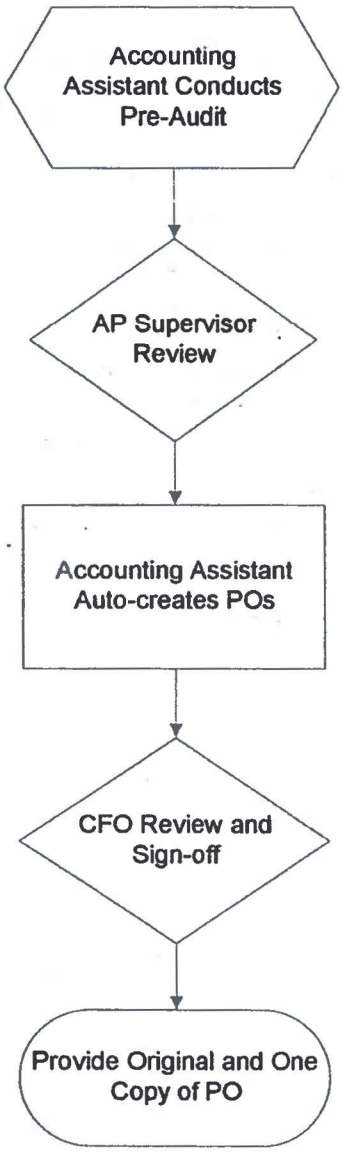
10. Purchaser submits original copies of the PCL, ACL, Tax Clearance Certificate, and contract to the Legal Services Hale. Copies are provided to TOS.

2.2.5 PURCHASE ORDERS

2.2.5.1 Auto-create Purchase Order Process

The Purchase Order is auto-created in Oracle as part of the Purchase Requisition process.

Figure 2.2.5.1 Auto-create Purchase Order Process



1. The Accounting Assistant II conducts a pre-audit of the PR and attachments.

2. The Accounting Assistant II transmits the PR and attachments, in a folder, for AP Supervisor review.

3. Upon approval the Accounting Assistant II auto-creates the Purchase Order (PO) from the Purchase Requisition (PR) prepared in Oracle. The PO is transmitted to the CFO. (Please note that POs $15,000 or more must be approved by the CFO in Oracle.)

4. The PO is reviewed and signed by the CFO.

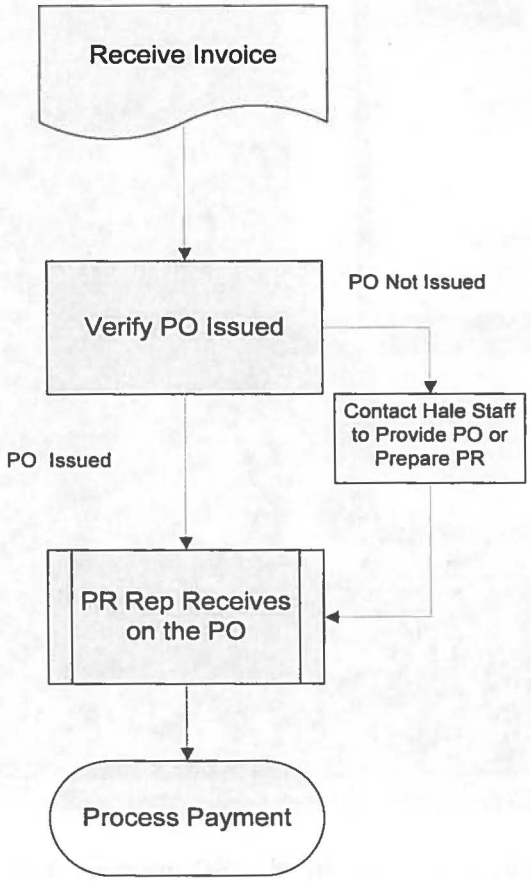
5. The Accounting Assistant II provides the appropriate PR Representative with the original and one copy of the PO. The original is mailed to the vendor and the copy is maintained for the PR reps records.

2.2.5.2 Receiving on a Purchase Order Process

All goods, materials, supplies and services should be received in an organized manner and inspected for conformance with the original PO. Staff members preparing PRs are responsible for monitoring their POs. Managers should be notified when the goods or services are not delivered in a timely manner or incorrectly delivered, for corrective action.

Purchase Orders cannot be processed without authorization which can be in the form of a "Request for Contract Payment", signed by the Hale Director for contracts, or by receiving on a PO for goods. This is normally completed upon receipt of an invoice against a specific PO as follows:

Figure 2.2.5.2 Receiving on a Purchase Order Process



1. TOS receives an invoice.

2. The Accounting Assistant II verifies that a PO has been issued. If a PO cannot be identified, the appropriate Hale staff person is contacted to provide the PO or generate a PR.

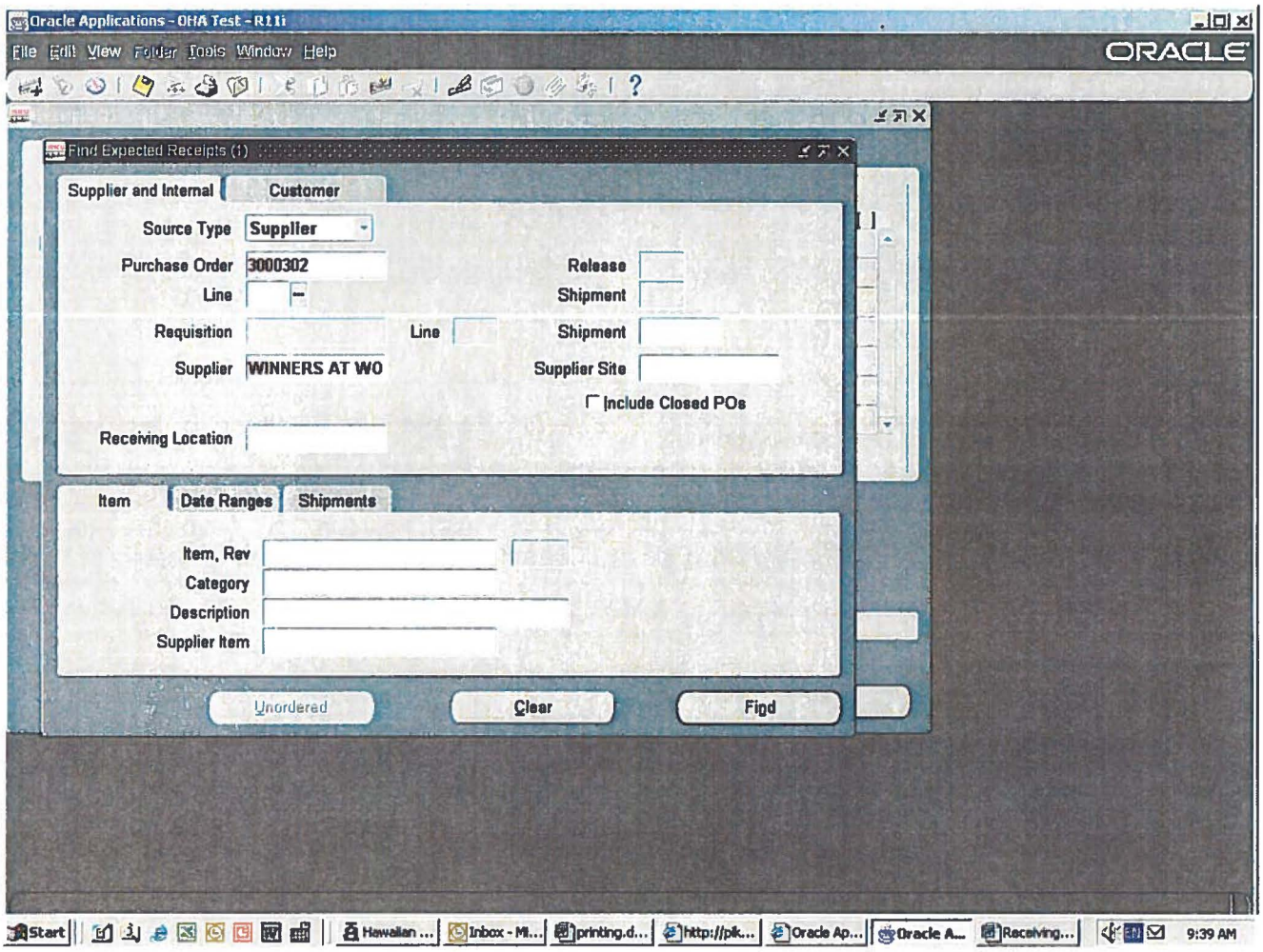
3. The PR rep receives on the PO in Oracle (see slides in the next section below).

4. The payment is processed as outlined in 2.2.7.2.

Receiving Goods/Services on PO Lines

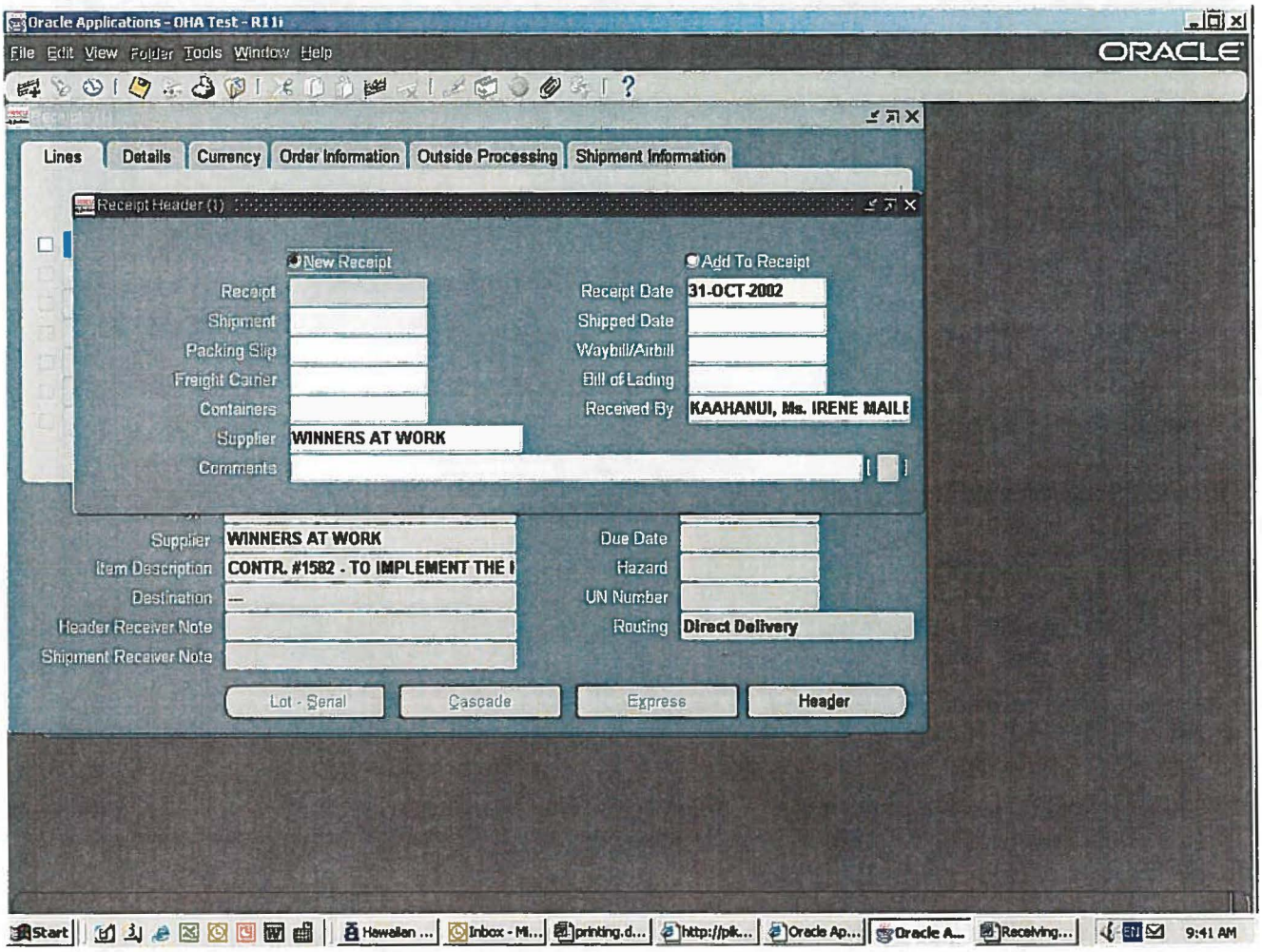
All Purchase Orders require receipt of goods/services in order to process invoices for payment. Creating receipt transactions is the responsibility of the individual for whom the purchase order was produced, which at OHA is the PR Rep or CRC.

In order to access PO lines for receiving, log into the Oracle Purchasing module and select Receiving: Receipts.



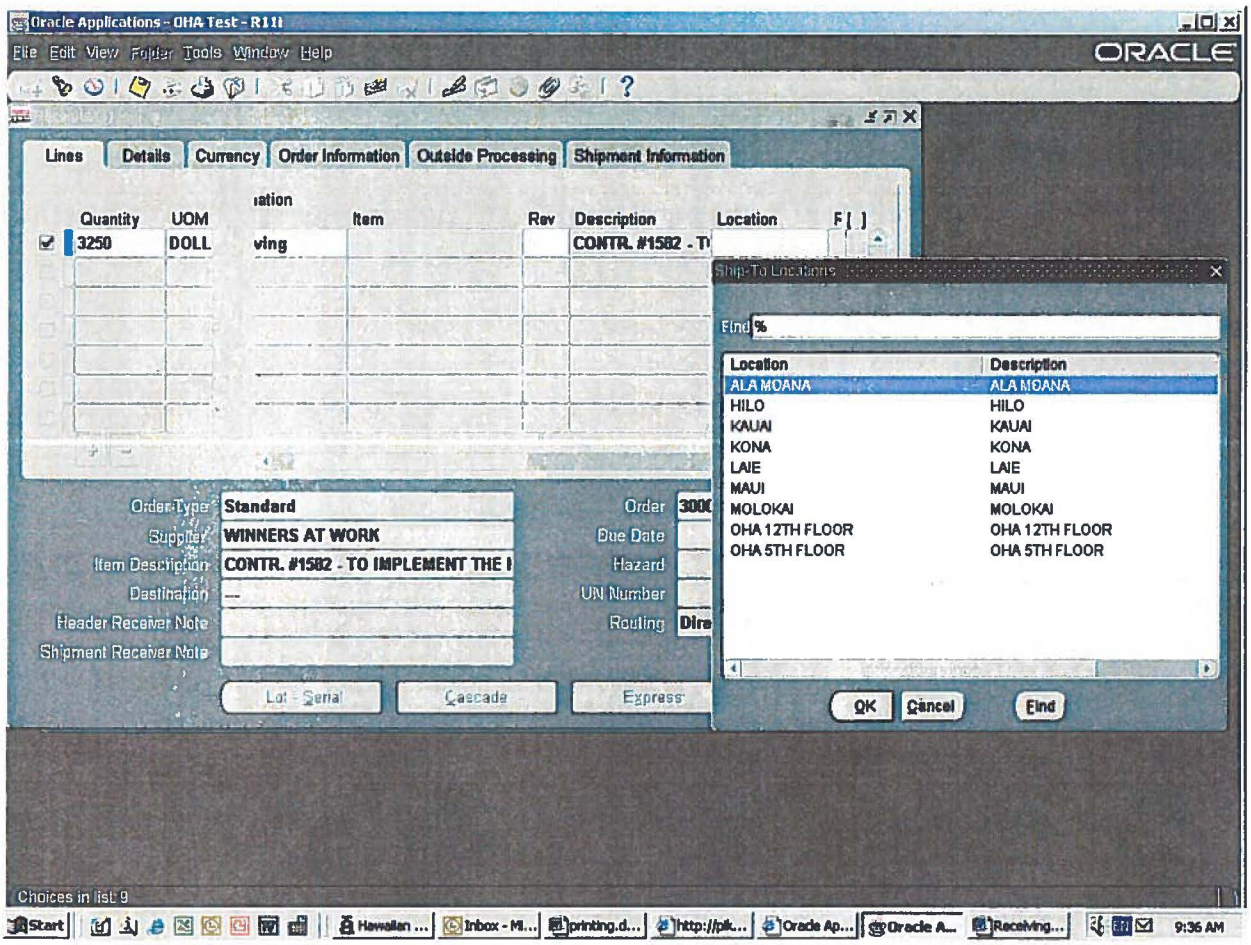
Once inside the Receipts window, query a specific purchase order by the PO number, the Requisition number or the Supplier. All of these fields have selection lists available in order to help locate existing purchase orders. Click on Find after completing one or more of these fields.

Receiving Goods/Services on PO Lines



Close the Receipts Header window that initially opens and you will see the lines of the purchase order that are available for receipt.

Receiving Goods/Services on PO Lines

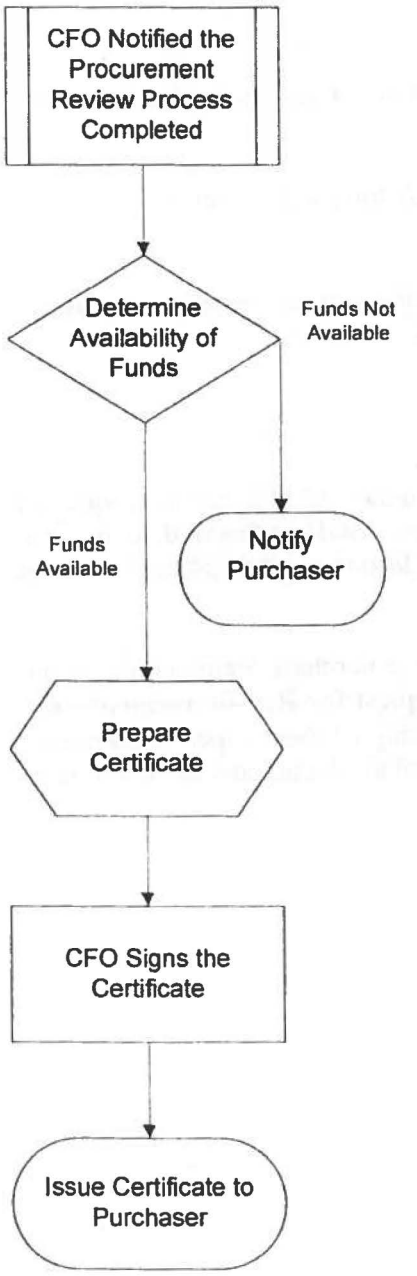


Click in the box next to the line you wish to receive against, enter the quantity or amount to be received, and select the Location of the receipt. The quantity or amount entered as received should be only that which has truly been received. Receipts can be for a portion of the amount ordered, and multiple receipts can be made for a PO line item depending on the delivery schedule. Matching of invoice amounts to PO lines for payment can only take place for received quantities or amounts. Click on the yellow diskette at the top of the screen in order to save your receipt entry.

2.2.6 GRANTS CONTRACT FUNDING CERTIFICATION

The CFO is responsible for certifying the availability of funds for any procurement that requires a contract, before the contract can be issued. This is normally completed using the Accounting Check List (ACL), except in the case of grants that utilize the Grant Agreement GA-1 and CGA-1 formats. The process for certifying the availability of funding for these two types of agreements is as follows:

Figure 2.2.6.1 CFO Certification of Funding Availability for Grants



1. The CFO is notified, by an OHA staff person responsible for the preparation of a contract for goods or service, the procurement review process has been completed.

2. The TOS Budget Analyst determines if funds are available for the contract through the review and assessment of the OHA TOB.

3. If funds are not available the purchaser is notified and alternative funding sources may be suggested.

4. If funds are available the TOS Budget Analyst prepares the **Certificate of Funding Availability** - **tab 23,** for signature by the CFO.

5. The CFO signs the Certificate of Funding Availability.

6. The purchaser is provided with the Certificate of Funding Availability.

2.2.7 ACCOUNTS PAYABLE AND CASH DISBURSEMENTS

Internal controls are required to ensure that only valid and authorized payables are recorded and paid. Accounting procedures are implemented to ensure the accuracy of amounts, coding of general ledger accounts, and appropriate timing of payments.

Accounts payable are processed as follows:

- Check Requests/Per Diem – non-contract payment for goods, services, and per diem valued at less than $2,500.
- Purchase Order payments – non-contract payments for goods or services valued at $2,500 or greater.
- Contract Payments – all contract payments, including grants, regardless of value.

2.2.7.1 Payment Requests

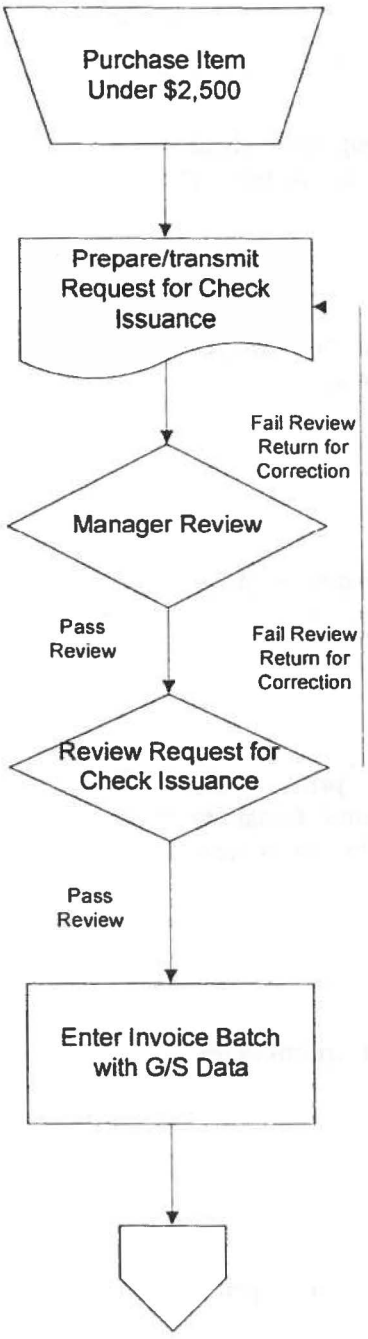
Procurement of goods or services or payments of per diem under $2,500 can be requested through a check request or the reimbursement request process. Staff authorized to make a purchase or receive per diem complete the **Request for Check Issuance** - **tab 24,** and transmit the form to TOS for processing.

From time to time it is necessary for staff to use their own funds to purchase approved items and to request reimbursement which requires transmission of the **Request for Reimbursement** - **tab 25,** to TOS along with original receipts for processing. Processing of these types of payments normally take eight business days and requires a number of standard documents as attachments including:

- Original invoice or receipt
- Meeting agendas or conference/workshop flyers

Both of these processes are outlined below:

Figure 2.2.7.1.a Request for Check Issuance



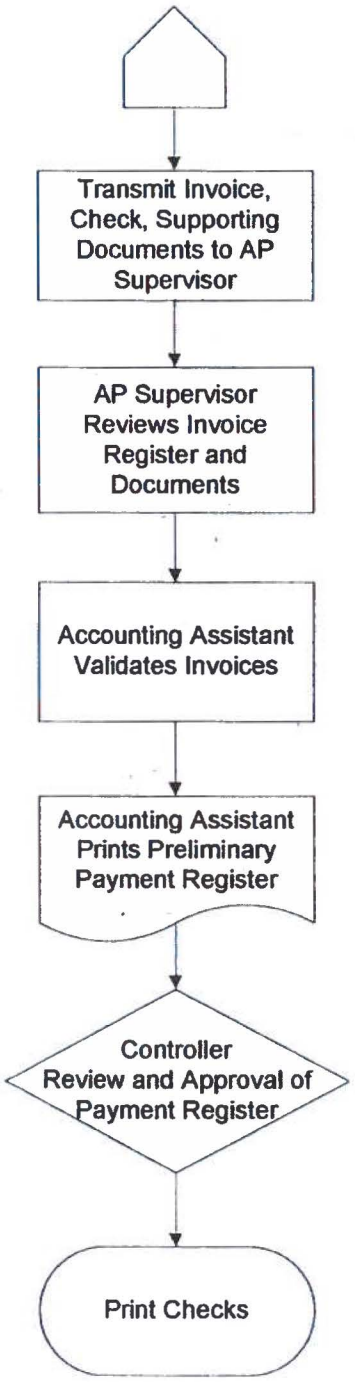
1. An OHA Trustee or employee purchases an authorized item or incurs per diem costs under $2,500.

2. The Trustee or employee prepares and transmits a **Request for Check Issuance - tab 24,** to the appropriate manager(s) for review and signature.

3. Manager reviews, approves, and transmits a **Request for Check Issuance** to TOS with receipts and supporting documentation. If necessary the request is returned to the preparer for corrections.

4. TOS Accounting Assistant II reviews the check request for authorized signatures, correct coding, original invoices and/or receipts and sufficient supporting documents to ensure validity of the request.

5. TOS Accounting Assistant II enters an invoice batch with G/S data and proper description.



6. Print and transmit invoice along with check request and supporting documents to the AP Supervisor for review.

7. The AP Supervisor reviews the invoice register and supporting documents.

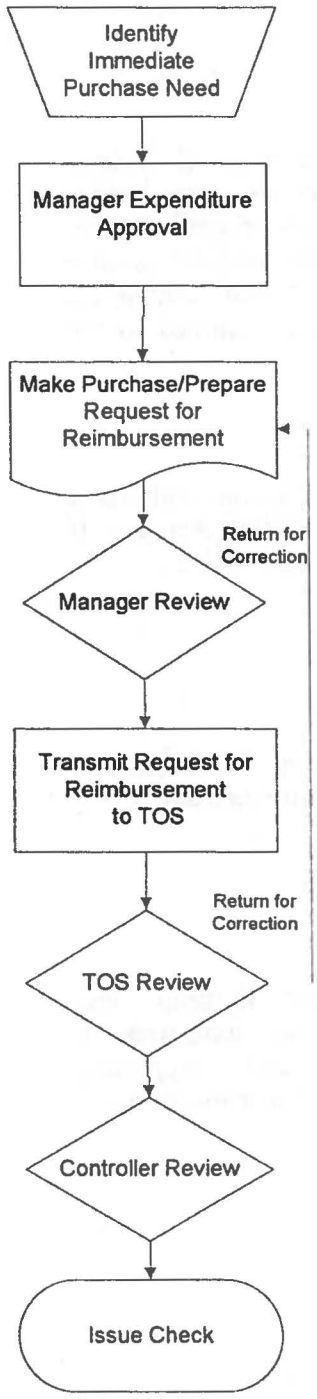
8. Accounting Assistant III validates invoices upon approval of invoice register.

9. Accounting Assistant III prints the preliminary payment register and transmits payment batch to the Controller for review and approval.

10. Controller or CFO reviews and approves of preliminary payment register.

11. Accounting Assistant III is directed to print check(s).

Figure 2.2.7.1.b Request for Reimbursement Payment Process



1. A staff member recognizes immediate need to purchase an item such as an airline ticket.

2. The staff member obtains approval from the appropriate manager to make the purchase.

3. The staff member makes the necessary purchase and completes the **Request for Reimbursement - tab 25,** and transmits it to the appropriate Managers with original receipts.

4. Cost Center Manager reviews and approves request. If the Cost Center Manager is the individual requesting reimbursement, then his/her manager must approve the request.

5. The staff member transmits **Request for Reimbursement** to TOS for processing.

6. TOS Accounting Assistant II audits the reimbursement request for authorized signatures, correct coding, original invoices and/or receipts and sufficient supporting documents to ensure validity of the request.

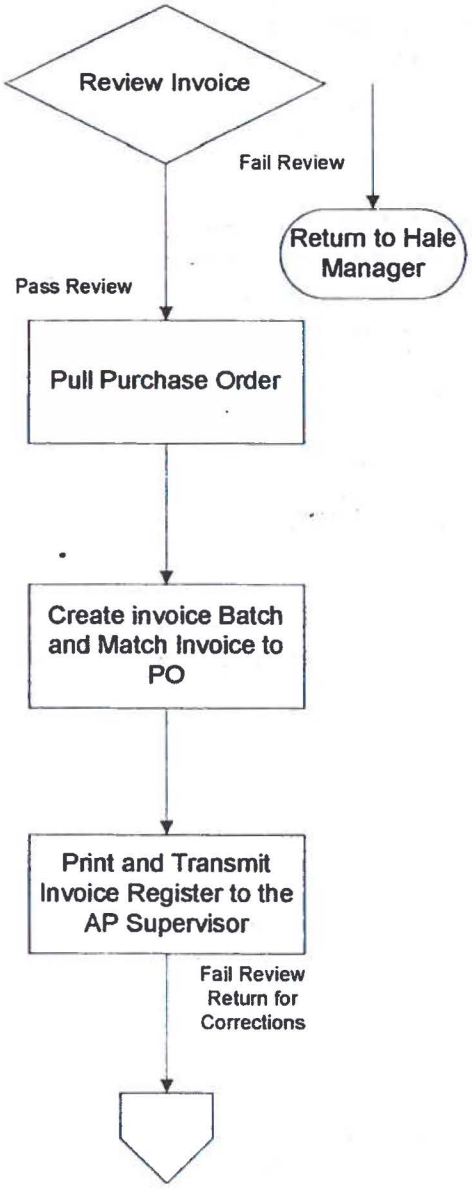
7. Controller or CFO reviews and approves preliminary payment register.

8. The checks are printed and distributed as outlined in 2.2.7.4 – Check Issuance and Distribution Process.

2.2.7.2 Purchase Order Payments

Payments against Purchase Orders over $2,500 are completed as follows:

Figure 2.2.7.2 Purchase Order Payment Process

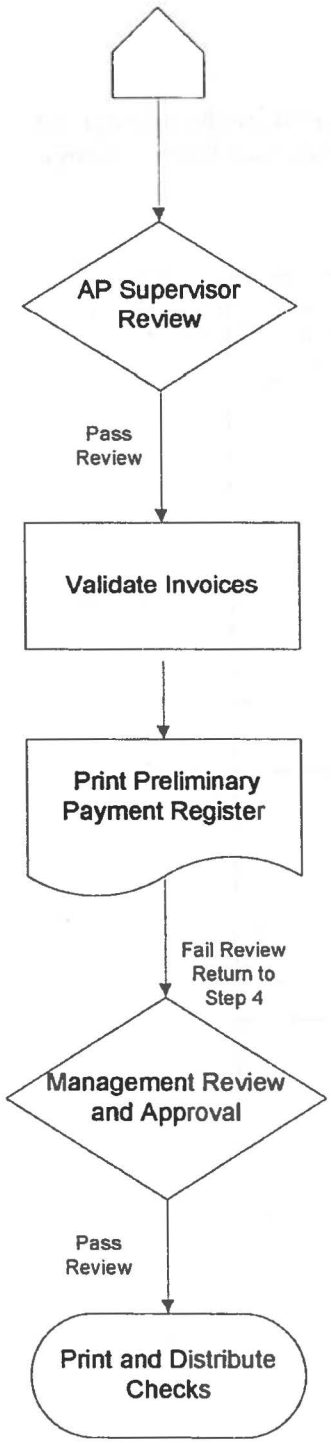


1. The TOS Accounting Assistant II reviews invoices to ensure the invoice is an original and accurate and the goods or services have been received. If not the original invoice and/or it does not contain authorized signatures the invoice(s) is returned to the appropriate Hale Director.

2. If invoice is original and contains authorized signatures, the TOS Accounting Assistant II pulls the appropriate Purchase Order.

3. The Accounting Assistant II creates an invoice batch and matches invoice to PO.

4. The Accounting Assistant II prints and transmits the invoice register along with the invoice and PO/PR and supporting documents to the AP Supervisor for review.



5. The AP Supervisor reviews and approves the invoice register and supporting documents.

6. Accounting Assistant III validates invoices upon approval of invoice register.

7. Accounting Assistant III prints preliminary payment register and transmits payment batch to the Controller for review and approval.

8. The Controller or CFO reviews and approves the preliminary payment register. If the review fails the Payment Register is returned to the Accounting Assistant for correction.

9. The checks are printed and distributed as outlined in 2.2.7.4 – Check Issuance and Distribution Process.

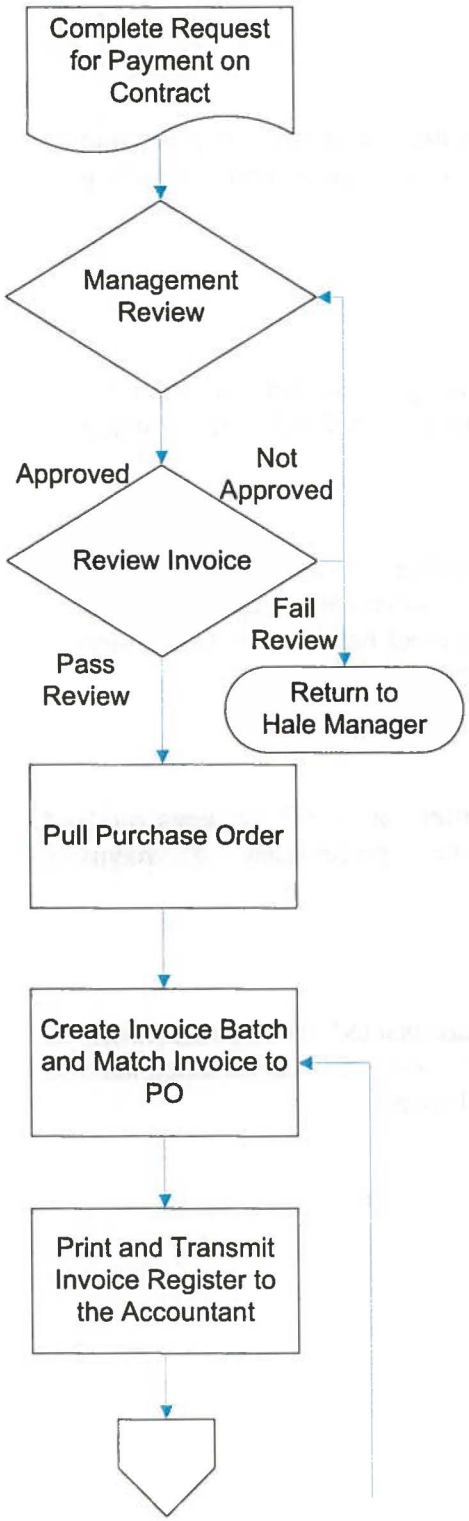
2.2.7.3 Contract Payments

Contract payments are requested by the assigned contract monitor, reviewed by the appropriate Hale Director, and approved by a Deputy Administrator or the Administrator for hales reporting directly to the Administrator as follows:

Hale	Final Approver
Government Relations and Legislative Affairs	Administrator
Human Resources	
Land Management	
Legal Services	
Planning, Research, and Evaluation	
Treasury and Other Services	
Washington DC Bureau	
Community Resource Coordinators	Deputy Administrator Operations
Office of Board Services	
Public Information Office	
Economic Development	
Education	Deputy Administrator BAE
Grants	
Hawaiian Governance	
Health, Human Services, and Housing	
Native Hawaiian Revolving Loan Fund	
Native Rights and Culture	

The contract payment process is outlined in the following section:

Figure 2.2.7.3 Contract Payment Process



1. The contract monitor ensures the goods or a service has been received and completes and transmits a Request for Payment on Contract - **tab 26.**

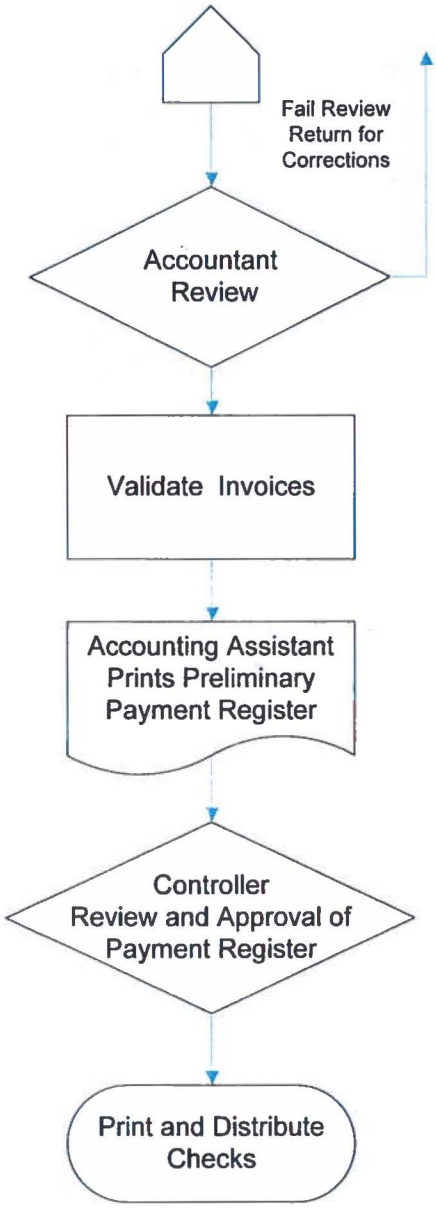
2. Request for Payment on Contract is transmitted to the Hale Director and Administrator, or Deputy Administrator, as noted in the table above, for review and approval.

3. Approved requests are transmitted to TOS for processing. The TOS Accounting Assistant II receives and reviews the invoice for authorized signatures. Requests not approved are returned to the contract monitor for correction.

4. The TOS Accounting Assistant II pulls the appropriate Purchase Order.

5. Accounting Assistant II creates an invoice batch and matches the invoices to the PO.

6. Print and transmit the invoice register along with the invoice, PO/PR, and supporting documents to the Accountant for review.



7. The Accounting Assistant IV reviews and approves invoice register and supporting documents.

8. The Accounting Assistant III validates invoices upon approval of invoice register.

9. The Accounting Assistant III prints preliminary payment register and transmits payment batch to the Controller for review and approval.

10. The Controller or CFO reviews and approves the preliminary payment register.

11. The checks are printed and distributed as outlined in 2.2.7.4 – Check Issuance and Distribution Process.

2.2.7.4 Grants Payment Processing

A Purchase Requisition (PR) is created for all approved grants during the grant agreement preparation process, which also encumbers the grant funding. A Grants Program PR representative prepares the PRs for all Community Grants Program grants and PRs for all other grants are prepared by a designated PR representative from the Hale administering the funding. PR representatives must confirm or create vendor set-up for grantees as part of the PR process.

Grant payments are usually processed based on a 12 month payment schedule as outlined in the grant agreement. PR representatives are required to include the detailed payment schedule when creating the PR.

The initial payment is normally processed upon execution of the grant agreement. Intermediate payments are usually processed at the end of quarters 1, 2, and 3, with the final payment shortly after the end of quarter 4. The following table summarizes the grant payment process and includes the responsibilities of the grantee as well as the grant monitor.

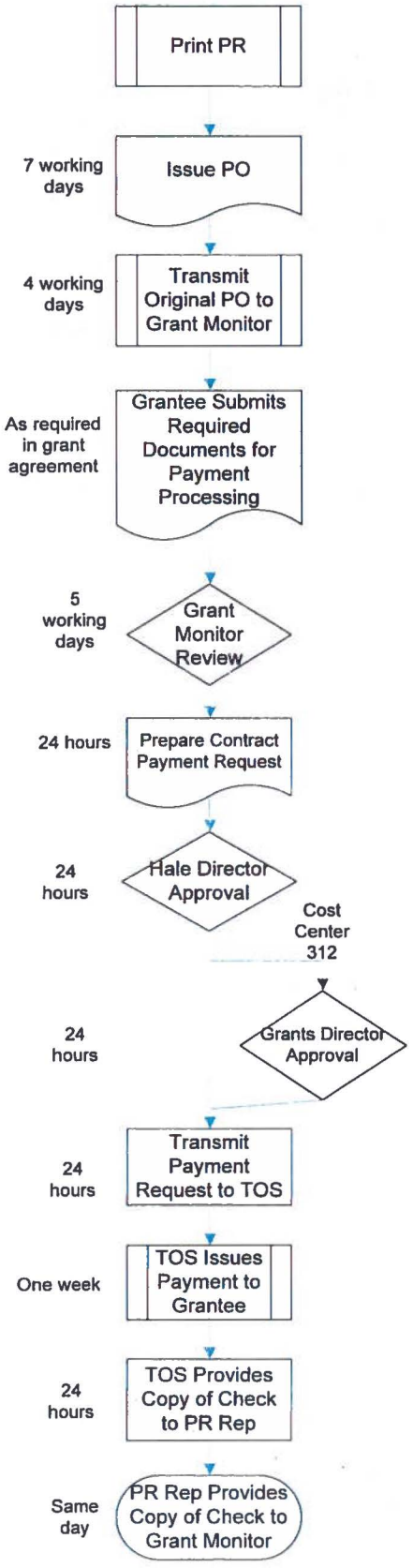
Payment	Grantee Requirement	Grant Monitor Requirement
Initial	Press release, work plan, or other agreement requirements	Verifies all agreement requirements are satisfied.
Intermediate Usually end of quarters 1, 2, and 3.	Progress report, other agreement requirements	Verifies all agreement requirements are satisfied and reviews payment request submissions
Final	Final report, other agreement requirements	Verifies all agreement requirements are satisfied and reviews payment request submissions Prepares Close-out Report and submits to Grants Program staff.

The grant monitor and PR representative should maintain copies of all grant related documents while the Legal Office maintains all original copies of all contract agreements, ACL, and PCL documents.

Grant payment processing should take approximately 3 weeks from the time the grantee submits a payment request, provided all documentation is in order.

The grants payment process is as follows:

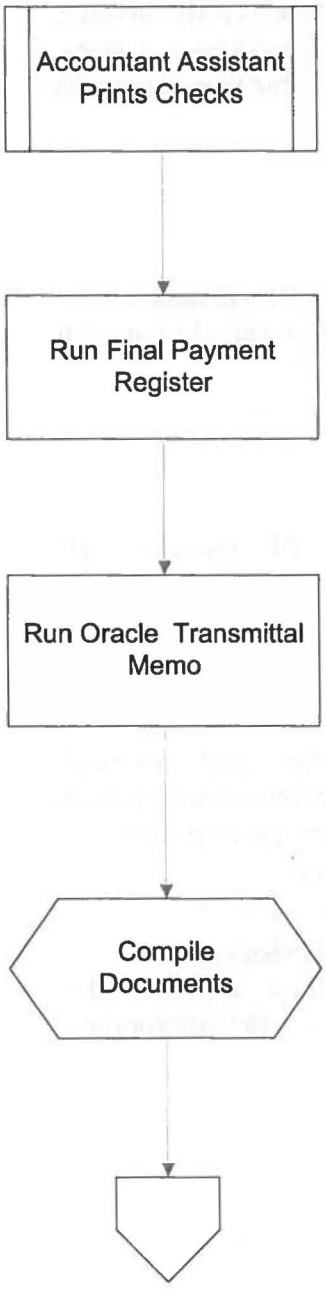
Figure 2.2.7.4 Grants Payment Process



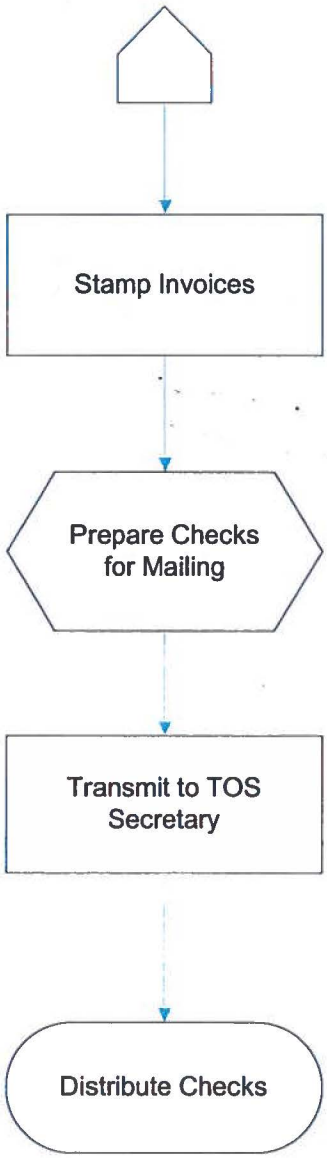
1. The PR representative transmits the PR (printed on TOS designated color paper) with fully executed documents to TOS for PO issuance.
2. TOS generates and issues a Purchase Order (PO) to the PR representative within 7 working days of receiving the PR.
3. The PR representative transmits the original PO to the grant monitor within 4 working days of its receipt.
4. The grantee provides the grant monitor with required payment documents as per grant agreement schedule which may include:
   - Initial payment - press release, work plan
   - Intermediate payments – progress reports – within specified reporting due dates
   - Final payment - final report. Grant monitor also provides a close-out report. Within specified reporting due date
5. The Grant monitor reviews and approves the required grantee reports.
6. The grant monitor prepares a Contract Payment Request form with grantee invoice as required.
7. Hale Director reviews and signs off on the Contract Payment Request.
8. If using Cost Center 312 funds, the Contract Payment Request with the grant monitor report, is transmitted to the Grants Hale Director for review and approval.
9. The grant monitor transmits the Contract Payment Request to TOS for Controller approval and processing.
10. TOS issues and transmits payment to the grantee within 7 business days.
11. TOS provides a copy of the payment check to the PR representative.
12. PR rep provides a copy of the payment check to the grant monitor.

2.2.7.5 Check Issuance and Distribution

Figure 2.2.7.5 Check Issuance and Distribution Process



1. On a daily basis the Accounting Assistant III prints checks listed on the payment register.
2. The Accounting Assistant III runs a final payment register.
3. The Accounting Assistant III runs the Oracle transmittal memo which lists batch number by cost center.
4. The Accounting Assistant III compiles the following documents for each payment:
    - Original check and one copy
    - Original and one copy of the transmittal memo for each cost center



5 The Accounting Assistant III stamps each invoice paid, indicating the check number on the invoice, and checks the address for correctness. Address corrections are noted and included with the check for payment.

6. The Accounting Assistant III detaches the remittance stub from the invoice and clips it with the check for mailing.

7. The Accounting Assistant III transmits all documents to the TOS Secretary.

8. The TOS Secretary mails the check, original transmittal memo, and invoice remittance stub to the appropriate payee or arranges pick-up from:
   - Staff requesting pick-up
   - OHA intern payments
   - OHA staff per diem checks

   The TOS Secretary provides a copy of the transmittal memo and check to the appropriate Hale Director for each payment.

2.2.8 TRAVEL

When OHA staff, Trustees, and non-employees are required to travel on official OHA business the travel must be approved as follows:

Traveler	In-State	Out-of-State
Trustees	Administrator	Chair
Administrator	Chair	Chair
OHA Staff	Hale Directors and Deputy Administrators or Administrator (for Departments reporting directly to the Administrator)	Hale Directors and Deputy Administrator and Administrator
Non-OHA Employees	Hale Directors and Deputy Administrator and Administrator	Hale Directors and Deputy Administrator and Administrator

All required and approved travel request forms must be submitted to the Travel Services Unit in a timely manner to obtain the best price for air fare as follows:

- In-State travel – a minimum of 10 working days before the date of travel
- Out-of-state travel- a minimum of 30 working days before the date of travel
- Exceptions must be approved by the Chair or Administrator

If it becomes necessary for a traveler to cancel a trip the Travel Services Unit must be notified immediately. If a trip is cancelled after close of business, on the day of travel, the traveler is responsible for contacting all vendors to cancel travel arrangements to avoid any penalties or losses to OHA (i.e. ticket use, refund of accommodations).

Travel arrangements are processed by the Travel Services Unit and require an approved Travel Allowance Authorization (TAA) form and completed Travel Order (TO) form for OHA Trustees and staff, before any travel arrangements can be made. Non-employees requiring official OHA travel must submit an approved Purchasing Card Purchase Request & Authorization form for each type of purchase (air, car, hotel, etc.), along with a completed Travel Order form.

All requests from staff, Trustees, and non-employees, must be accompanied by supporting documentation justifying the travel (conference/event invitation, event flyer or notice, event agenda, etc). Once travel arrangements have been completed, the Travel Services Unit will provide the traveler with a Travel Confirmation form indicating confirmation numbers for all aspects of the travel.

Travelers requiring changes to any reservations must submit a Travel Order form to the Travel Services Unit indicating change(s) and the justification for the change, which may result in penalty cost born by the traveler. If it is necessary to make substantial travel changes, before travel begins, the traveler is required to submit a new TAA.

If travel is for the purpose of attending a training program, the Director of Human Resources must first approve the training before any travel arrangements can be processed. Travel arrangements are then made in collaboration with the Human Resources Department to ensure the traveler is enrolled in the training program before flights, hotel, etc. are finalized.

Travelers are provided with per diem to cover expenses for lodging, meals and incidentals. Travel per diem is based on a quarter-day system and commences in the quarter-day that authorized travel begins, and ends in the quarter-day the travel is completed for in-state travel. For out-of-state travel the beginning quarter-day is calculated at one hour prior to departure time and ends in the quarter-day the travel is completed. The quarters of the day and computation of quarter-day credit are:

Time	Departure Date PD Credit	Return Date PD Credit
12:01 A.M. to 6:00 A.M.	1 Day	¼Day
6:00 A.M. to noon	¾Day	½Day
noon to 6:00 P.M.	½Day	¾Day
6:00 P.M. to midnight	¼Day	1 Day

Per Diem rates are separated into two categories, in-state travel and out-of-state travel. The application of each is as follows:

- In-state travel per diem – base amount is $80 per day for overnight travel, earned in equal increments based on the 4 quarters of the day. If OHA is paying directly for overnight lodging, a standard $50 is deducted per night of lodging. If the travel is same day roundtrip, per diem is still passed on quarter day increments, but is subject to a maximum of 2 quarters or $40. Official travel time begins at time of ticketed departure and ends upon reaching the employees' home airport. Same day in-state per diem travel payments are considered taxable income.

- Out-of-state per diem: base amount is $130 per day earned in equal increments based on 4 quarters of the day. If OHA is paying directly for lodging, a standard $85 is deducted per night of lodging. Official travel time begins one hour prior to ticketed departure and ends upon reaching the employees' home airport.

The travel per diem rate is subject to review by the Administrator and advance payments may be authorized for extended travel.

Meals included as part of a trip or conference fee will be deducted from the travel per diem payment as follows:

- breakfast 8% of total per diem,
- lunch 12% of total per diem,
- and dinner 20% of total per diem, all rounded to the nearest whole dollar.

Airline meals and continental breakfasts will not be deducted. In cases where neighbor island staff travel is for the sole purpose of attending a banquet or reception, per diem will not be provided.

Other allowable expenses must be supported by receipts, where receipts are issued. Itemize each charge by date and explain in the comments section on the Statement of Completed Travel form. Other allowable expenses include:

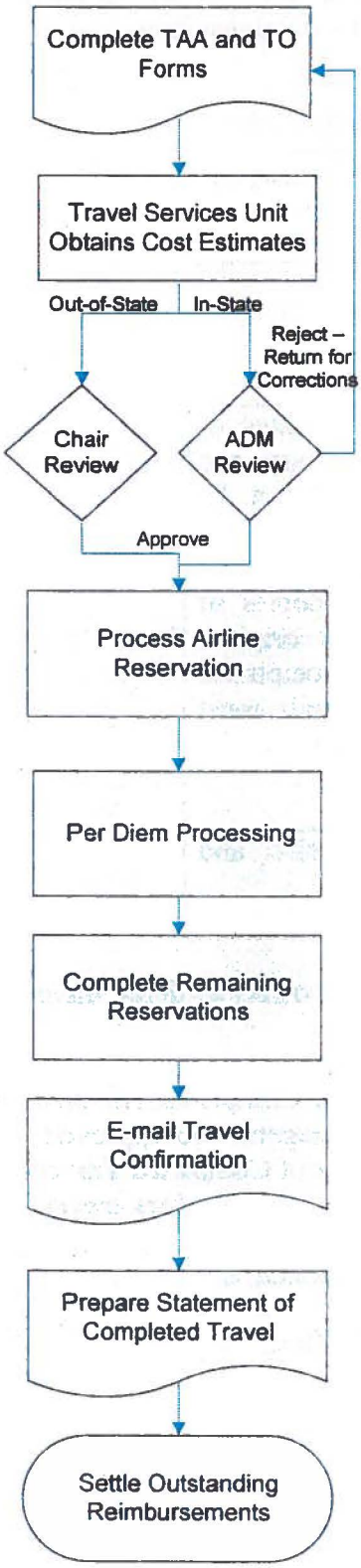
Expense	Description
Baggage Expense	Itemize by date and explain whether charge is for storage or transportation.
Currency exchange fees and Traveler's Checks	For out-of-state travel to the extent that the currency or checks do not exceed the amount of per diem and allowable expenses.
Passport and visa fees	Includes cost of photograph, certificates of birth, health, cost of affidavits necessary, and charges for inoculations which cannot be obtained through state facilities.
Registration fees	If no official receipt is provided, copies of both sides of cancelled checks or original credit card carbons are acceptable receipts for registration fees. Conference materials must be submitted with the Statement of Completed Travel form.
Telephone and Internet	Itemize OHA-related business calls and Internet Charges by date.

Travelers on official OHA business are not allowed to accept airline offers to delay travel in exchange for compensation of any kind.

Travelers are responsible for completing and submitting a Statement of Completed Travel, with original receipts (hotel, car, air) for review and signatures of all managers who approved the travel on the TAA. Travel expenses must be itemized on the Statement of Completed Travel for any out-of-pocket expenses. By signing the Statement the employee acknowledges travel has been completed and signifies that the listed expenses are correct and complete and will not be claimed for reimbursement from any other source or claimed as a tax deduction.

Travel procedures for Trustees, OHA employees and non-employees follow:

Figure 2.2.8.1 OHA Trustee Travel Procedures



1. The Trustee or designated staff person completes and transmits the In-State Travel Allowance Authorization (TAA) – **tab 27,** or Out-of-State Travel Allowance Authorization (TAA) – **tab 28,** and the Travel Order (TO) – **tab 29** forms, and supporting documents to the Travel Services Unit.

2. The Travel Services Unit obtains estimated costs for the travel, enters the information on the TAA and transmits it to the Administrator for review and approval.

3. The Chair or Administrator reviews and approves the TAA or it is returned for corrections.

4. The Travel Services Unit processes the airline reservations.

5. The Travel Services Unit transmits the original TAA and airline reservation confirmation to TOS for processing the travelers per diem.

6. The Travel Services Unit completes the remaining reservations per TO form.

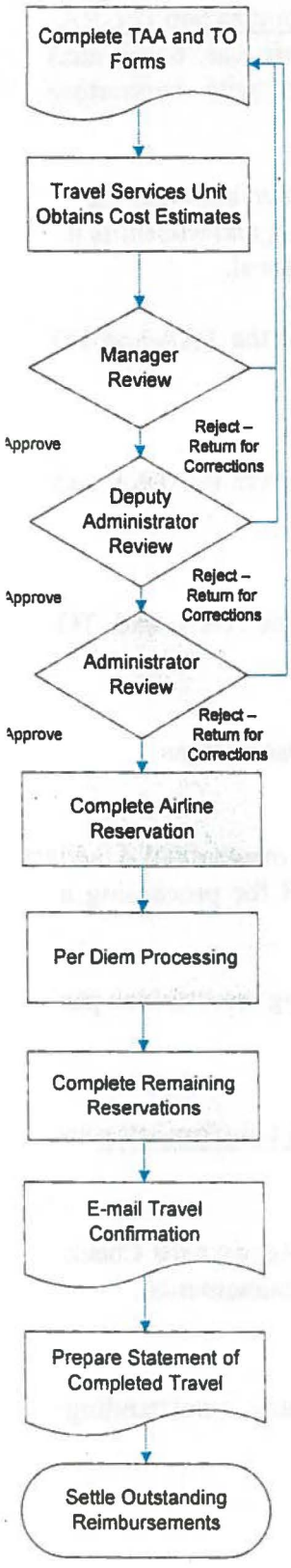
7. The Travel Services Unit e-mails the Travel Confirmation– **tab 30,** to the Trustee's Aide and Secretary.

8. Within 5 days of return a signed Statement of Completed Travel– **tab 31,** with original receipts is submitted to the Administrator by the traveler.

9. The Travel Services Unit transmits the Statement of Completed Travel to TOS for processing to settle any outstanding reimbursement with the traveler.

Change date: January 7, 2009

Figure 2.2.8.2 OHA Employee Travel Procedures



1. The Trustee or designated staff person completes and transmits the **In-State Travel Allowance Authorization (TAA) – tab 27,** or **Out-of-State Travel Allowance Authorization (TAA) – tab 28,** and the **Travel Order (TO) – tab 29** forms, and supporting documents to the Travel Services Unit.

2. The Travel Services Unit obtains estimated costs for the travel, enters the information on the TAA and transmits it to the Hale Manager for review and approval.

3. The Hale Director reviews and approves the TAA and TO form.

4. The Deputy Administrator reviews and approves the TAA and TO form.

5. The Administrator approves travel for staff in divisions reporting directly to the Administrator and for **all** out-of-state travel.

6. The Travel Services Unit processes the airline reservation.

7. The Travel Services Unit transmits the original TAA and airline reservation confirmation to TOS for processing per diem.

8. Travel Services Unit completes the remaining reservations per TO form.

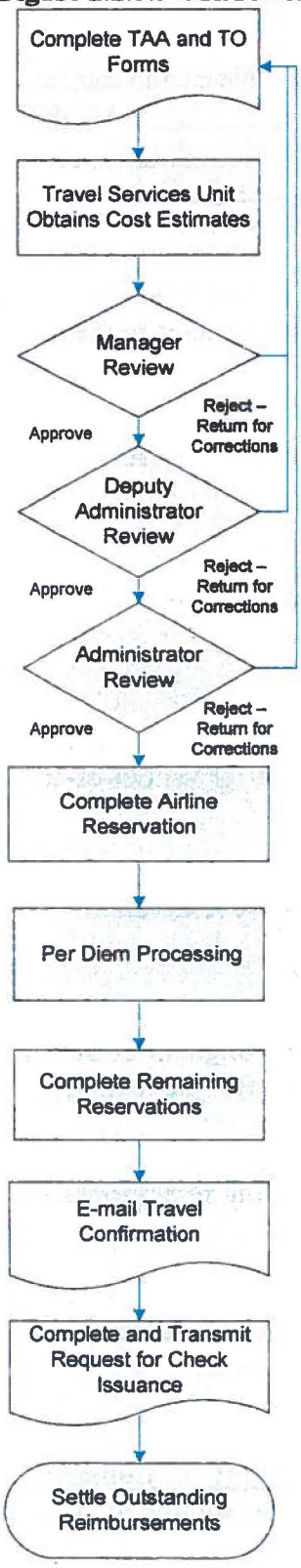
9. The Travel Services Unit e-mails the **Travel Confirmation– tab 30,** to the Trustee's Aide and Secretary.

10. Within 5 days of return a signed **Statement of Completed Travel– tab 31,** with original receipts is submitted to the Administrator by the traveler.

11. The Travel Services Unit transmits the **Statement of Completed Travel** to TOS for processing to settle any outstanding reimbursement with the traveler.

Change date: January 7, 2009

Figure 2.2.8.3 OHA Non-Employee Travel Procedures



1. The traveler or designated staff completes and transmits the Purchasing Card Request & Authorization (PCRA) – tab 32 for each travel transaction (air, car, hotel, etc.) and Travel Order – tab 29, forms with supporting documents, to the Travel Services Unit.

2. The Travel Services Unit obtains estimated costs for the travel, enters the information on the TAA and transmits it to the Hale Director for review and approval.

3. The Hale Director reviews and approves the TAA and TO form.

4. Deputy Administrator reviews and approves the TAA and TO form.

5. Administrator reviews and approves the TAA and TO form.

6. Travel Services Unit processes airline reservations.

7. The Travel Services Unit transmits the original TAA and airline reservation confirmation to TOS for processing a per diem.

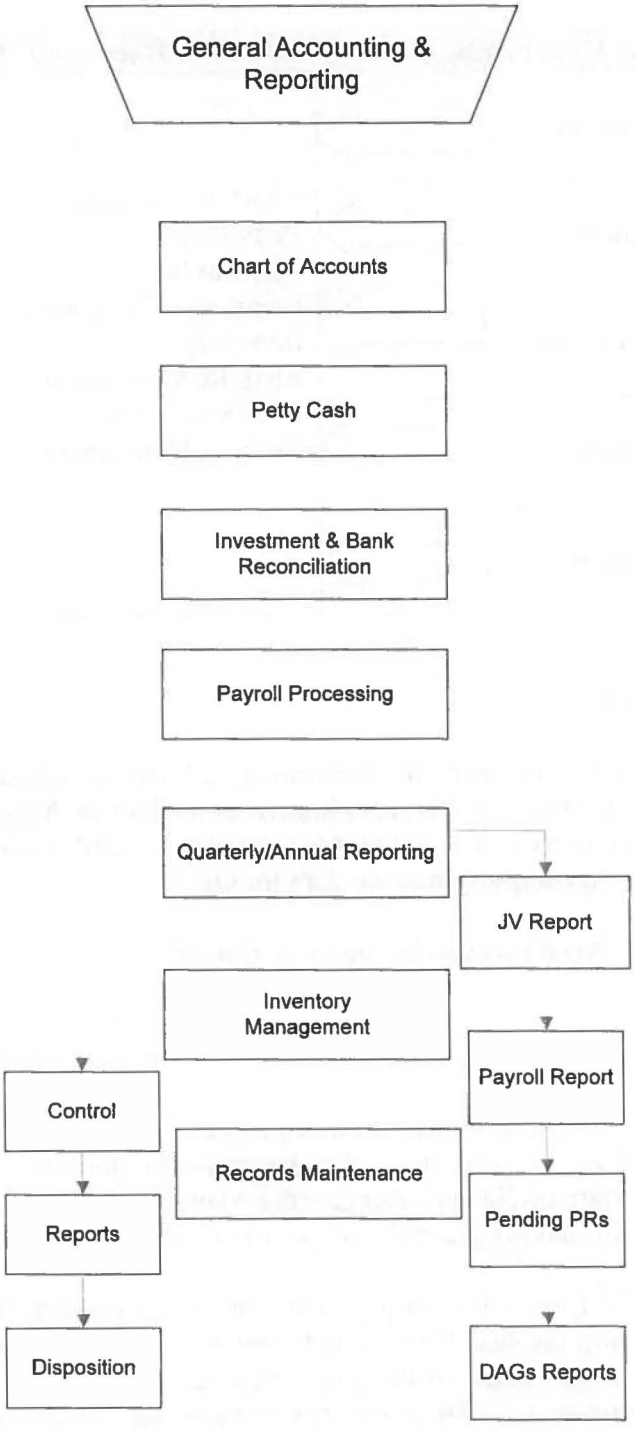
8. Travel Services Unit completes remaining reservations per TO form.

9. Travel Services Unit e-mails the Travel Confirmation to the preparer.

10. The traveler completes and transmits a Request for Check Issuance to TOS for any authorized reimbursements.

11. A check is issued to settle any outstanding reimbursements.

2.3 GENERAL ACCOUNTING



The general accounting function includes the following intake documents for document processing:

Intake Documents	Document Processing
Bank and Investment Statements ⇨	Chart of Accounts Petty Cash Gift Cards Investment Fund Reconciliation Inventory Bank Reconciliation DAGS Reports Records Management
OHA Journal Entries ⇨	
DAGS Journal Vouchers ⇨	
DAGS Payroll Turn Around Schedule ⇨	
Inventory Statements ⇨	

2.3.1 CHART OF ACCOUNTS

To facilitate the record keeping process for accounting, all ledger accounts are assigned a descriptive account title and account number, also known as a Chart of Accounts. The Chart of Accounts provides the organization a method for assignment and maintenance of ledger accounts, in order to produce meaningful financial data for OHA.

A copy of the OHA Chart of Accounts can be found at- **tab 20**.

~~2.3.2 PETTY CASH~~

The following are procedures for the administration of petty cash funds as authorized by Section 40-84, Hawai'i Revised Statutes. State rules, regulations, and policies are provided under sections 823 and 824 of the State of Hawai'i Accounting Manual, Volume II. These petty cash procedures establish a means of making prompt cash payments of $25.00 or less.

The petty cash account is used for small cash payments that are made directly from a cash box that is held at OHA. At all times the cash balance and receipts should be the amount of cash that was originally advanced to the custodian of the petty cash account. The petty cash account is currently maintained with a balance of $100 with a maximum of $25 per disbursement.

2.3.2 PETTY CASH

General

The following are procedures for the administration of petty cash funds as authorized by Section 40-84, Hawai'i Revised Statutes. State rules, regulations, and policies are provided under sections 823 and 824 of the State of Hawai'i Accounting Manual, Volume II. These petty cash procedures establish a means of making prompt cash payments or reimbursements for incidental costs of $50.00 or less.

The petty cash account is used for small cash reimbursement payments for incidental costs that are made directly from cash boxes held at the OHA main office and in each of the Community Resource Coordinator (CRC) offices on the neighbor islands.

Limitation of Amount

Each cash box is currently maintained with a balance of $100, with a maximum of $50 per disbursement.

Custodian

The petty cash fund maintained at each island's OHA office shall be maintained in the custody of the office's Community Resources Coordinator (for neighbor island offices) or Accountant or Accounting Assistant (for the main office) who shall be designated the Custodian of the fund.

Petty cash account custodians are as follows:

Office	Custodian
OHA Main Office	Accounting Assistant III - Gwen Valbuena
Kona Office	CRC Ruby McDonald
Kauai Office	CRC Kaliko Santos
Lana'i Office	CRC Pearl Ah Ho
Maui Office	CRC Thelma Shimaoka
Molokai Office	CRC Irene Kaahanui
Hilo Office	CRC Lukela Ruddle

Imprest System

Each petty cash fund shall be maintained under an imprest system whereby the total of petty cash on hand plus the amount of petty cash vouchers at any time must equal the amount of cash that was originally advanced to the custodian of the petty cash fund. In order to preserve the accountability of the original amount, petty cash must not be commingled with other collections, except that collections may be included in petty cash funds used exclusively for making change during the periods between deposits.

Disbursements

Disbursements may be made from the petty cash fund by the Custodian only in order to achieve operational efficiency and functional practicality. Each disbursement must be supported by a petty cash voucher form and each such petty cash voucher must in turn be supported by the related cash receipt, cash register tape, invoice, freight bill, or other original documentary evidence of disbursement.

A single disbursement from a petty cash fund shall not exceed $50.00 and can be processed through one of the following means:

- General Reimbursement - Request for Reimbursement is prepared and submitted to TOS when an employee is requesting reimbursement for a purchase of $50 or less.

- Travel Related Reimbursements – reimbursement of $50 or less for authorized incidental items purchased during travel are processed with a Statement of Completed Travel.

Expenditures Not Authorized

When payments are made out of petty cash funds, there is a practical difficulty in correcting or otherwise adjusting the payment subsequently if it was initially made improperly. For this reason, the following types of expenditures are not allowed to be made via the petty cash fund:

1. Any expenditure relating to payroll
2. Any expenditure for training courses
3. Any expenditure for contract or other agreement-type payments
4. Any expenditure generally held to be questionable

Replenishments

At the end of each month and as often as may be necessary within the month, petty cash funds must be replenished by claiming reimbursements of all disbursements made from the petty cash fund. Such claims shall be prepared on the petty cash vouchers and submitted to TOS for approval: the vouchers must be supported by signed receipts attached to the voucher.

Upon receipt of the reimbursement, the Custodian, to whom the check is payable, shall cash the check and place the cash in the petty cash fund.

Internal Controls

The internal control procedure shall include, as appropriate, periodic unannounced cash counts, and regular reviews that would disclose unauthorized items.

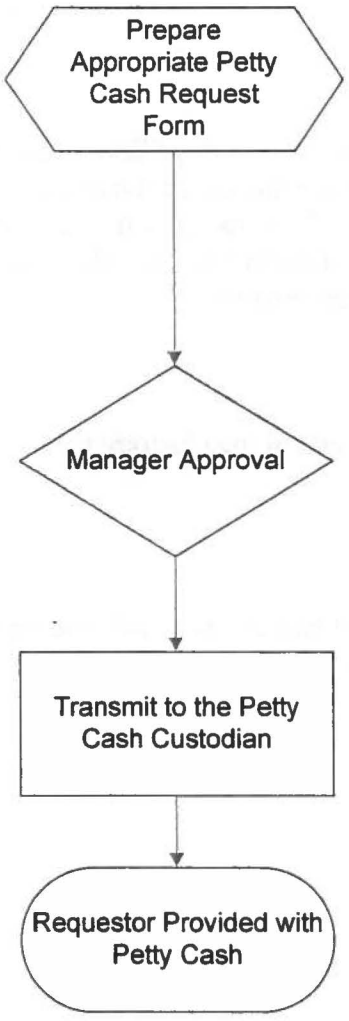
Security

Each Custodian must provide adequate security for physically safeguarding its petty cash funds (i.e. locked cash box). Only the Custodian shall have access to the petty cash fund.

Losses

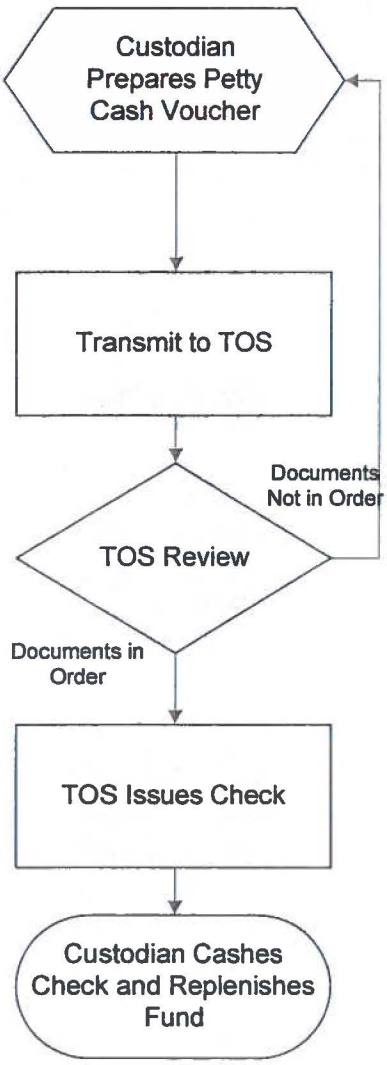
Any loss from a petty cash fund must be immediately reported to the CFO. The Custodian will be required to submit a statement describing the circumstances of the loss and any action taken.

Figure 2.3.2.1 Petty Cash Request Procedure



1. Prepare **Request for Reimbursement** with original proof of payment documents, for reimbursement requests. Incidental travel cost, under $50, will be automatically processed for petty cash reimbursement by TOS staff from the Statement of Completed Travel form, provided there are no accompanying expenditures such as per diem.
2. Submit the request to your immediate supervisor for approval.
3. Transmit the request to the appropriate petty cash custodian for payment.
4. The petty cash Custodian will provide you with the cash.

Figure 2.3.2.2 Petty Cash Replenishment Procedure



1. The petty cash Custodian prepares a Petty Cash Voucher whenever all funds are depleted or at the end of each month. Original documentary evidence of all purchases listed on the voucher are attached to the voucher.

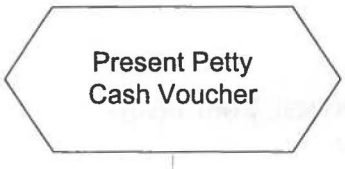
2. Submit the Petty Cash Voucher and original documentary evidence to TOS.

3. TOS reviews the Petty Cash Voucher. If additional documents are required the Custodian is contacted. If all documents are in order the voucher is transmitted to the Accounting Assistant for processing.

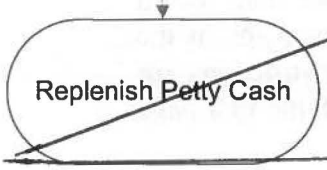
4. A check is issued to the Custodian.

5. The Custodian cashes the check and replenishes the petty cash fund.

Figure 2.3.2.1 Petty Cash Procedures



1. A Request for Petty Cash Payment - **tab 33**, indicating the amount and purpose of the expenditure is presented to the petty cash custodian.



2. On a monthly basis, the Accounting Assistant II totals the petty cash vouchers to determine the amount that needs to be replenished and the petty cash reimbursement is processed as an invoice.

2.3.3 GIFT CARDS

PURPOSE:
Gift Cards are purchased from various vendors, for the purpose of providing meals/snacks for Kau Inoa and other outreach events that could not be processed through OHA's normal Purchase Order process due to time constraints or the tepidness of the event.

RESTRICTIONS:
All purchases shall follow State, Federal and OHA's purchasing policies. **There shall be no alcoholic beverages or no personal items purchased using Gift Cards.**

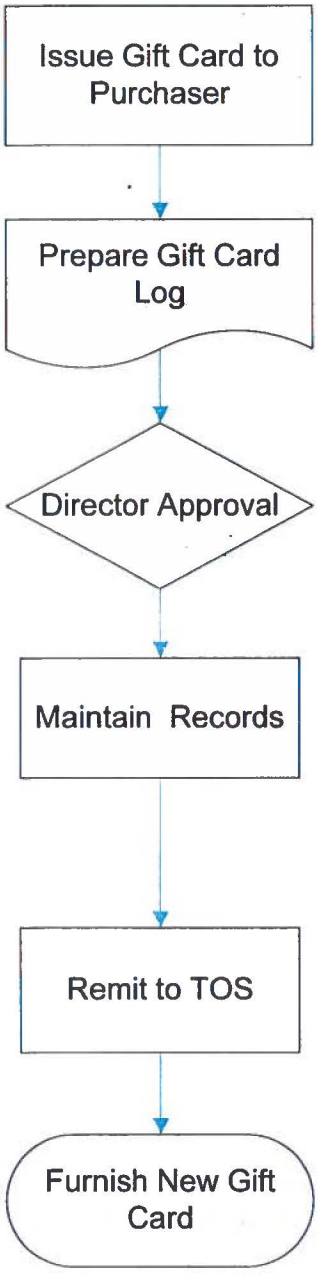
CUSTODIAN:
The Hale Director shall act as the custodian of the Gift Card and shall be held responsible for the Gift Card, Gift Card Log, original receipts and maintaining adequate controls against misappropriation (theft, fraud) of OHA's assets. When the Gift Card is not being used, the Gift Card and related documents shall be placed in a safe and secured (locked) location.

CONTROLS TO SAFEGUARD OHA'S PROPERTY:
Since Gift Cards are like cash, they will be handled in the same fashion as petty cash. As appropriate, periodic unannounced review of Logs, Receipts, and Gift Cards may be conducted to ensure that logs have been adequately maintained, purchases are properly supported by receipts, and the Log balance agrees to the Gift Card balance. At all the times, the total of receipts plus the remaining gift card balance should equal the original balance of the card.

LOSSES:
In case of lost or stolen Gift Cards, please immediately report it to your Director and TOS. TOS will contact the vendor to deactivate the card.

Please note that the Gift Cards are treated like cash and vendors will not reimburse OHA for any lost or stolen cards.

Figure 2.3.3.1 Gift Card Procedures



2. TOS issues a Gift Card upon request from the Governance or other Hale Director.

3. Following each event, the purchaser shall record all purchases the gift card was used for in the Gift Card Log - **tab 34**. The instructions for completing the log can be found on the first page of the Gift Card Log.

4. Forward the Gift Card Log along with the applicable receipts (organized and manually assigned a number that corresponds to the Log's "Receipt No."), to the Hale Director for his/her review and final approval of purchases made.

5. The Director shall place his/her initials in the "Director's initial column" and retain custody of the Log, Receipts, and Gift Card. The Hale Director shall place the card and documents in a safe and secure location until prearranged use is made to the Director for the next event.

6. When the Gift card has been fully utilized, or at the end of each fiscal year, whichever is sooner, transmit it to TOS the completed Gift Card Log along with original receipts in a timely manner.

7. Upon receipt of the above, TOS will furnish a new Gift Card, if needed, to be used and accounted for in the same manner as described above.

2.3.4 INVESTMENT RECONCILIATION

The investment reconciliation is completed monthly and at the end of the fiscal year to ensure accurate recording and monitoring of OHA's investments. The investment reconciliation is conducted in a two step process as follows:

1. Investment Rollforward Schedule – used to prepare investment Journal Entries so the General Ledger will reflect the investment transactions for the current month.
2. Investment Schedules – used to prepare a number of investment schedules for the purpose of ensuring accurate recording, reporting, and monitoring of OHA investment funds. The investment schedules include:

    - Unrealized Gain/Loss in Investments
    - Cash Short Term Investments
    - Investment in Stocks and Mutual Funds
    - Investments in Partnerships
    - Unsettled Trades
    - Accrued Interest and Dividends
    - Investment Policy Analysis

Monthly Custodian Investment Statements are provided to OHA by the custodian management agency no later than the 10th working day of each month, reporting all investment transactions for the previous month. OHA's investment managers and custodian management agency provide information on all OHA's investment transactions as well as the management fees for the preparation of the monthly Custodian Investment Statement and also provide copies of all call letters to the OHA CFO.

TOS staff completes the investment reconciliation and all journal entries to the general ledger no later than fifteen working days in the month following the statement ending period. The annual reconciliation is completed no later than four months following the end of the fiscal year.

Custodian management agency fees are deducted from the custodian management agency Money Market account on a monthly basis after submitting a Custodian Management Fee Invoice that is approved and signed by the CFO and Administrator. The investment management firms deduct the management fees from the investment accounts based on contractual agreement, which are monitored by TOS staff.

2.3.5 BANK RECONCILIATION

OHA prepares monthly bank reconciliations for all of its bank accounts to ensure the accuracy of its bank account records by comparing the bank activity and balance with that of OHA's General Ledger balances.

TOS staff prepares the monthly bank reconciliations for OHA's five bank accounts as follows:

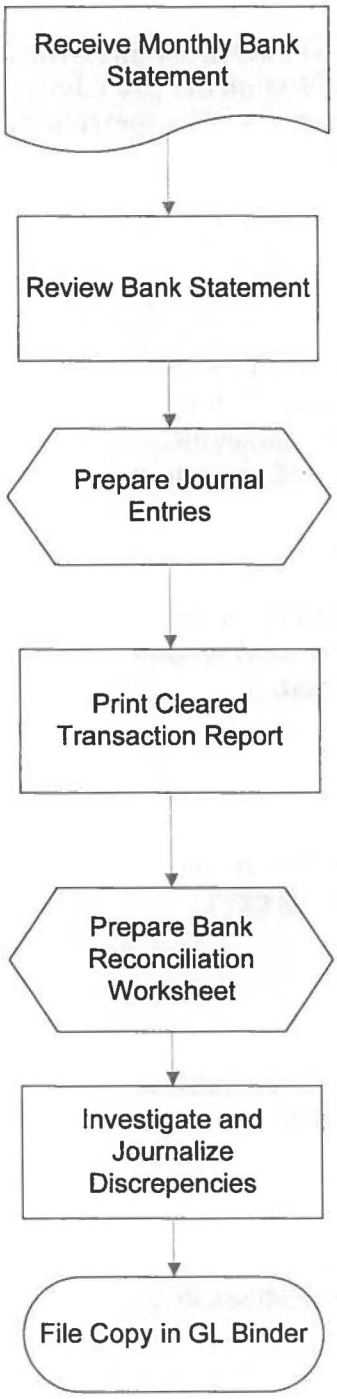
Account	Funds
1. OHA Operating Account – general operating checking account.	Public Land Trust payments, general fund reimbursements, Consumer Micro-loan payments, other receipts.
2. NHRLF Account	Native Hawaiian Revolving Loan Fund checking account use for the deposit of loan payments.
3. Hawaiian Projects Account	Special projects to include the funds received from the sale of Ka Wai Ola advertisements.
4. Federal Funds Account	Federally funded programs such and the Hālawa-Luluku Interpretive Development (HLID) program.
5. Native Hawaiian Rights Account	Payments for various native rights settlements.

The main OHA bank account is the OHA Operating Account; all payments are processed through this checking account. Transfers from the other four bank accounts are made monthly to reimburse the OHA Operating Account for checks issued on behalf of the various projects resulting in a minimum number of checks drawn on these accounts and a simple bank reconciliations process.

The Operating Account involves a much more complicated bank reconciliation process. On a weekly basis the Accountant logs onto the Bank of Hawai'i website to obtain the cleared transactions (checks, deposits, transfers), which are used to update cleared transactions in Oracle.

The Accountant V prints the Cleared Transaction Report, Transaction Available for Reconciling, and the Discoverer Report: OHA ADMIN GL_JEs, OHA ADMIN GL_Payment Check which provides the A/P disbursement total by account for the month; status of each disbursement after paid checks for the month have been updated in Oracle from the BOH online statements; and a detailed listing of outstanding checks. These reports are used in completing the bank reconciliation worksheet to reconcile all of OHA's bank accounts.

Figure 2.3.5.1 OHA Bank Account Reconciliation

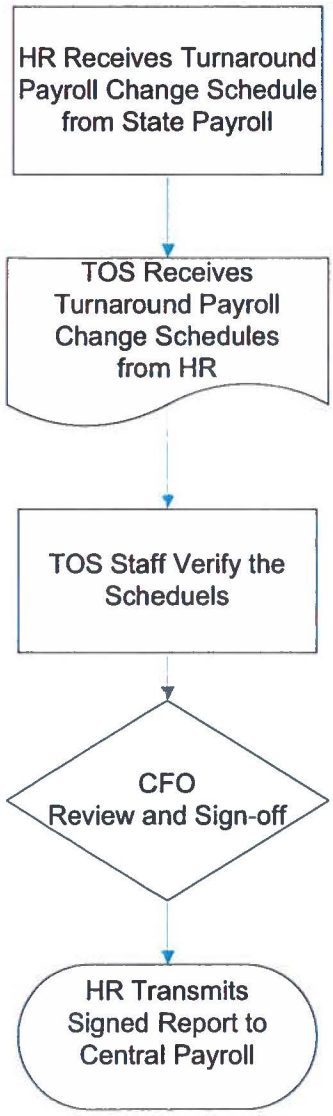


1. The Accountant V receives the monthly bank statement for the OHA Operating and other bank accounts.
2. The Accountant V reviews the bank statements for any unrecorded transactions in Oracle such as bank fees or transfers between accounts.
3. Any unrecorded transactions are corrected through a Journal Entry completed by the Accountant V.
4. The Accountant V prints the Cleared Transaction report for the month and runs the Discovery Report: OHA Admin GL Payment Check.
5. The Accountant V completes the Bank Reconciliation Worksheet using the information from the Cleared Transaction and Discoverer reports.
6. Any discrepancies are investigated and if required journalized by the Accountant V, and if needed the Accounting Manager and Controller.
7. The final bank reconciliation is filed in a manila folder and a copy is placed in the GL binder for the month.

2.3.6 TOS PAYROLL PROCESSING

TOS is responsible for issuing the payroll payment check to State Central Payroll for all payroll cost. The payroll check must be received by DAGS, no later than 4:30 PM on the pay day for which the funds are required. TOS is also responsible for preparing all journal entries for payroll. TOS staff coordinates this process with Human Resources (HR) staff as follows:

Figure 2.3.6.1 Payroll Time Reporting



1. One day prior to pay day, the Director of HR receives the Payroll Turnaround Report from State Central Payroll, which lists employee pay rates, appropriations, total pay, etc, along with the pay stubs and payroll register.

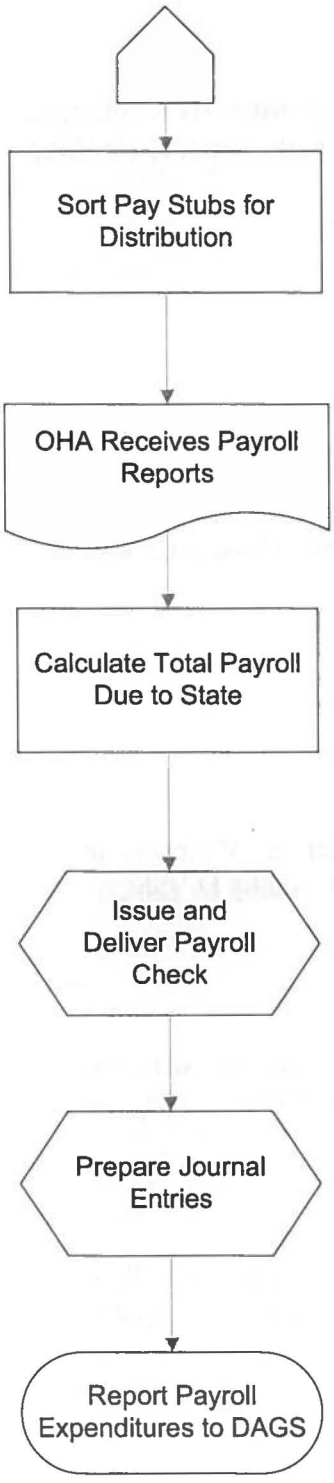
2. The Director of HR reviews and signs-off on the Payroll Turnaround Report and transmits to TOS with any changes made for the current payroll period.

3. TOS staff verifies the changes on the Turnaround Payroll Change Schedule and transmits to the CFO.

4. The CFO reviews and signs-off on the Turnaround Payroll Change Schedule and returns it to HR.

5. The Director of HR transmits the signed report to Central Payroll.

Figure 2.3.6.2 Payroll Check Distribution and Reimbursement to the State



1. The Accountant Assistant III sorts the pay stubs for distribution on the pay day.

2. On pay day OHA receives the following reports from Central Payroll:

- PRE 321 – expenditure report for personnel services (total payroll)
- PRE 314 – employer share payroll contributions
- PRE 315 – payroll expenditure distribution, breakdown by cost center and appropriation

3. The TOS Budget Analyst uses PRE-321 to calculate the total amount due to the State for payroll. The calculation is the total payroll minus any salaries and wages paid from OHA's general fund appropriation.

4. The Accounting Assistant III issues the payroll check, which is delivered to DAGS by the OBS courier before 4:30 PM on pay day.

5. The TOS Budget Analyst prepares the payroll journal entries as follows:

- Gross Payroll and OT – from payroll register.
- Fringe Benefits – PRE-314
- Non-impose Fringe – PRE 321

6. Payroll expenditures are reported back to DAGS via State of Hawaii journal voucher which is prepared quarterly.

2.3.7 INTERNAL REPORTING

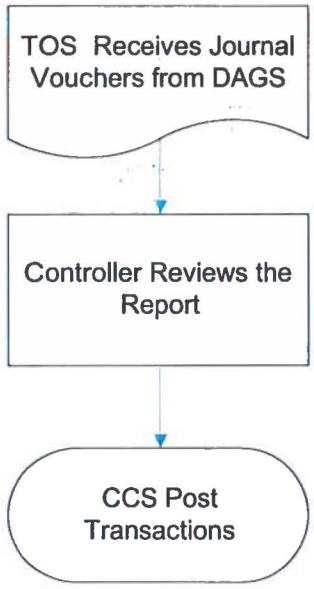
TOS is required to prepare or review a number of reports or documents to insure its accounting records are current and in concert with Department of Accounting and General Services (DAGS) records. The reports include the following:

- Journal Voucher
- DAGS Reports
- Review of Pending Purchase Requisition (PR) Report

2.3.7.1 State of Hawai'i Journal Vouchers

Various state departments and agencies use the State of Hawai'i Journal Voucher to remit payments to OHA, primarily for Public Land Trust (ceded land) payments. Once processed by DAGS, a copy is sent to OHA for informational purposes.

Figure 2.3.7.1 Journal Voucher Process



1. DAGS transmits the monthly Journal Vouchers to OHA as they are processed and posted by DAGS.

2. The Controller reviews the JVs and instructs the Credit and Collections Specialist (CCS) to post the appropriate transactions.

3. The CCS post transactions in Oracle to reflect payments made by other departments to OHA's appropriation at the State Treasury.

2.3.7.2 DAGS Reports

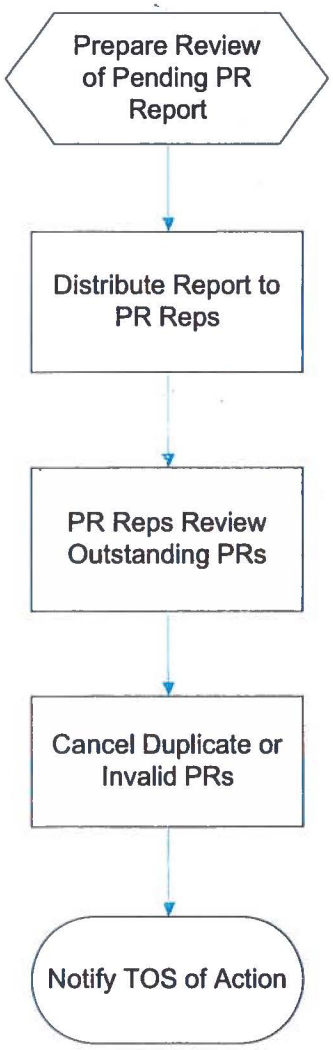
DAGS provides OHA with a number of regular reports for verification of transactions between OHA and the State. Most reports require verification of transactions to insure accurate accounting, but several require reconciliation. The reports are as follows:

Number	Name	Frequency
MBP 430-B CM	Status of Appn Acct Balances	Semi-monthly
MBP 425-B	Appropriation Symbol Transaction Analysis	Monthly
MBPD 09-B	CC Transaction Register	Monthly
MBP 420-B	Statement of Subsidiary Acct Balances	Monthly
MBP 422-B	Subsidiary Leger Acct Analysis	Monthly
MBP 452-B	Monthly Source of Receipts Register	Monthly
MBP 453-B	Source of Receipt Ledger Status	Monthly
MBP 454-B	Comparison of Receipt Source	Monthly
MBP 477-B	Status of Cash Balance	Monthly
MBPD 10-B	Dept. Object of Expenditure Report	Monthly
MBP 405-B	Daily Detail of Transactions Posted	Daily
MBP 498-B	Departmental Contract Ledger Report	Monthly
MBPE 02-B	Object by Expenditure Report	Monthly
MBP 080-2	Standard Interface Transaction Report	After Interface with FAMIS
MBP 440-B	Department Budget by Object	Monthly
MBPD 34-B	Department Budget & Expenditure by Activity, Cost Center, and Object	Monthly
MBP 490-B	Outstanding Encumbrance Report by Department	Monthly
MBSA 151 R	Central Warrant Register	Monthly
MBPD 36 - B	Department Object of Expenditure Report by Activity	Monthly

2.3.7.3 Review of Pending PR Report

The pending PR report is prepared quarterly and provided to PR representatives to identify and take action on any outstanding or overdue PRs. The process for preparing the report is as follows:

Figure 2.3.7.3 Review of Pending PR Report Process



1. The TOS Accounting Assistant prepares the Review of Pending PR Report at the end of each quarter. The report lists all outstanding PRs.
2. The TOS Secretary distributes the report to all PR representatives.
3. PR representatives review their outstanding PRs to verify if they are still valid.
4. Duplicate PRs or PRs no longer valid are cancelled.
5. PR reps notify TOS of action they have taken.

2.3.8 INVENTORY MANAGEMENT

OHA manages, controls, and disposes of property pursuant to Section 103D-1202, HRS, and Section 3-130, HAR. The BOT Chair is the OHA Chief Procurement Officer and responsible for accountability of all OHA property in the possession, custody, control, or use of OHA. The BOT Chair has designated the Administrator as the property custodian responsible for establishing, maintaining, and enforcing internal control procedures to insure accountability for all OHA property.

The Chief Financial Officer (CFO) is responsible for establishing, managing, and maintaining a centralized property inventory record file for all equipment and real property in the possession, custody, and control of OHA. The file shall consist of the following information for each property:

1. Office or agency having the responsibility of accountability of the property;
2. Physical location of the property;
3. Type of property, which includes land, building, improvements to land, vehicles, and equipment;
4. Description of property, which includes land tax map key, and for a vehicle or equipment the manufacture, model, and serial number;
5. Date of acquisition;
6. Acquisition cost of property; and
7. OHA identification number.

Each Hale Director or Program Manager is responsible for the care, maintenance, records, physical inventory, and control of property assigned to their program.

The TOS Accounting Assistant is responsible for maintaining the accounting records related to the capital assets and theft sensitive items of OHA under the review and supervision of the Controller.

In accordance with HRS 103D-1206 an annual inventory is to be conducted and submitted by all state entities of inventory on hand as of June 30. The Annual Summary of Inventories Report (17-B), which is an annual inventory return of property in possession, custody, or control shall be submitted before September 15th of each year.

All capital assets and theft sensitive items are accounted for by OHA. Capital assets are defined as a tangible or intangible item having a useful life of more than one year and an acquisition cost which equals or exceeds the capitalization level of $1,000. Theft sensitive property is defined as a tangible item having a unit cost of $250 through $999.99 with a useful life of more than one year. Each capital asset and theft sensitive item acquired shall be assigned a serially numbered OHA identification tag. The identification tag shall be affixed in a conspicuous area of the item and in a manner such that the identification tag is attached with relative permanence.

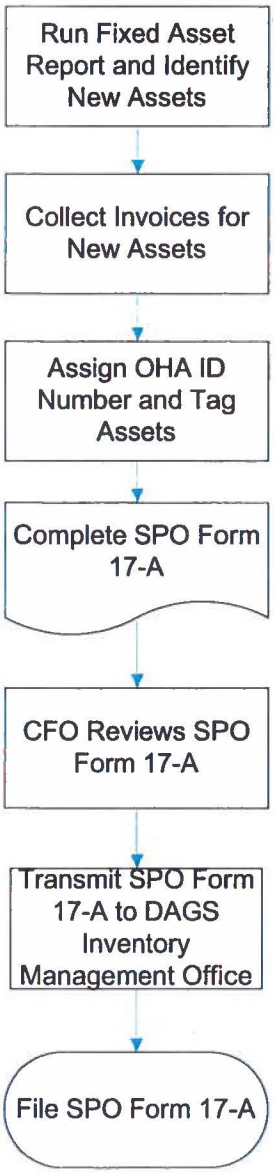
The theft of OHA property shall be immediately reported to the appropriate law enforcement agency and any stolen, lost, or damaged property reported to the designated property custodian who shall conduct an investigation of the incident and initiate the appropriate action to prevent future loss pursuant to HAR §3-130-8

2.3.8.1 Inventory Control

OHA controls its fixed assets and theft sensitive items through quarterly and annual monitoring and reporting.

Capital assets and theft sensitive items purchased by OHA are assigned a serially numbered OHA identification tag and recorded as inventory through quarterly reporting to DAGS on SPO Form 17-A "Detail Inventory of Property". SPO Form 17-A is completed by the Accounting Assistant and reviewed by the Controller and reflects all additions, disposals, and transfers of assets and theft sensitive items which occurred in the previous quarter. SPO Form 17-A is to be submitted to DAGS not later than the 15th of the month following the end of the reporting quarter. The process for completing the quarterly report follows:

Figure 2.3.8.1 Quarterly Inventory Reporting



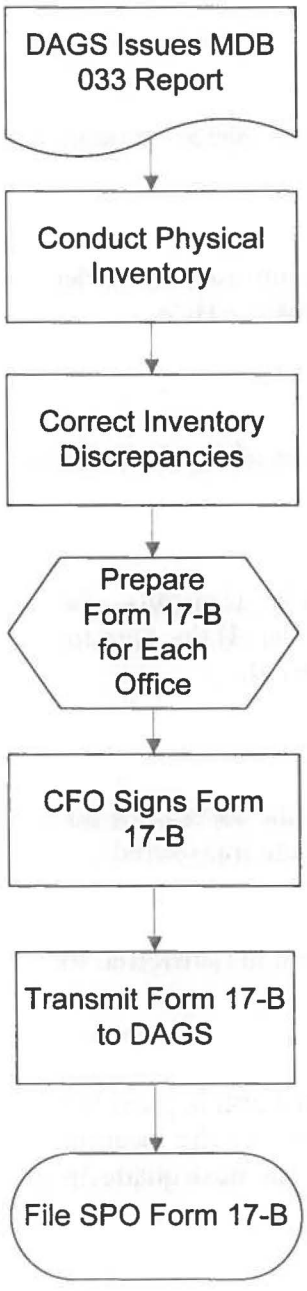
1. At the end of every quarter the Accounting Assistant runs a report of all equipment under fixed asset object codes 57710 and 57720 to identify any new inventory items.
2. The Accounting Assistant collects copies of the invoices for each of the new inventory items as back-up documentation.
3. New assets or theft sensitive items are assigned an OHA identification number and where appropriate tagged by the Accounting Assistant or in the case of computer related equipment the IT staff.
4. The Accounting Assistant completes SPO Form 17-A listing the new assets and theft sensitive items as well as any transfers or disposals.
5. SPO Form 17-A is transmitted to the CFO for review and approval.
6. The Accounting Assistant transmits SPO Form 17-A to the DAGS Inventory Management Office for processing no later than the 15th of the month following a quarter end.
7. The Accounting Assistant files SPO Form 17-A with back-up documents in the Quarterly Inventory Report file.

2.3.8.2 Annual Inventory Reporting

In accordance with HRS 103D-1206, an annual reporting of all property on hand as of June 30 is due to DAGS by September 15. OHA physically locates and identifies all items listed on the "Detailed Inventory of Property" (MDB 033) provided by DAGS in February of each year. In July the DAGS generated "Annual Inventory Report of Property" (MDB 020), is received by TOS for annual inventory reporting purposes.

SPO Form 17-B "Annual Summary of Inventories Report" is prepared, notarized, and submitted to DAGS for each OHA office, which shows the total amount of property, buildings, and land purchased and disposed of during the year. The annual reporting process is outlined below.

Figure 2.3.8.2 Annual Inventory Reporting



1. In February DAGS issues OHA the MDB 033, as of the last day in January for use in conducting a physical inventory.
2. The Accounting Assistant physically locates and identifies all items listed on MDB 033.
3. The Accounting Assistant corrects any inventory discrepancies on SPO Form 17-A for the quarter ending June 30 (see Figure 2.3.8.1)
4. In July TOS receives the "Annual Inventory Report of Property" (MDB 020) as of June 30. Prior to September 15 the Accounting Assistant prepares SPO Form 17-B for each OHA office.
5. SPO Form 17-B is transmitted to the CFO for notarized signature.
6. The Accounting Assistant transmits SPO Form 17-B to the DAGS Inventory Management Office for processing no later than September 15.
7. The Accounting Assistant files SPO Form 17-B with back-up documents in the Annual Inventory Report file.

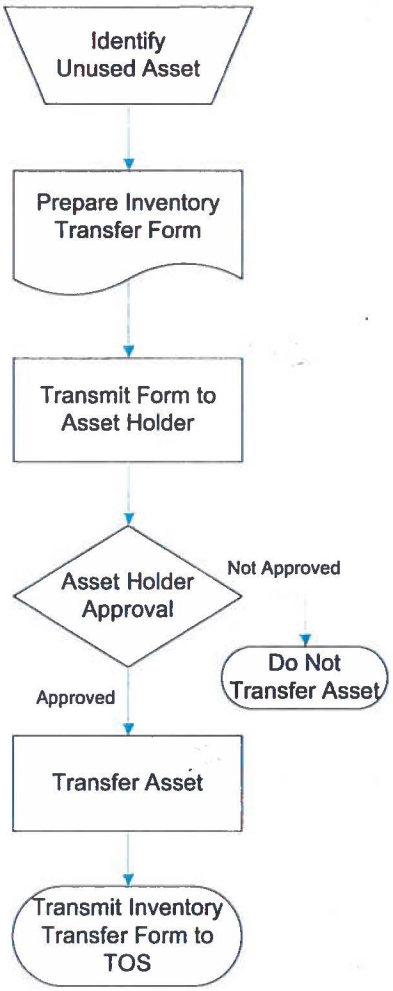
2.3.8.3 Inventory Disposition

No OHA property shall be sold, traded, destroyed, or otherwise disposed of, except in accordance with the rules outlined in HAR §3-130 found at HAR §3-130 Inventory Management. Equipment can be disposed of in the following manners:

1. Transfer to OHA department or individual.
2. Trade-in for new equipment.
3. Sold by competitive sealed bidding, public auction, or posted prices.
4. Donated to a charitable organization.
5. Sold for recycling, salvaging, or scrap.
6. Discarded.
7. Lost, stolen, or damaged items.

Figure 2.3.8.3.1 Transfer of Inventoried OHA Asset

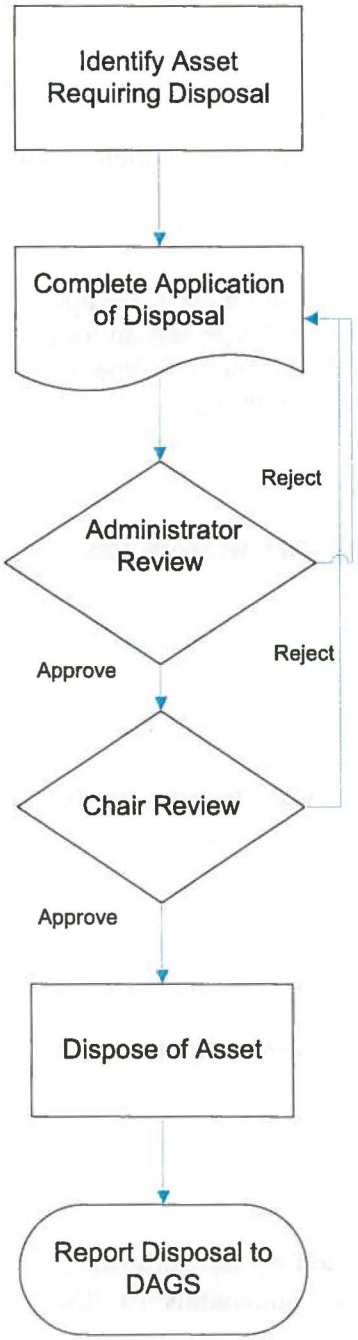
The transfer of an asset to another OHA department or individual is completed through the following process:



1. A Hale Director identifies an un-used or under utilized asset that is needed by his/her Hale.
2. The Hale Director prepares Inventory Transfer Form - **tab 35.**
3. The requesting Hale Director transmits the Inventory Transfer Form to the Hale Director possessing the item to be transferred.
4. If the Hale Director possessing the asset does not approve the request the assets is not transferred.
5. If the request is approved the item is transferred to the requesting Hale.
6. A copy of the Inventory Transfer Form is provided to the TOS Accounting Assistant and the location change is reported to DAGS on the next quarterly SPO Form 17-A.

Figure 2.3.8.3.2 Disposal of Equipment

The most common assets requiring disposal at OHA are computer equipment and office furniture. The items in working condition are usually donated to private tax-exempt charitable organizations and items not in working condition are discarded. However, all disposal methods require application and approval of the Administrator and Chief Procurement Officer (Chair). The disposal process is as follow:



1. Hale Director identifies an asset(s) requiring disposal.

2. In consultation with the Deputy Administrators the Hale Director completes an Application of Disposal of Government Property to a Non-State Agency - **tab 36**. The appropriate schedule is completed as part of the application.

3. The Application of Disposal is transmitted to the Administrator for review and approval. If not approved a more appropriate disposal method is used and the process starts again.

4. If approved by the Administrator the Application of Disposal is transmitted to the Chair for review and approval. If not approved a more appropriate disposal method is used and the process starts again.

5. If approved by the Chair the asset is disposed in the prescribe manner. If not approved a more appropriate disposal method is used.

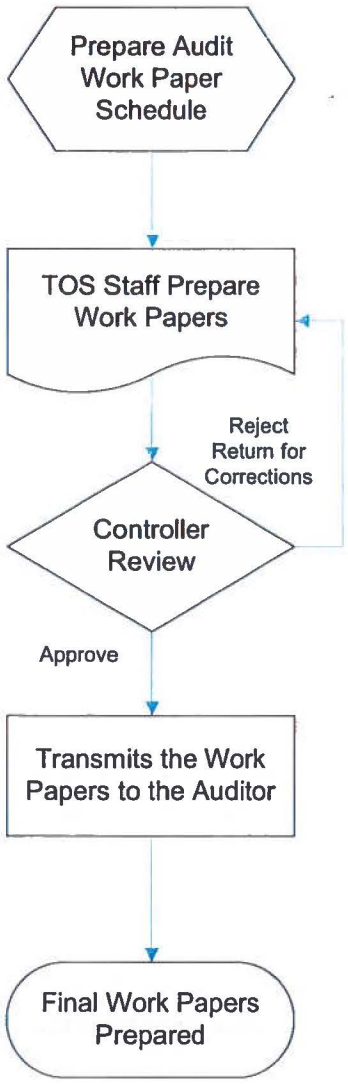
6. A copy of the approved/signed Application of Disposal is provided to the TOS Accounting Assistant and the asset disposal is reported to DAGS on the next quarterly SPO Form 17-A.

2.3.9 AUDIT PREPARATION

An independent Certified Public Accountant or accounting firm licensed to practice public accounting in Hawai'i shall be employed by the Board of Trustees to annually audit the agency's financial statements, internal control structure, and compliance with laws and regulations. The audit shall be conducted in accordance with the United States of America Generally Accepted Auditing Standards (US GAAS) established by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA), and with the AICPA Audit and Accounting Guide entitled Audits of State and Local Governments (GASB 34 Edition).

Figure 2.3.9.1 Audit Preparation Process

Audit preparation is conducted to confirm the validity and accuracy of OHA financial accounts and statements and begins shortly after the end of the fiscal year with the audited annual financial statements completed by December 1, as follows:



1. The Controller prepares an audit work paper schedule, in consultation with the selected auditor, identifying staff responsibilities and timeline for completing the audit preparation work.
2. TOS staff members prepare the work papers as assigned
3. Transmit the completed work papers to the Controller for review.
4. The Controller transmits the work papers to the auditor for testing and review.
5. The final work papers are used by the auditors to prepare the audited financial statements for the fiscal year being audited.

2.3.10 RECORDS MAINTENANCE

OHA accounting and procurement records are currently retained in accordance with General Records Schedules Number 1-11, 2002, Revised through May, 2006, issued by the State Comptroller to provide retention and disposition standards for state agencies.

Schedules specific to OHA accounting and procurement records are as follows:

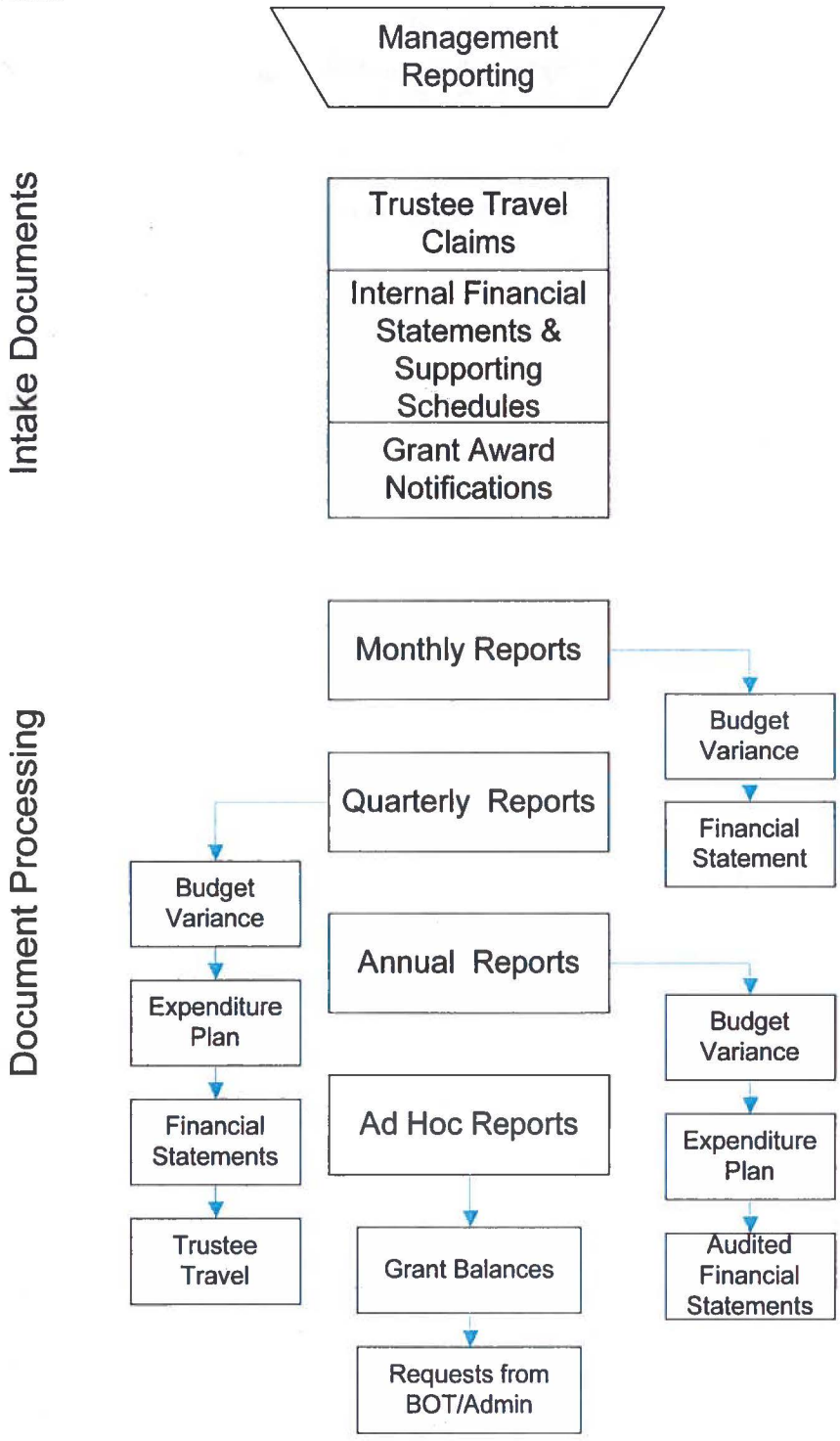
1. General Records Schedule No. 2, 2002
    - Budget Planning Records

2. General Records Schedule No. 3, 2002
    - A – Collection & Deposit
    - B – Appropriation & Allotments
    - C – Expenditures
    - D – Accounting Reports

3. General Schedule No. 6, 2002
    - Procurement and Property Management Records

3. MANAGEMENT REPORTING

TOS generates a number of reports, on a monthly, quarterly, and annual basis, for the Trustees, Administrator, Deputy Administrator, Managers, and Hale Directors to help ensure the organization is achieving its goals and strategies in an efficient and effective manner in addition to monitoring the financial condition of the organization. These reports are outlined in the following flowchart.



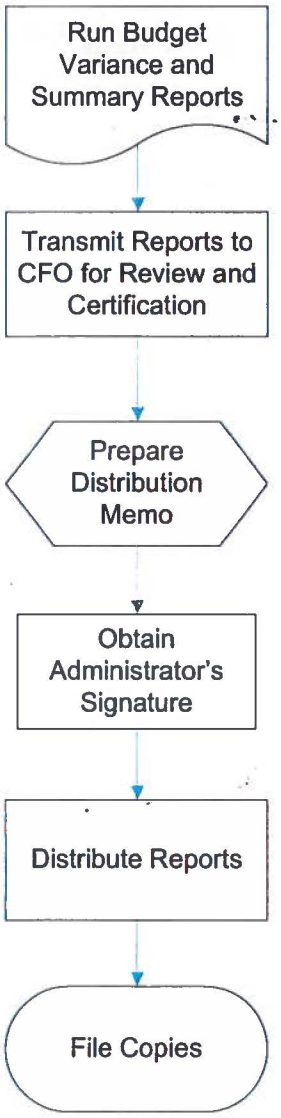
These reports are prepared and distributed as follows:

Report	Monthly	Quarterly	Semi-Annual	Annual	Distribution
Budget Variance	✓	✓		✓	Trustees, Administrator/ Deputy Administrator, and Hale Directors
Financial Statements	✓	✓		✓	Trustees, Administrator/ Deputy Administrator, and Hale Directors
Expenditure Plan		✓			Administrator/ Deputy Administrator, and Hale Directors
Trustee Travel			✓		Trustees/Administrator
Grant Balances	When considering grant funding requests				Administrator, Deputy Administrator BAE
CFO Certification of Funding	When considering budget changes				Administrator or as part of Action Item
Ad Hoc Request	At the request of a Trustee or the Administrator				Administrator and all Trustees

3.1 BUDGET VARIANCE REPORT

The Budget Variance report is prepared by the TOS Budget Analyst on a monthly, quarterly, and annual basis. The report tracks actual spending against budgets for the BOT, Administration, and Hales and is distributed no later than the 10th of the month following the reporting period for monthly reports, and the no later than the 30th following the end of the reporting period for quarterly or annual reports. The process for generating and distributing the budget variance report is outlined below:

Figure 3.1 Budget Variance Report Preparation



1. At the end of a reporting period the Budget Analyst runs a detailed Budget Variance Report and Summary Report for the BOT, Administration, and each Hale, using the Oracle ADI program.

2. The Budget Variance and Summary reports are transmitted to the CFO for review and certification.

3. The TOS Secretary prepares a distribution memo for the Reports.

4. The TOS Secretary obtains the Administrator's signature on the distribution memo.

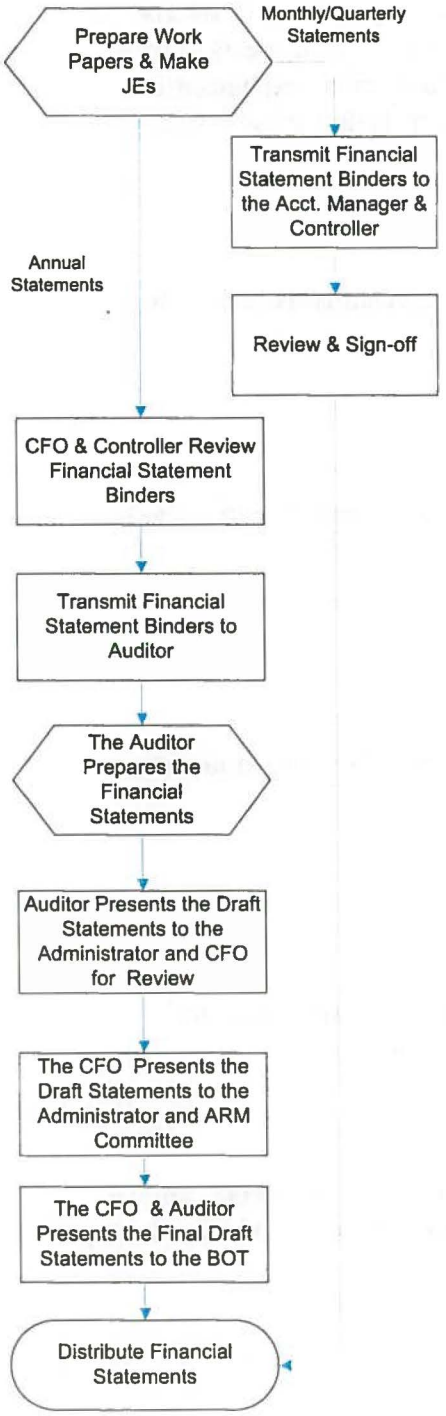
5. The CFO transmits the approved reports to the TOS Secretary for distribution with the memo signed by the Administrator.

6. Copies of the reports are filed by the TOS Secretary.

3.2 FINANCIAL STATEMENTS

Financial statements including the Income and Expenditure Statement and the Balance Sheet are prepared monthly, quarterly, and annually. The annual financial statements are audited by an independent Certified Public Accountant (CPA) or accounting firm licensed to practice public accounting in Hawai'i through an RFP process.

Figure 3.2 Financial Statement Preparation



1. At the end of a financial reporting period (monthly, quarterly, annually) the Accounting Assistant IV and Accountant V prepare end of period Work Papers and make all necessary Journal Entries using the Monthly Journal Entry and Schedule Check List - **tab 37**.

2. For monthly and quarterly financial statements the financial statement binders are transmitted to the Accounting Manager and Controller for review and sign-off.

3. For annual audited financial statements the financial statement binders are reviewed by the Controller and CFO and transmitted to the authorized CPA firm for auditing.

4. The financial statement binders are used by the CPA firm to prepare the annual financial statements.

5. The Auditor prepares the draft financial statements.

6. The CPA firm presents the financial statements for review by the CFO and Administrator.\

7. The CFO presents the draft financial statements to the Administrator and ARM Committee.

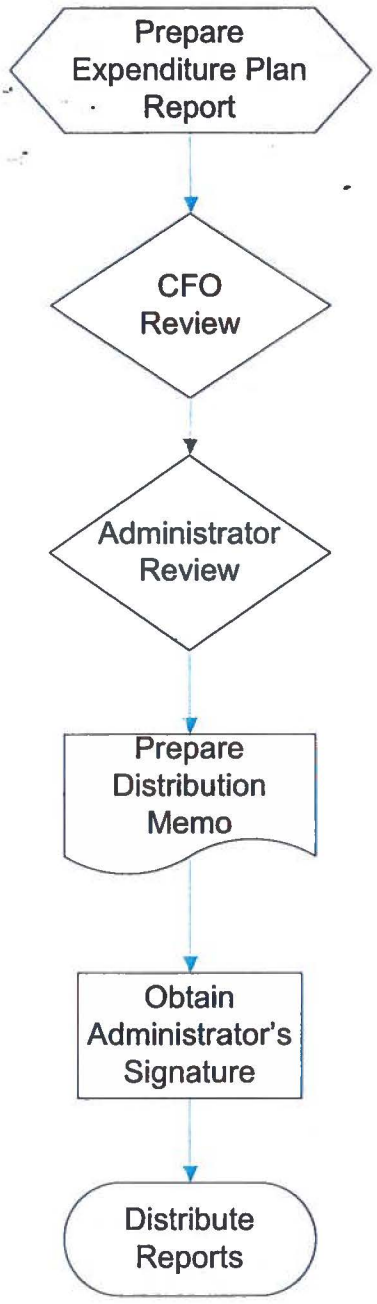
8. The CFO and CPA firm present the final draft to the BOT.

9. Copies of the financial statements are distributed to the Trustees, Administrator, Deputy Administrators, and Hale Directors and to PIO for publication in the OHA Annual Report. A copy is also transmitted to the Federal Clearinghouse to distribute to ANA.

3.3 QUARTERLY CASH PLANNED VS. ACTUAL EXPENDITURE REPORT

The Administrator will provide management with a quarterly expenditure plan report on budget versus actual cash expenditures. Each quarterly report will include year-to-date expenditure totals.

Figure 3.3 Expenditure Plan Report Preparation

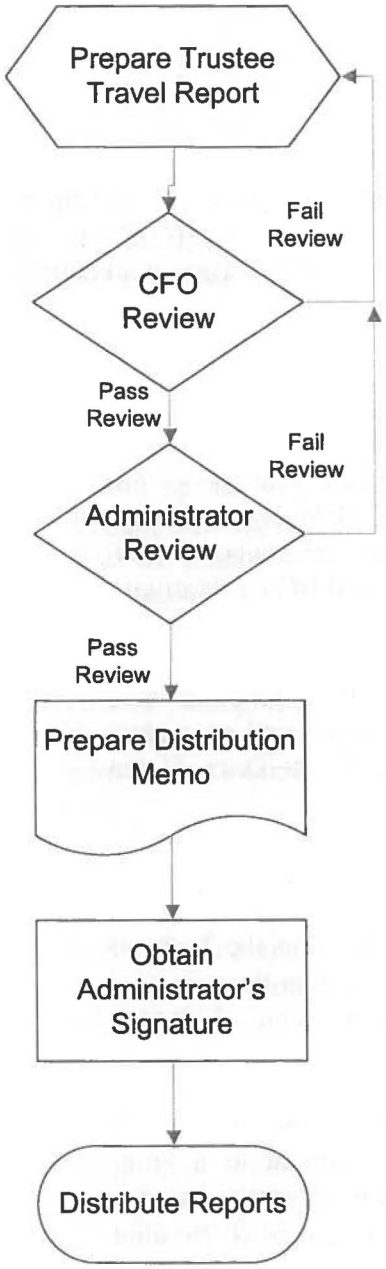


1. The TOS Budget Analyst prepares the quarterly Cash Planned vs. Actual Expenditure Report - **tab 38** indicating actual cash expenditures compared to budget for each Hale for the quarter and YTD.
2. The TOS Budget Analyst transmits the report to the CFO for review.
3. The CFO transmits the report to the Administrator for review.
4. The TOS Secretary prepares a distribution memo for the Reports.
5. The TOS Secretary obtains the Administrator's signature on the distribution memo.
6. The appropriate Expenditure Reports are distributed by the TOS Secretary to Division and Hale Directors.

3.4 TRUSTEE TRAVEL REPORT

The Administrator provides Trustees with a detailed report on Trustee travel and related cost, on a semi-annual basis. The report details all in-state and out-of-state travel cost to include airfares, car rental, accommodation costs and per diem.

Figure 3.4 Trustee Travel Report Process



1. Within 15 days of the end of the second and fourth financial quarters, the TOS Budget Analyst will prepare the Trustee Travel Report - **tab 39.**
2. The TOS Budget Analyst transmits the report to the CFO for review and approval.
3. The CFO will transmit the report to the Administrator for review and approval.
4. The TOS Secretary prepares a distribution memo for the Reports.
5. The TOS Secretary obtains the Administrator's signature on the distribution memo.
6. The approved report will be transmitted to all Trustees.

3.5 AD HOC REPORTS

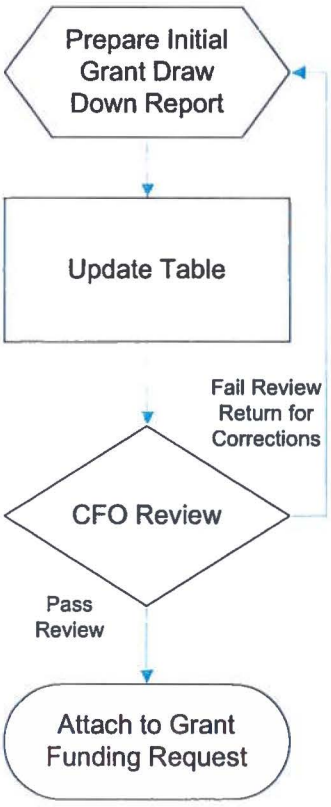
Ad hoc reports are prepared when Trustees or management require financial information for decision making and/or allocating funds for grants, new personnel positions, or other expenditures important to OHA. Ad hoc special reports may also be requested by a Trustee or the Administrator for general information or analysis on past expenditures and/or performance. The two main types of ad hoc reports are as follows:

- Grant Drawdown Report
- Special Report

3.5.1 GRANT DRAWDOWN REPORT

The Grant Drawdown is prepared by the TOS Budget Analyst and is used as an attachment to any new grant funding request under consideration by the Administrator or the BOT. The report indicates the amount of grant funding committed and the balances available for new grants under consideration. The report is prepared as follows:

Figure 3.5.1.1 Grant Drawdown Report Preparation



1. At the beginning of the fiscal year the Grant Drawdown Report (Table of Balances) - **tab 40,** is prepared indicating budgeted amounts for each grant category (Admin, BOT, and BOT Initiative).

2. Grants provides TOS with grant awards notification, as grants are approved and expended, which are used to update the Grant Draw Down report.

3. The TOS Budget Analyst prepares the Table of Grant Balances Report and transmits the report to the CFO and Deputy Administrator BAE for review.

4. The Table of Grant Balances Report is provided to Grants as an attachment to a grant funding request submitted to the Administrator for approval or an Action Item for a BOT funding approval.

3.5.2 CFO CERTIFICATE OF FUNDING AVAILABILITY REPORT

The CFO is required to certify the availability of funding for:

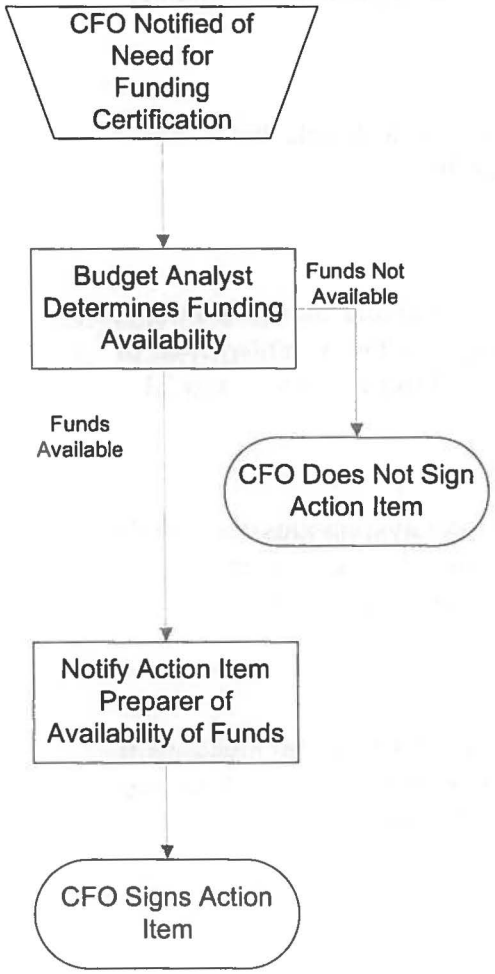
- Action Items requiring funding
- Contracts for grants, goods, or services
- New personnel positions

The CFO certification is provided to insure the funds are available for the Action Items, grants, contracts, and in the case of new personnel there is adequate savings in the personnel budget to fund the new position.

3.5.2.1 Action Item Funding Certification

Funding availability for Action Items is certified by the CFO by signing off on the Action Item.

Figure 3.5.2.1 CFO Certification of Funding Availability for Action Items

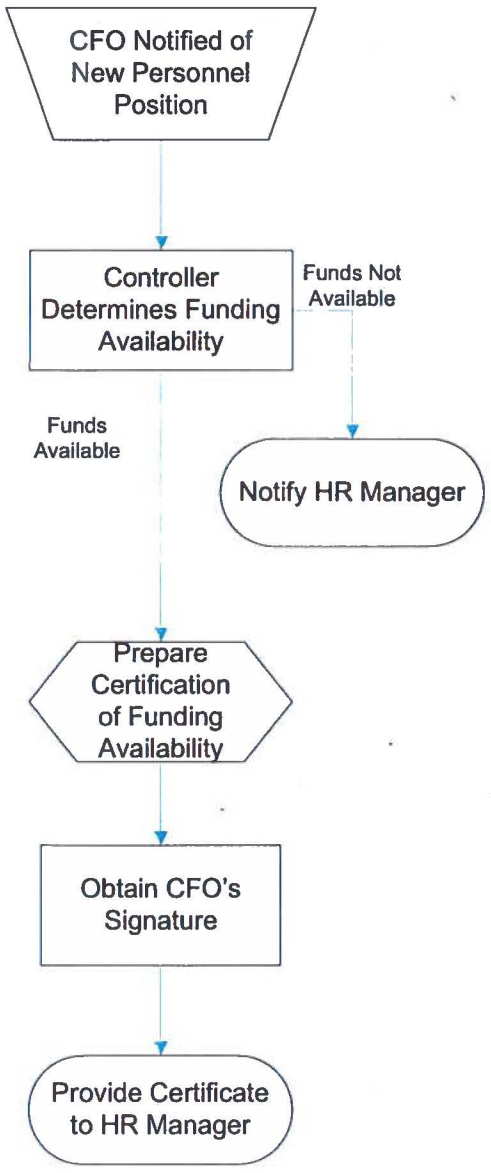


1. The CFO is notified, by the OHA staff person responsible for preparing the Action Item, of the need for the certification of funding availability.
2. The TOS Budget Analyst determines if funds are available for the Action Item through the review and assessment of the OHA TOB.
3. If funds are not available The CFO does not sign-off on the Action Item and may suggest an alternative source of funding.
4. If funds are available the Action Item preparer is notified of the availability of funds and includes the CFO as a signatory to the Action Item.
5. The CFO signs the Action Item.

3.5.2.2 Personnel Position Funding Certification

Funding availability for new personnel positions is certified by the CFO on the Certification of Funding Availability Form. The availability of funding is determined through the analysis, by position within each OHA Division to identify personnel savings.

Figure 3.5.2.2 CFO Certification of Funding Availability Report for New Personnel Positions

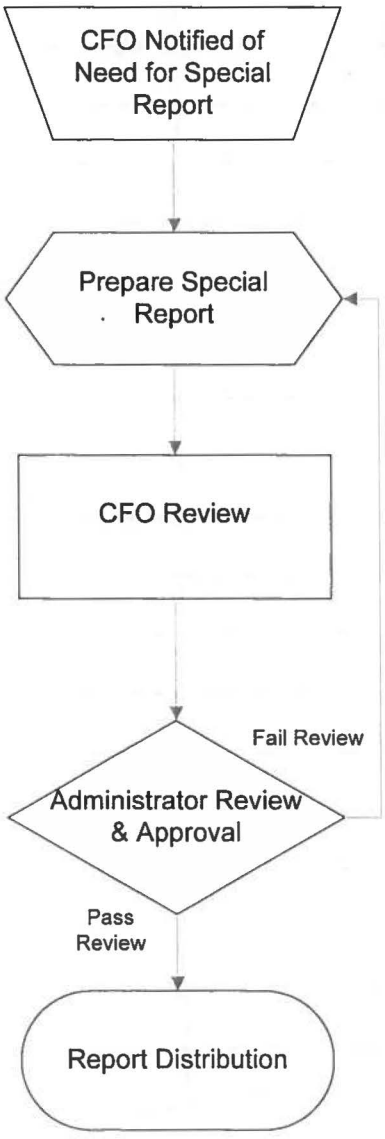


1. The CFO is notified by the OHA Director of HR that a new personnel position is being created.
2. The TOS Controller conducts a review and assessment of personnel spending.
3. If funds are not available the Director of HR is notified.
4. If funds are available the TOS Budget Analyst prepares the Certification of Funding Availability Form – **tab 23.**
5. The Budget Analyst obtains the CFO's signature on the Certification of Funding Availability Form.
6. The Director of HR is provided with the Certification of Funding Availability Form.

3.5.3 SPECIAL REPORTS

Special reports can be requested by the Trustees or Administrator for general information or analyzing past expenditures such as spending by division, area, vendor, issue, etc.

Figure 3.5.3.1 CFO Certification of Funding Availability Special Report



1. The CFO is notified by the OHA Administrator of the need for a special report.

2. The appropriate TOS staff person collects the requested information and prepares the special report for transmission to the CFO.

3. The CFO reviews and approves the special report.

4. The special report is transmitted to the Administrator for review.

5. The special report is distributed to staff as designated by the Administrator.

FISCAL PROCEDURES MANUAL - REVISION HISTORY

Revision	Date	Description of changes	Requested By	Administrator Approval/Date	Manual Updated By/Date
0	6.6.08	Initial Release		6.6.08	

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Exhibit 03

OFFICE OF HAWAIIAN AFFAIRS

Office of the Chief Executive Officer
Interoffice Memorandum

DATE: February 9, 2010

TO: All OHA

FROM: Clyde W. Nāmu'o, Chief Executive Officer

SUBJECT: Operational Authority Delegation Hierarchy

In an effort to streamline operations, I have approved the following operational authority delegation hierarchy in the following categories:

1. Grants
2. Purchase Requests
3. Disbursements
4. Vacation Requests
5. Travel

1. Grants:

Grants	Transitional Assistance Program	Community Relations Director	CEO	BOT
Grant Approvals (up to $24,999)	1st	2nd	*Final*	
Grant Approvals ($25,000 or more)	1st	2nd	3rd	*Final*
Note: Grants are now centralized within the Community Relations Line of Business. Also, Procurement Unit approval needed prior to contracting. See Procurement Unit for further details.				

2. Purchase Requests:

Purchase Requests (Purchase Requisitions in Oracle)	Staff	Program Manager	LOB Director	CFO
Program Purchases (from $2,500 and up to $49,999)	1st	*Final*		
Program Purchases (from $50,000 to $99,999)	1st	2nd	*Final*	
Program Purchases ($100,000 or more)	1st	2nd	3rd	*Final*
LOB Purchases (from $2,500 and up to $99,999)			*Final*	
LOB Purchases ($100,000 or more)			1st	*Final*
Note: Budget Analyst approval needed on all purchases of $2,500 or more. See Budget Analyst for further details.				

3. Disbursements:

Disbursements	Staff	Program Manager	LOB Director	COO	CEO
Contract Payments (up to $49,999)	1st	2nd	*Final*		
Contract Payments (from $50,000 to $99,999)	1st	2nd	3rd	*Final*	
Contract Payments ($100,000 or more)	1st	2nd	3rd	------	*Final*
Sponsorships (up to $9,999)	1st	2nd	3rd	*Final*	
Sponsorships (from $10,000 and up to $24,999)	1st	2nd	3rd	------	*Final*
Requests for Check Issuance (any amount)	Appropriate budget authority				
Mileage Reimbursements (any amount)	1st	2nd/1st	*Final*	Final for LOB	Final for COO
Requests for Reimbursement (any amount)	Payee must obtain approval of Manager one level up				

4. Vacation Requests:

Vacation Requests	Staff	Program Manager	LOB Director	CEO	Trustee
Program-Level Staff (up to 40 consecutive hours)	1st	*Final*			
Program-Level Staff (more than 40 consecutive hours)	1st	2nd	*Final*		
BOT Staff (up to 40 consecutive hours)					*Final*
BOT Staff (more than 40 consecutive hours)				*Final*	
All Other Staff				*Final*	

5. Travel:

Travel - Board of Trustees	Trustee	CEO	BOT Chair
In-State travel	1st	*Final*	
Out-Of-State travel	1st		*Final*
BOT Chair travel	1st	*Final*	

Travel - BOT Staff	Aide/Staff	Trustee	CEO
In-State travel	1st	2nd	*Final*
Out-Of-State travel	1st	2nd	*Final*

Travel - Non-BOT	Staff	Program Manager	LOB Director	COO	CEO	BOT Chair
Program-Level In-State travel	1st	2nd/1st	*Final*			
Program-Level Out-Of-State travel	1st	2nd/1st	3rd/Next	------	*Final*	
LOB-Level & COO-Level travel			1st	1st	*Final*	
CEO travel					1st	*Final*

Clyde W. Nāmu'o
Chief Executive Officer

FEB 19 2010
Date

CWN/rp:ha

OFFICE OF HAWAIIAN AFFAIRS
Interoffice Memorandum

DATE: December 12, 2012

TO: ALL OHA

FROM: Kamana'opono Crabbe, Ka Pouhana, Chief Executive Officer

CC: Aedward Los Banos, Chief Operating Officer

SUBJECT: **Revised Operational Authority Delegation Hierarchy**

This revised authority delegation hierarchy takes effect as of the date of my signature on page 3 and supersedes the one dated February 9, 2010.

1. Grant & Sponsorship Approvals
2. Budget Approvals
3. Contract Executions
4. Disbursements
5. Purchase Requests
6. Travel Approvals
7. Vacation Requests

1. Grant & Sponsorship Approvals:

	Transitional Assistance Program	CFO	COO	CEO	BOT
Sponsorship Approvals (up to $10,000)	*Initiates*	1st	FINAL		
Grant & Sponsorship Approvals (up to $25,000)	*Initiates*	1st	2nd	FINAL	
Grant Approvals ($25,001 or more)	*Initiates*	1st	2nd	3rd	FINAL

2. Budget Approvals:

	CFO	COO	CEO	BOT
Budget Proposals to BOT			FINAL	
Final Budget Approval				FINAL
Budget Adjustment Requests (regardless of amount) within the same program	FINAL			
Budget Adjustment Requests (up to $25,000) across programs	FINAL			
Budget Adjustment Requests ($25,001 or more) across programs		FINAL		

3. Contract Executions:

	Program Manager	LOB Director	Corp Counsel	COO	CEO
	Content approval		Form approval	Execution	
Program-Level Contracts & Amendments (up to $150,000)	1st	2nd	3rd	FINAL	
Program-Level Contracts & Amendments ($150,001 or more)	1st	2nd	3rd	3rd	FINAL
LOB-Level Contracts & Amendments (regardless of amount)		*Initiates*	1st	2nd	FINAL
COO-Level Contracts & Amendments (regardless of amount)			1st	*Initiates*	FINAL
All Corporation Counsel Contracts & Amendments (regardless of amount)			*Initiates*	1st	FINAL
All Grant Agreements (regardless of amount)	1st	2nd	3rd	FINAL	
All Other Agreements (regardless of amount)	1st	2nd	3rd	4th	FINAL
Note: All Contracts & Amendments are subject to Procurement Code and/or Guidelines					

4. Disbursements:

	Staff	Program Manager	LOB Director	COO	CEO
Contract Payments (up to $100,000)	*Initiates*	1st	FINAL		
Contract Payments ($100,001 or more)	*Initiates*	1st	2nd	FINAL	
Sponsorships (up to $25,000)	See Grant & Sponsorship Approval requirements above				
Requests for Check Issuance (any amount)	Appropriate budget authority				
Mileage Reimbursements (any amount)	*Initiates*	1st/ *Initiates*	FINAL	FINAL for LOB	FINAL for COO
Requests for Reimbursement (any amount)	Payee must obtain approval of Manager one level up				

5. Purchase Requests:

	Staff	Program Manager	LOB Director	CFO
Program Purchases (from $2,500 and up to $49,999)	*Initiates*	FINAL		
Program Purchases (from $50,000 to $99,999)	*Initiates*	1st	FINAL	
Program Purchases ($100,000 or more)	*Initiates*	1st	2nd	FINAL
LOB Purchases (from $2,500 and up to $99,999)			FINAL	
LOB Purchases ($100,000 or more)			1st	FINAL
Note: Budget Analyst approval needed on all purchases of $2,500 or more				

6. Travel Approvals:

Travel - Board of Trustees	Trustee	COO	CEO	BOT Chair
In-State travel	*Initiates*	FINAL		
Out-Of-State travel	*Initiates*			FINAL
BOT Chair travel	*Initiates*		FINAL	

Travel - BOT Staff	Aide/ Staff	Trustee	COO	CEO
In-State travel	*Initiates*	1st	FINAL	
Out-Of-State travel	*Initiates*	1st		FINAL

Travel – Non BOT	Staff	Program Manager	LOB Director	COO	CEO	BOT Chair
Administrative Staff In-State travel	*Initiates*	1st/ *Initiates*	FINAL	FINAL for LOB	FINAL for COO	FINAL for CEO
Administrative Staff Out-Of-State travel	*Initiates*	1st/ *Initiates*	2nd/1st	FINAL	FINAL for COO	FINAL for CEO
Non-employee (e.g., NHHPC member, NHRLF Board member, etc.)	*Initiates*	1st	2nd	FINAL		

7. Vacation Requests:

	Next-Level Manager	Manager of Next-Level Manager	Trustee	COO	BOT Chair
Administrative Staff (up to 40 consecutive hours)	FINAL				
Administrative Staff (more than 40 consecutive hours)	1st	FINAL			
BOT Staff (up to 40 consecutive hours)			FINAL		
BOT Staff (more than 40 consecutive hours)			1st	FINAL	
CEO (regardless of hours)					FINAL

Kamana'opono M. Crabbe

Kamana'opono M. Crabbe, Ka Pouhana
Chief Executive Officer

12/14/12
Date

OFFICE OF HAWAIIAN AFFAIRS
Interoffice Memorandum

DATE: May 19, 2015

TO: ALL OHA

FROM: Kamana'opono M. Crabbe, Ph.D., Ka Pouhana, Chief Executive Officer KL

SUBJECT: Revised Interim Operational Authority Delegation Hierarchy

This interim authority delegation hierarchy is effective immediately and until further notice. It extends to electronic and automated approvals in KII, Oracle, and SharePoint; Admin Services, HR, and ISRM are instructed to adjust the authority hierarchy within these systems accordingly.

1. GRANTS & SPONSORSHIPS

	Transitional Assistance Program	CFO	CEO	BOT
Sponsorship Approvals (up to $10,000)	*Initiates*	1st	FINAL	
Grant & Sponsorship Approvals (up to $25,000)	*Initiates*	1st	FINAL	
Grant Approvals ($25,001 or more)	*Initiates*	1st	2nd	FINAL

2. BUDGET APPROVALS

	CFO	CEO	BOT
Budget Proposals to BOT		FINAL	
Final Budget Approval			FINAL
Budget Adjustment Requests (regardless of amount) within the *same* program	FINAL		
Budget Adjustment Requests (up to $25,000) *across* programs *(Not to exceed 10% of total budget w/in span of control)*	FINAL		
Budget Adjustment Requests ($25,001 or more) *across* programs *(Not to exceed 10% of total budget w/in span of control)*		FINAL	

3. CONTRACT EXECUTION

	Program Manager	LOB Director	Corp Counsel	CFO	CEO
	Content Approval		Form Approval	Execution	
Program-Level Contracts & Amendments (up to $150,000)	1st	2nd	3rd	FINAL	
Program-Level Contracts & Amendments ($150,001 or more)	1st	2nd	3rd	4th	FINAL
LOB-Level Contracts & Amendments (regardless of amount)		*Initiates*	1st	2nd	FINAL
All Corporation Counsel Contracts & Amendments (regardless of amount)			*Initiates*	1st	FINAL
All Grant Agreements and Amendments (regardless of amount)	1st	2nd	3rd	FINAL	
All Other Agreements (regardless of amount)	1st	2nd	3rd	4th	FINAL
Note: All Contract & Amendments are subject to Procurement Code and/or Guidelines					

4. DISBURSEMENTS

	Staff	Program Manager	LOB Director	CFO	CEO	BOT Chair
Contract Payments (up to $100,000)	*Initiates*	1st	FINAL			
Contract Payments ($100,001 or more)	*Initiates*	1st	2nd	FINAL		
Sponsorships (up to $25,000)	See Grant & Sponsorship Approval requirements above					
Requests for Check Issuance (any amount)	Appropriate budget authority					
Mileage Reimbursements (any amount)	*Initiates*	1st/Initiates	FINAL	FINAL for LOB	FINAL for CFO	FINAL for CEO
Request for Reimbursement (any amount)	Payee must obtain approval of Manager one level up					

5. PURCHASE REQUESTS

	Staff	Program Manager	LOB Director	CFO
Program Purchases (from $2,500 and up to $49,000)	*Initiates*	FINAL		
Program Purchases (from $50,000 and up to $99,999)	*Initiates*	1st	FINAL	
Program Purchases ($100,000 or more)	*Initiates*	1st	2nd	FINAL
LOB Purchases from (from $2,500 and up to $99,999)			FINAL	
LOB Purchases ($100,000 or more)			1st	FINAL
Note: Budget Analyst approval needed on all purchases of $2,500 or more				

6. TRAVEL APPROVAL

Travel - Board of Trustees	Trustee	CFO	CEO	BOT Chair
In-State Travel	*Initiates*	FINAL		
Out-of-State Travel	*Initiates*			FINAL
BOT Chair Travel	*Initiates*		FINAL	

Travel - BOT Staff	Aide/ Staff	Trustee	CFO	CEO
In-State Travel	*Initiates*	1st	FINAL	
Out-of-State Travel	*Initiates*	1st		FINAL

Travel - Non BOT	Staff	Program Manager	LOB Director	CFO	CEO	BOT Chair
Administrative Staff In-State Travel	*Initiates*	1st/Initiates	FINAL	FINAL for LOB	FINAL for CFO	FINAL for CEO
Administrative Staff Out-of-State Travel	*Initiates*	1st/Initiates	2nd/1st	FINAL	FINAL for CFO	FINAL for CEO
Non-employee (e.g., NHHPC member, NHRLF Board Member, etc.)	*Initiates*	1st	2nd	FINAL		

7. VACATION REQUESTS

	Program Manager	LOB Director	Trustee	CEO	BOT Chair
Administrative Staff (up to 40 consecutive hours)	FINAL				
Administrative Staff (more than 40 consecutive hours)	1st	FINAL			
Managers and EAs (regardless of hours)		FINAL			
LOB Directors (regardless of hours)				FINAL	
BOT Staff (up to 40 consecutive hours)			FINAL		
BOT Staff (more than 40 consecutive hours)			1st	FINAL	
CEO (regardless of hours)					FINAL

"Any vacation request up to 40 consecutive hours for nonexempt employees must be approved by your Program Manager in advance of its scheduled date. Any vacation request for more than 40 consecutive hours, and one or more weeks for nonexempt and exempt employees, must also be approved by your LOB Director in advance of its scheduled date."
Ref. OHA Employee Handbook (Approved September 8, 2010), page 21

Kamana'opono M. Crabbe, Ph.D.
Ka Pouhana, Chief Executive Officer

5/20/15
Date

KC:ml

OFFICE OF HAWAIIAN AFFAIRS
Interoffice Memorandum

DATE: October 21, 2015

TO: ALL OHA

FROM: Kamana'opono M. Crabbe, Ph.D., Ka Pouhana, Chief Executive Officer

CC: Lisa Victor, Ka Pou Nui, Chief Operating Officer

SUBJECT: **Revised Operational Authority Delegation Hierarchy**

This revised authority delegation hierarchy takes effect as of the date of my signature on page 3 and supersedes versions dated December 12, 2012 and May 19, 2015.

1. GRANTS & SPONSORSHIPS

	Program	LOB Director	COO	CEO	BOT
Sponsorship Approvals (up to $10,000)	*Initiates*	1st	FINAL		
Grant & Sponsorship Approvals (up to $25,000)	*Initiates*	1st	FINAL		
Grant Approvals (over $25,000)	*Initiates*	1st	2nd	3rd	FINAL

2. BUDGET APPROVALS

	LOB Director	CFO	COO	CEO	BOT
Budget Proposals to BOT	1st	2nd	3rd	FINAL	
Final Budget Approval					FINAL
Budget Adjustment Requests (regardless of amount) within the **same** program	1st	FINAL			
Budget Adjustment Requests (up to $25,000) **across** programs (Not to exceed 10% of total budget w/in span of control)	1st	FINAL			
Budget Adjustment Requests (over $25,000) **across** programs (Not to exceed 10% of total budget w/in span of control)	1st	2nd	FINAL		

Note: Adjustment requests must not exceed 10% of the total budget within management's span of control. OHA's Budget Analyst tracks all requests for compliance.

3. PURCHASE REQUESTS

	Staff	Program Manager	LOB Director	CFO
Program Purchases (from $2,500 and up to $49,999)	*Initiates*	FINAL		
Program Purchases (from $50,000 to $99,999)	*Initiates*	1st	FINAL	
Program Purchases ($100,000 or more)	*Initiates*	1st	2nd	FINAL
LOB Purchases (from $2,500 and up to $99,999)			FINAL	
LOB Purchases ($100,000 or more)			1st	FINAL
Note: Budget Analyst approval required on all purchases of $2,500 or more				

4. CONTRACT EXECUTIONS

	Program Manager	LOB Director	Corp Counsel	COO	CEO
	Content approval		Form approval	Execution	
Program-Level Contracts & Amendments (up to $150,000)	1st	2nd	3rd	FINAL	
Program-Level Contracts & Amendments (over $150,000)	1st	2nd	3rd	4th	FINAL
LOB-Level Contracts & Amendments (regardless of amount)		*Initiates*	1st	2nd	FINAL
COO-Level Contracts & Amendments (regardless of amount)			1st	*Initiates*	FINAL
All Corporation Counsel Contracts & Amendments (regardless of amount)			*Initiates*	1st	FINAL
All Grant Agreements (regardless of amount)	1st	2nd	3rd	FINAL	
All Other Agreements (regardless of amount)	1st	2nd	3rd	4th	FINAL
Note: All Contracts & Amendments are subject to Procurement Code and/or Guidelines					

5. DISBURSEMENTS

	Staff	Program Manager	LOB Director	COO	CEO
Contract Payments (up to $150,000)	*Initiates*	1st	FINAL	FINAL for COO staff	FINAL for CC
Contract Payments (over $150,000)	*Initiates*	1st	2nd	FINAL	FINAL for CC
Sponsorships (up to $25,000)	See Grant & Sponsorship Approval requirements above				
Requests for Check Issuance (any amount)	Appropriate budget authority				
Mileage Reimbursements (any amount)	*Initiates*	1st/*Initiates*	FINAL	FINAL for LOB	
Requests for Reimbursement (any amount)	Payee must obtain approval of Manager one level up				
Note: All disbursements are subject to certifications made by the requestor prior to issuance of any disbursement. Certifications vary for each type of disbursement and are clearly noted on each request.					

6. TRAVEL APPROVALS

Travel - Board of Trustees	Trustee	COO	CEO	BOT Chair
In-State Travel	*Initiates*	FINAL		
Out-Of-State Travel	*Initiates*			FINAL
BOT Chairperson Travel	*Initiates*		FINAL	

Travel - BOT Staff	Aide/ Staff	Trustee	COO	CEO
In-State Travel	*Initiates*	1st	FINAL	
Out-of-State Travel	*Initiates*	1st		FINAL

Travel – Non BOT	Staff	Program Manager	LOB Director	COO	CEO	BOT Chair
Administrative Staff In-State Travel	*Initiates*	1st/*Initiates*	FINAL	FINAL for LOB	FINAL for COO	FINAL for CEO
Administrative Staff Out-of-State Travel	*Initiates*	1st/*Initiates*	2nd/1st	FINAL	FINAL for COO	FINAL for CEO
Non-employee (e.g., NHHPC member, NHRLF Board member, etc.)	*Initiates*	1st	2nd	FINAL		

7. VACATION REQUESTS

	Program Manager	LOB Director	Trustee	COO	CEO	BOT Chair
Administrative Staff (up to 40 consecutive hours)	FINAL					
Administrative Staff (more than 40 consecutive hours)	1st	FINAL				
Managers and EAs		FINAL				
LOB Directors (regardless of hours)				FINAL		
BOT Staff (up to 40 consecutive hours)			FINAL			
BOT Staff (more than 40 consecutive hours)			1st	FINAL		
COO (regardless of hours)					FINAL	
CEO (regardless of hours)						FINAL

Kamana'opono M. Crabbe, Ph.D., Ka Pouhana
Chief Executive Officer

10/22/15
Date

OFFICE OF HAWAIIAN AFFAIRS
Interoffice Memorandum

DATE: July 3, 2018

TO: All OHA

FROM: Kamana'opono M. Crabbe, Ph.D., Ka Pouhana, Chief Executive Officer KC

SUBJECT: **Revised Operational Authority Delegation Hierarchy**

Pursuant to the OHA Board of Trustees Executive Policy Manual, paragraph 1.3.1, as amended, the CEO delegates certain signatory authorities to designees, as identified, below. Effective July 1, 2018, this revised authority delegation hierarchy supersedes versions dated December 12, 2012, May 19, 2015, and October 21, 2015. This current revised Operational Authority Delegation Hierarchy should be used to update all KII workflows.

1. GRANTS, INCLUDING SPONSORSHIP APPROVALS

	Program	Director	COO	CEO	BOT
Grant & Sponsorship Approvals (up to $10,000)	*Initiates*	1st	FINAL		
Grant & Sponsorship Approvals (up to $25,000)	*Initiates*	1st	FINAL		
Grant Approvals (over $25,000)	*Initiates*	1st	2nd	3rd	FINAL

Note: In Action Item BOT #18-01, the BOT approved a moratorium, effective February 27, 2018, on the use of Trustee Sponsorship and Allowance Fund (TSAAF) and CEO-initiated Sponsorships. The moratorium shall remain in effect until the Ad Hoc Committee on Grants and Sponsorships recommends policies and procedures to the BOT for its approval. The moratorium excludes sponsorships approved in the OHA FY2018-2019 Biennium Budget in Action Item RM #17-07 for Community Outreach & Engagement; Federal Advocacy; Papahānaumokuākea; Legacy Land Manager; Land Stewardship; Strategic Priorities & Results Initiatives; and Legacy Sponsorships – Prince Lot Hula Festival.

2. BUDGET APPROVALS

	Director	CFO	COO	CEO	BOT
Budget Proposals to BOT	1st	2nd	3rd	FINAL	
Final Budget Approval					FINAL
Budget Adjustment Requests (regardless of amount) within the same expenditure category	1st	2nd	FINAL		
Budget Adjustment Requests between expenditure categories (≤ *$100,000 or 5% of expenditure category*)*	1st	2nd	FINAL		
Budget Adjustment Requests between expenditure categories (> *$100,000 or 5% of expenditure category*)*	1st	2nd	3rd	4th	FINAL
Budget Adjustment Requests for Grants and Sponsorships (regardless of amount)	1st	2nd	3rd	4th	FINAL

***Budget Adjustments are tracked on a cumulative basis. Cumulative Budget Adjustments between expenditure categories that exceed the lesser of $100,000.00 or 5% of each expenditure category require Board approval. Expenditure categories are defined as follows: Personnel, Program, Contracts, Travel, Equipment, Overhead, and Debt Service Budgets as included in the approved Total Operating Budget. Budget adjustments in and out of the Grants Budget and between the Core Operating, Fiscal Reserve, Commercial Properties, Legacy Properties, and Special Programs Budgets must be approved by the BOT and shall be presented to the BOT in Action Item format. *See* Action Item RM #18-01, amending OHA Board of Trustees Executive Policy Manual section 3050 Fiscal – Biennium Budget Realignment and Adjustments paragraph 3.5.f. OHA's Budget Analyst tracks all requests for compliance.**

3. PURCHASE REQUESTS

	Staff	Program Manager	Director	CEO
Program Purchases (from $2,500 and up to $49,999)	*Initiates*	FINAL		
Program Purchases (from $50,000 to $99,999)	*Initiates*	1st	FINAL	
Program Purchases ($100,000 or more)	*Initiates*	1st	2nd	FINAL
Division Purchases (from $2,500 and up to $99,999)			FINAL	
Division Purchases ($100,000 or more)			1st	FINAL
Note: Budget Analyst approval required on all purchases of $2,500 or more				

4. CONTRACT EXECUTIONS

	Program Manager	Director	Corp Counsel	COO	CEO
	Content approval		Form approval	Execution	
Program-Level Contracts & Amendments (up to $150,000)	1st	2nd	3rd	FINAL	
Program-Level Contracts & Amendments (over $150,000)	1st	2nd	3rd	4th	FINAL
Division-Level Contracts & Amendments (regardless of amount)		*Initiates*	1st	2nd	FINAL
COO-Level Contracts & Amendments (regardless of amount)			1st	*Initiates*	FINAL
All Corporation Counsel Contracts & Amendments (regardless of amount)			*Initiates*	1st	FINAL
All Grant Agreements (regardless of amount)	1st	2nd	3rd	FINAL	
All Other Agreements (regardless of amount)	1st	2nd	3rd	4th	FINAL
Note: All Contracts & Amendments are subject to Procurement Code and/or Guidelines					

5. DISBURSEMENTS

	Staff	Program Manager	Director	COO	CEO
Contract Payments (up to $150,000)	*Initiates*	1st	FINAL	FINAL for COO staff	FINAL for CC
Contract Payments (over $150,000)	*Initiates*	1st	2nd	FINAL	FINAL for CC
Sponsorships (up to $25,000)	See Grant & Sponsorship Approval requirements above				
Requests for Check Issuance (any amount)	Appropriate budget authority				
Mileage Reimbursements (any amount)	*Initiates*	1st/*Initiates*	FINAL	FINAL for Director	
Requests for Reimbursement (any amount)	Payee must obtain approval of Manager one level up				
Note: All disbursements are subject to certifications made by the requestor prior to issuance of any disbursement. Certifications vary for each type of disbursement and are clearly noted on each request.					

6. TRAVEL APPROVALS

Travel - Board of Trustees	Trustee	COO	CEO	BOT Chair
In-State Travel	*Initiates*	FINAL		
Out-Of-State Travel	*Initiates*			FINAL
BOT Chairperson Travel	*Initiates*		FINAL	

Travel - BOT Staff	Aide/ Staff	Trustee	COO	CEO
In-State Travel	*Initiates*	1st	FINAL	
Out-of-State Travel	*Initiates*	1st		FINAL

Travel – Non BOT	Staff	Program Manager	Director	COO	CEO	BOT Chair
Administrative Staff In-State Travel	*Initiates*	1st/*Initiates*	FINAL	FINAL for Director	FINAL for COO	FINAL for CEO
Administrative Staff Out-of-State Travel	*Initiates*	1st/*Initiates*	2nd/1st	FINAL	FINAL for COO	FINAL for CEO
Non-employee (e.g., NHHPC member, NHRLF Board member, etc.)	*Initiates*	1st	2nd	FINAL		

7. VACATION REQUESTS

	Program Manager	Director	Trustee	COO	CEO	BOT Chair
Administrative Staff (up to 40 consecutive hours)	FINAL					
Administrative Staff (more than 40 consecutive hours)	1st	FINAL				
Managers and EAs		FINAL				
Directors (regardless of hours)				FINAL		
BOT Staff (up to 40 consecutive hours)			FINAL			
BOT Staff (more than 40 consecutive hours)			1st	FINAL		
COO (regardless of hours)					FINAL	
CEO (regardless of hours)						FINAL

Kamana'opono M. Crabbe, Ph.D.
Ka Pouhana-Chief Executive Officer

July 3, 2018
Date

Exhibit 04

Procedure: From the areas listed on the website referenced above, CLA identified those areas most applicable to contracts and disbursements and extracted the definition of the area (e.g., Billing Manipulation) and the list of fraud indicators.

Billing Manipulation

Billing Fraud: Person causes employer to issue payment by submitting invoices for fictitious goods or services, inflated invoices, or invoices for personal purchases. (Source: Navy Exchange Service Command, Office of Internal Audit).

Fraud indicators relating to billing fraud include, but are not limited, to:

1. Employee creates a shell company and bills employer for services not actually rendered.
2. Employee purchases personal items and submits invoice to employer for payment.
3. Unclear reasons for particular supplies or few details concerning service provided.
4. Suppliers not generally known to staff, not handled in normal way, or dealt with exclusively by a director or manager.
5. Suppliers with post office box addresses, residential addresses or the same address as another supplier, or the same address as an employee or relative.
6. Invoices which are soiled, incomplete (i.e. no phone number), on odd sized paper or altered in some way.
7. Unfolded invoices may indicate that they have not been mailed.
8. Invoices from various suppliers on similar stationary.
9. Large number of invoices for a particular supplier just beneath approval thresholds.
10. Numerous entries or other adjustments on purchase ledger.
11. Numerous entries in suspense accounts during the year.
12. Supplier doesn't offer usual discounts or terms.
13. Recurring identical amounts from same vendor that is not under contract.
14. Multiple remittance addresses for the same vendor.
15. Payments to a vendor increase dramatically for no apparent reason
16. Duties are not segregated between processing of invoices and updates to vendor master files, between check preparation and posting to vendor account, and between check preparation and mailing of signed checks.
17. No proper documentation of additions, changes, or deletions to vendor master file.
18. Excessive credit adjustments to a particular vendor and/or credit issued by unauthorized department.
19. False email payment request combined with a hard copy printout with forged approval signatures.
20. Employee takes advantage of the lag time which typically occurs during book closing to get false invoices approved and paid.
21. Recording of false credits, rebates or refunds to customers.
22. Pay and return schemes (occur when an employee creates an overpayment to a supplier and pockets the subsequent refund).

Bribery and Kickbacks

Bribery: Occurs when a Government employee or contractor accepts something of value in exchange for preferential treatment. An example of bribery is if money is accepted in exchange for the awarding of a contract. (Source: Defense Acquisition University, "Procurement Fraud Indicators Training Module")

Kickback: An amount of money that is given to someone in return for providing help in a secret and dishonest business deal. (Source: Merriam Webster Online Dictionary)

Fraud indicators related to bribery and kickbacks include, but are not limited to:

1. Overly friendly interaction between Government employee and contractor.
2. Unexplained increase in wealth of Government employee.
3. Government official's acceptance of inappropriate gifts or entertainment.
4. Government official has an undisclosed outside business.
5. Quality Assurance Representative/Inspector progress reports do not match contractor invoices.
6. Inadequate documentation of contract violations by contracting personnel.
7. Supplier has reputation in the industry for paying kickbacks.
8. Unnecessary middleman or broker involved in contracts or purchases.
9. Requests for sole source procurements when there is an available pool of vendors to compete the contract.
10. Questionable, undocumented or frequent requests for change orders awarded to particular contractor.
11. Industry or country has a reputation for corruption.
12. Unexplained or unjustified favorable treatment of a particular supplier.
13. Questionable, improper (noncompetitive) or repeated selection of a particular supplier.
14. Employee sells company-owned property at less than market value to receive a kickback or to sell the property back to the company at a higher price in the future.
15. Lengthy, unexplained delay between the announcement of winning bidder and signing of the contract (may indicate contractor refuses to pay or is negotiating bribe demands).
16. Payment of unjustified high prices, purchase of unnecessary or inappropriate goods/services, or continued acceptance of late delivery, high-priced, low-quality work.
17. Unusually high volume of purchases.
18. Vendor address, telephone number, or zip code matches employee's address, outside business, or relative.
19. Vendor address is incomplete.
20. Vendor identification number matches employee's identification number.

Change Order Abuse

Change Order Abuse: A contractor, in collusion with a procurement official, can submit a low bid to insure winning a contract, and then increase its price and profits by submitting change order requests after the contract is awarded.

A dishonest contractor, acting alone or in collusion with contract personnel, can submit unjustified or inflated change order requests to increase profits, or, as the result of corruption, use the change order process to extend a contract that should be re-bid. (Source: International Anti-Corruption Resource Center, 2014)

Fraud indicators related to change order abuse include, but are not limited to:

1. Weak internal controls and procedures regarding review or need for change orders.
2. Numerous, unusual or unexplained change orders for a specific contractor approved by the same employee.
3. Pattern of low bid award followed by change orders that increase the price or scope of the contract, or extend the contract period.
4. Vague contract specifications followed by change orders.
5. Poorly documented change orders, or change order requests in round number amounts, if that is unusual for the job.
6. Pattern of change orders just below upper level approval limit.
7. High-level Government personnel involved in change order decisions, especially for specific contractors.
8. Purchase orders of contracts extended by change order rather then re-bidding of contract.

Collusive Bidding

Collusive Bidding: Collusive Bidding is defined as bidders secretly agreeing to submit complementary high bids to allow preselected contractors to win. Suppliers and contractors agree to prohibit or limit competition and manipulate prices to increase the amount of business available to each participant. (Source: Defense Acquisition University," Procurement Fraud Indicators Training Module")

Fraud indicators related to collusive bidding include, but are not limited to:

1. Winning bid is high compared to cost estimates, published price lists, similar jobs, or industry averages.
2. Pattern of rotating winning bidders by job, type of work, or geographical area.
3. Apparent connections between bidders: common addresses, personnel, phone numbers, etc.
4. Fewer competitors than normal bid on a contract. This situation may indicate a deliberate scheme to withhold bids.
5. Correspondence or other indications that contractors exchanged pricing information, divided territories, or otherwise established informal agreements.
6. Joint venture bids by firms that usually bid alone.
7. Qualified contractors fail to bid and become subcontractors, or low bidder withdraws and becomes a subcontractor.
8. Certain contractors repeatedly win contracts at one agency or company, but not elsewhere for similar goods or services.
9. Bid prices drop when a new bidder enters the competition.
10. Losing bids by unqualified, inappropriate, or unknown bidders.

11. Losing bids do not comply with the bid specification, or only one bid is competitive while the others are poorly prepared.
12. Losing bidder cannot be located in business directories, have nonexistent address, etc.
13. Unusual bid pattern which show bids are consistently too high, too close, or too far apart; or have round numbers; are incomplete; or have other anomalies.
14. Losing bidders submit identical bids on different jobs.
15. Losing bidder hired as subcontractor.
16. Bidders who are qualified and capable of performing but who fail to bid, with no apparent reason. A situation where fewer competitors than normal submit bids typifies this situation.
17. Certain contractors always bid against each other or, conversely, certain contractors do not bid against one another.
18. The successful bidder repeatedly subcontracts work to companies that submitted higher bids, or to companies that received bid packages and could have bid as a prime contractor, but did not.
19. There is an apparent pattern of low bids regularly occurring, such as corporation "X" always being the low bidder in a certain geographical area, or in a fixed rotation with other bidders.
20. Failure of original bidders to re-bid, or an identical ranking of the same bidders upon re-bidding, when original bids were rejected as being too far over the Government estimate.
21. A certain company appears to be bidding substantially higher on some bids than on other bids with no logical cost difference to account for the increase.
22. Bidders frequently change prices at about the same time and to the same extent.
23. Identical bid amounts on a contract line item by two or more contractors. Some instances of identical line item bids are explainable, as suppliers often quote the same prices to several bidders. However, a large number of identical bids on any service-related item should be viewed critically.
24. Any incidents suggesting direct collusion among competitors, such as the appearance of identical calculations or spelling errors in two or more competitive bids.
25. Bid prices appear to drop whenever a new or infrequent bidder submits a bid.
26. Any reference by bidders to "association price schedules," "industry price schedules," "industry suggested prices," or "industry wide prices."
27. Any statements by a representative of a contractor that his company "does not sell in a particular area" or that "only a particular firm sells in that area".

Conflict of Interest

Conflict of Interest: Conflicts of interest can arise if personnel have undisclosed interests in a supplier or contractor by: accepting inappropriate gifts; favors; or kickbacks from vendors; and engaging in unapproved employment discussions with current or prospective contractors or suppliers. (Source: Air Force Office of Special Investigations)

Personal conflicts occur when an individual is in a position to perform his or her job and make decisions in ways that may enhance their financial standing.

Organizational conflicts occur when a company is part of the development or specifications process for a product and another part of the company then tests or evaluates that product. (Naval Sea Systems Command, Office of Inspector General)

Fraud indicators related to conflicts of interest include, but are not limited to:

1. Vendors' information is vague, missing, or matches employees' address, phone number or zip code.
2. Vendor Employer Identification Number matches employee Social Security Number.
3. Vendor address is a mail drop or is only a post office box with no telephone number or street address.
4. Keen interest of an employee with a particular vendor.
5. Unexplained or unusual favoritism of particular contractor.
6. Contracting employee has a side business.
7. Company receiving Government contracts is also hired by Government personnel to perform work on their personal property.
8. Government personnel responsible for awarding contracts are living beyond their personal means.
9. Government employee buys stock with the contractor they are working with.
10. Government personnel providing proprietary information (company bid and proposal information) or source selection information, to one or a few competitors.
11. Numerous sole source contracts awarded to the same contractor.
12. Poor or incomplete performance, but contractor continues to receive payments, more contracts, and positive past performance ratings.
13. Complaints from unsuccessful bidders that a particular bidder is being favored over others.
14. One bidder appears to be always close to the independent Government estimate. This may indicate that the bidder is receiving inside information relative to the Government estimate.
15. Quality assurance progress reports do not match contractor invoices. For example, quality assurance reports indicate contractor progress is greater than it actually is.
16. Inadequate documentation of contract violations by contracting personnel.
17. Payment of unjustified high prices.
18. Purchase of unnecessary or inappropriate goods or services.
19. Procurement official fails to file conflict of interest or financial disclosure forms.
20. Lack of segregation of duties to ensure a single Government employee is not responsible for: initiation of a requirement award of a contract/order; and receipt, inspection, and acceptance of supplies and services.
21. Continued acceptance of high-priced, low-quality work.

Contract Documentation

Contract Documentation Fraud: Dishonest individuals may attempt to hide evidence of fraudulent activity by omitting certain documents from a contract file or including outdated information.

Fraud indicators relating to contract documentation include, but are not limited to:

1. A pattern of missing documents or documentation with outdated information in the contract file.
2. Contract documents that are altered, backdated, or modified to cover deficiencies;
3. Contract awards made without adequate documentation of all pre-award and award actions.
4. Invoices that do not have adequate supporting documentation or supporting documentation is incomplete.

Contract Financial Management

Contract Financial Management Fraud Indicators: Fraud indicators relating to contract financial management include, but are not limited to:

Fraud indicators related to contract oversight and surveillance include, but are not limited to:

1. The contractor submitting invoices or claims without detail or supporting documentation to the Government
2. Excess profits on a specific contract, product line, or division.
3. Later contractor billings showing a downward adjustment in material costs as labor/overhead costs increase.
4. The Government paying contractors twice for the same items or services without an attempt to recoup the overpayments.
5. The Government not regularly reconciling contract payments, daily transactions, and inventory.
6. The contractors' failure to correct known system deficiencies.
7. Contractors or suppliers complaining that they are not being paid in a timely manner. These situations may indicate fraudulent manipulations and diversion of Government resources through supply or finance operations.
8. The Government's failure to de-obligate funds

Contract Oversight and Surveillance

Contract Oversight and Surveillance Fraud: Shortages in quality assurance and surveillance staffing is a major challenge to DOD. The increasing level of contract support along with urgencies of the war efforts has spread the availability of quality assurance and surveillance staff thin. Failure to properly monitor contract performance enables fraud.

Fraud indicators related to contract oversight and surveillance include, but are not limited to:

1. Contractors awarding subcontracts to unsuccessful bidders.
2. The Government providing materials or services to contractors even though contractors are being paid to provide the materials or services.
3. The administrative contracting officer approving modifications.
4. Contractors failing to meet terms but no compliance efforts are undertaken.
5. The Government certifying receipt of goods without performing inspections.

6. The user frequently complaining of poor quality of supplies or services provided under a contract - this may indicate that contractors are delivering something less than what you are paying for.
7. Untimely and inappropriate closeout of contracts

Contract Requirements

Contract Requirements Fraud: The potential for fraud is created when the needs assessment is not adequately or accurately developed. Sloppy or carelessly written specifications make it easy for a contractor to overcharge or deliver less than expected.

Fraud indicators related to requirements fraud include, but are not limited to:

1. Failing to state requirements functionally to the maximum extent possible (specifications that are vague make it difficult to reasonably compare estimates).
2. Defining statements of work and specifications to fit products or capabilities of a single contractor, which effectively excludes competition.
3. Splitting requirements to use simplified acquisition procedures in order to avoid review and approval.
4. Modifying the contract shortly after award in order to make material changes in the requirements or statement of work

Cross Charging (Comingling of Contracts)

Cross Charging (Comingling of Contracts): Dishonest contractors can submit multiple bills on different contracts or work orders for work performed or expense incurred only once. A contracting official can facilitate the scheme and share in the profits by writing similar work orders under different contracts and accepting the multiple billings. (Source: International Anti-Corruption Resource Center, 2014)

Fraud indicators related to cross charging (comingling of contracts) include, but are not limited to:

1. Multiple awards for similar work are given to the same contractor.
2. The contractor submits several invoices for the same or similar expense or work under different jobs or contracts.
3. The contractor submits the same or similar documentation to support billings on different contracts.
4. Similar work orders are issued to the same contractor under more than one contract.
5. Contractor receives multiple awards for similar work.
6. Frequent errors/corrections of errors on invoices and other documents.
7. Contractor costs on fixed priced contract are unusually low.
8. Costs on the cost plus contract are considerably higher than those expected or budgeted.
9. Same employee billed to more than one job for the same time period.

Excluding Qualified Bidders

Excluding Qualified Bidders: A dishonest procurement employee, probably in collusion with a corrupt bidder, can use a variety of tactics to exclude other qualified bidders, including arranging narrow or unduly burdensome pre-qualification criteria, establishing unreasonable bid specifications, splitting purchases to avoid competitive bidding, making unjustified sole source awards, and so on. (Source: International Anti-Corruption Resource Center, 2014)

Fraud indicators related to excluding qualified bidders include, but are not limited to:

1. A significant number of qualified bidders failing to bid.
2. Fewer than normal or required minimum number of bidders responding to request for bids.
3. Allowing an unreasonably short time limit to bid.
4. Adopting unreasonable "pre-qualification" procedures.
5. Splitting purchases or otherwise limiting contract amounts.
6. Unreasonably narrow contract specifications or short time limit to bid.
7. Failing to adequately publicize requests for bids.
8. Indications of unjustified source awards.

Failure to Meet Contract Specifications

Failure to Meet Contract Specifications: A contractor that knowingly delivers works, goods or services that do not meet contract specifications may be guilty of fraud if it falsely represents that it has complied with the contract or deliberately conceals its failure to do so. If it has not made fraudulent representations or concealed its acts, the contractor would be liable for breach of contract rather than fraud. (Source: International Anti-Corruption Resource Center, 2014)

Fraud indicators related to failure to meet contract specifications include, but are not limited to:

1. Discrepancy between test and inspection results or contract and actual product.
2. Absence of test or inspection documentation.
3. Low quality, poor performance, or high volume of user complaints.
4. Pattern of failed tests or inspections.
5. Absent or inadequate test or inspection reports.
6. Inspectors socialize with or accept gifts or favors from contracting personnel.
7. Contractor resists audit or audit clause provision in the contract or purchase order.
8. Indications from contractor's expense records, payroll, or other records that it did not comply with contract specifications. For example, the contractor did not:
9. Purchase materials required under the contract.
10. Own or lease equipment required to do work.
11. Have necessary labor on job site

False, Inflated, or Duplicate Invoices

False, Inflated, or Duplicate Invoices: A contractor or supplier can commit fraud by knowingly submitting false, inflated or duplicate invoices, acting alone or in collusion with contracting personnel as the result of corruption.

"False invoices" refer to invoices for goods or services not rendered. "Duplicate invoices" are fraudulent if issued knowingly with the intent to defraud.
"Knowingly" typically is defined as:

Actual knowledge of falsity
Deliberate ignorance of truth or falsity ("willful blindness")
Reckless disregard of truth or falsity
(Source: International Anti-Corruption Resource Center, 2014)

Fraud indicators related to false, inflated, or duplicate invoices include, but are not limited to:

1. Missing or copied purchase order or receiving documentation for invoiced goods/services.
2. Submission of other than original or verified invoices.
3. Invoice payment is a round number or is unusual in its circumstances.
4. Total payment to vendor exceeds total purchase order or contract amounts.
5. Unusually high volume of purchases from one vendor.
6. Invoiced goods or services cannot be located in inventory or accounted for.
7. Multiple payments invoiced in the same timeframe: same/similar goods or services.
8. Multiple invoices with the same description of goods or services (amount, invoice or purchase order number, date) or submission at the same time of more than one invoice for the same work.
9. Weak or not enforced internal controls in the receipt of goods and payment of invoices.
10. Questionable or missing purchase order for invoiced goods or services.
11. Inadequate, copied or apparently altered supporting documents.
12. Missing or questionable receiving or purchasing documentation for invoiced goods/services
13. Contractor's records do not show work was done or costs incurred.
14. Invoice information does not agree to contract terms, purchase order, receiving records, or inventory/usage records.
15. Multiple invoices with the same description of goods or services (amount, invoice or purchase order number, date) or submission at the same time of more than one invoice for the same work.

Fictitious Vendor

Fictitious Vendor: In a weakly controlled environment, an employee with procurement responsibilities, or in accounts payable, or an outsider, can submit bills from a non-existent vendor. Normally fictitious vendors claim to provide services or consumables, rather than goods or works that can be verified. Dishonest bidders also can submit "bids" from fictitious bidders as part of bid rigging schemes. (Source: International Anti-Corruption Resource Center, 2014)

Fraud indicators related to fictitious vendors include, but are not limited to:

1. Paid vendors are not on the approved vendor list or listed in business or telephone directories.
2. Invoiced goods or services cannot be located or verified.
3. Inadequate vendor identification information.
4. Incorrect or non-existent address or phone number.
5. Vendor address or telephone number is the same as an employee's.
6. Small initial purchase from vendor, followed by much larger purchases.
7. Payment provided without an invoice.
8. Copied or unusual supporting documents, such as purchase order or receiving document submitted with invoice.
9. No other Government organization is involved in business with the company.
10. Multiple companies that have the same address/telephone numbers.
11. Purchases unrelated to the Government organization's mission.

Manipulation of Bids

Manipulation of Bids: A procurement employee, probably as the result of corruption, can manipulate the bidding process in a number of ways to benefit a favored contractor or supplier. These include leaking information regarding competing bids, accepting late bids, changing bids, re-bidding work and so on. A contractor can also submit a "low" bid with the understanding that the corrupt procurement official will approve later contract amendments and price increases. (Source: International Anti-Corruption Resource Center, 2014)

Fraud indicators related to manipulation of bids include, but are not limited to:

1. Poor internal controls and inadequate bidding procedures.
2. Winning bid voided for errors and job is re-bid or awarded to somebody else.
3. Acceptance of late bids or award to a non-responsive bidder.
4. Contracts are changed after receipt of bids and the contract is re-bid and awarded to a different contractor.
5. A qualified bidder disqualified for questionable reasons.
6. Indications of changes to bids after received.
7. Bids are "lost."
8. Contract is not re-bid even though fewer than the minimum number of bids are received.
9. Requests for bids sent to unqualified vendors or vendors that previously declined to bid.

Progress Payment Fraud

Progress Payment Fraud: Submission of contract progress payment requests based on falsified direct labor charges, material costs for items not purchased, or a falsified certification of a stage of completion attained, or work accomplished. (Source: DOD OIG, "Indicators of Fraud in Defense Procurement")

Fraud indicators related to progress payment fraud include, but are not limited to:

1. Contractor submits documentation to support higher progress payments than justified.
2. Contractor submits false/altered documentation with the progress payment request.
3. Submitted claims are missing supporting documentation or contain errors or missing information. For example, receipts from vendors which contain mathematical errors or missing information such as delivery dates.
4. Progress payment request reflects costs for work not yet completed.
5. Subcontractors/vendors complaint they were not paid by the prime contractor for work/items delivered on the contract. Frequently, when a prime contractor authorizes progress payments and has cash flow problems, the prime will attempt to use progress payments as a financial bailout. The prime contractor will submit a request for progress payments and when payment is received, will not pay subcontractors for the work they have done.
6. Contractor submits documentation to support higher progress payments than justified by actual contract progress. When reviewing contract files where progress payments are authorized, it is important to look for documentation to ensure the quality assurance representative has verified contract progress before progress payment is authorized by the contracting officer. In some instances this task is not completed, or the contractor is able to falsely mislead the quality assurance representative into believing the work has reached a completion stage.
7. Contractor is significantly behind schedule relative to completing the Government contract.

Purchasing and Billing

Purchasing and Billing Fraud: Employer's funds are stolen by intercepting, forging or altering a check drawn on one of the organizations bank accounts. (Source: Navy Exchange Service Command, Office of Internal Audit)

Fraud indicators relating to purchasing and billing fraud include, but are not limited, to:

1. Employee submits invoices for payment from a fictitious company.
2. Employee arranges for overpayment of vendor and pockets overpayment when returned to company.
3. Employee submits invoices or uses company credit card for personal purchases.
4. Vendor makes undisclosed payments to employees of purchasing companies in order to aid in overbilling schemes.
5. Overbilling of a company for goods or services by a vendor in which an employee has a financial interest.
6. No segregation of duties between processing accounts receivable invoices and posting to the sub ledger.
7. Lack of policies and procedures regarding write-offs.
8. Frequent, undocumented and/or unapproved adjustments, credits, and write-offs to accounts receivable sub ledger.
9. No reconciliation of accounts receivable sub ledger to general ledger control account.
10. Insufficient supervisory review of accounts receivable aging schedule.
11. Unrestricted access to sub and general ledgers

Rigged Specifications

Rigged Specifications: An employee with procurement responsibilities, probably in collusion with a supplier or contractor, drafts a request for bids or proposals that contain specifications that are either too narrow or too broad. Unduly narrow specifications allow only a favored contractor to qualify, and unduly broad specifications can be used to qualify an otherwise unqualified contractor to bid. Broad specifications can also be used in connection with later contract amendments and change orders to facilitate a corruption scheme. (Source: International Anti-Corruption Resource Center, 2014)

Fraud indicators related to rigged specifications include, but are not limited to:

1. Similarity between specifications and winning contractor's product or services.
2. Specifications are significantly narrower or broader than similar previous requests for bids.
3. Unusual or unreasonable specifications for the type of goods or services being procured.
4. Unexplained changes in contract specifications from prior request for proposals or similar items.
5. High number of change orders with one contractor.
6. Splitting requirement into two or more purchase orders or contracts, each below upper level review or competitive bidding thresholds, to avoid review or competitive selection.
7. Only one or a few bidders respond to request for bids.
8. Requirement specifies brand name rather than generic description.
9. Including items or services in requests for bids that will not actually be required.
10. Inadequate analysis or documentation to support the need to acquire goods in the quantities purchased

Source Selection

Source Selection Fraud: The contracting officer is required to select the proposal that represents the best value to the Government. While the contract award process has been designed to efficiently ensure the delivery of goods and services, the complex procedures involved in source selection may provide an opportunity for fraud to exist.

Fraud indicators relating to source selection include, but are not limited to:

1. Improper relationships between Government and contractor personnel.
2. The Government's failure to perform market research to determine evaluation factors, contracting method, or whether commercial items or non-developmental items would meet the Government's needs.
3. The Government restricting procurement to exclude or hamper any qualified contractor.
4. The Government revealing information about procurements to one contractor that is not revealed to another.
5. The Government accepting late or nonresponsive proposals, or accepting proposals from non-responsible offerors.
6. The Government improperly disqualifying offerors.
7. The Government exercising favoritism towards a particular contractor during the evaluation process.

8. The Government awarding contracts to contractors with poor records of performance.
9. The Government awarding contracts that include items other than those contained in the bid specifications.
10. The Government's approval of a justification for less than full and open competition based on improper reasons or inaccurate facts.

Split Purchases

Split Purchases: A single procurement can be split into two or more purchase orders or contracts, each below upper level review or competitive bidding thresholds, to avoid review or competitive selection. Repetition of this scheme, favoring the same parties, can be a strong indicator of corruption. (Source: International Anti-Corruption Resource Center, 2014)

Fraud indicators related to split purchases include, but are not limited to:

1. Two or more similar procurements from the same supplier in amounts just under competitive bidding or upper level review limits.
2. Unjustified separation of purchases, e.g. separate contracts for labor and materials, each of which is below competitive bidding limits, but when combined is over such limits.
3. Sequential purchase orders or invoices under upper level review or competitive bidding limits.
4. Contracts under the competitive bid limit followed by change orders that increase amounts of the contract

Unjustified Sole Source

Unjustified Sole Source: Unjustified sole source is defined as a fraudulent act involving procurement personnel who, in collusion with a supplier, improperly award a contract without competition or prior review. (Source: Defense Acquisition University," Procurement Fraud Indicators Training Module")

Fraud indicators related to unjustified sole source include, but are not limited to:

1. Sole source award above or just below competitive bidding limit.
2. Request for bids is mailed to only one vendor.
3. Previously competitive procurements become non-competitive.
4. Vague justification or documentation requesting a non-competitive award.
5. Split purchases to avoid competitive bidding limits.
6. Awards made below the competitive bid limits that are followed by change orders that exceed such limits.
7. Contract requirements were not reviewed and validated by management.
8. Contract requirements appear to be tailored to a specific contractor.

Exhibit 05

2016 Hawaii Revised Statutes

TITLE 1. GENERAL PROVISIONS

10. Office of Hawaiian Affairs

PART I. GENERAL PROVISIONS

§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.

(b) It shall be the duty and responsibility of all state departments and instrumentalities of state government providing services and programs which affect native Hawaiians and Hawaiians to actively work toward the goals of this chapter and to cooperate with and assist wherever possible the office of Hawaiian affairs. [L 1979, c 196, pt of §2]

§10-2 Definitions. In this chapter, if not inconsistent with the context:

"Administrator" means the administrator of the office of Hawaiian affairs.

"Beneficiary of the public trust entrusted upon the office" means native Hawaiians and Hawaiians.

"Board" means the board of trustees.

"Grant" means an award of funds by the office to a specified recipient to support the activities of the recipient for activities that are consistent with the purposes of this chapter.

"Hawaiian" means 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 Hawaii.

"Native Hawaiian" means any descendant of not less than one-half part of the races inhabiting the Hawaiian Islands previous to 1778, as defined by the Hawaiian Homes Commission Act, 1920, as amended; 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 Hawaii.

"Office" means the office of Hawaiian affairs.

"Recipient" means any organization or person receiving a grant. [L 1979, c 196, pt of §2; am L 1990, c 304, §§3, 16; am L 1992, c 318, §2; am L 1997, c 350, §§14, 15; am L 2002, c 182, §2]

§10-3 Purpose of the office. The purposes of the office of Hawaiian affairs include:

(1) The betterment of conditions of native Hawaiians. A pro rata portion of all funds derived from the public land trust shall be funded in an amount to be determined by the legislature for this purpose, and shall be held and used solely as a public trust for the betterment of the conditions of native Hawaiians. For the purpose of this chapter, the public land trust shall be all proceeds and income from the sale, lease, or other disposition of lands ceded to the United States by the Republic of Hawaii under the joint resolution of annexation, approved July 7, 1898 (30 Stat. 750), or acquired in exchange for lands so ceded, and conveyed to the State of Hawaii by virtue of section 5(b) of the Act of March 18, 1959 (73 Stat. 4, the Admissions Act), (excluding

therefrom lands and all proceeds and income from the sale, lease, or disposition of lands defined as "available lands" by section 203 of the Hawaiian Homes Commission Act, 1920, as amended), and all proceeds and income from the sale, lease, or other disposition of lands retained by the United States under sections 5(c) and 5(d) of the Act of March 18, 1959, later conveyed to the State under section 5(e);

(2) The betterment of conditions of Hawaiians;

(3) Serving as the principal public agency in this State responsible for the performance, development, and coordination of programs and activities relating to native Hawaiians and Hawaiians; except that the Hawaiian Homes Commission Act, 1920, as amended, shall be administered by the Hawaiian homes commission;

(4) Assessing the policies and practices of other agencies impacting on native Hawaiians and Hawaiians, and conducting advocacy efforts for native Hawaiians and Hawaiians;

(5) Applying for, receiving, and disbursing, grants and donations from all sources for native Hawaiian and Hawaiian programs and services; and

(6) Serving as a receptacle for reparations. [L 1979, c 196, pt of §2; am L 1990, c 304, §§4, 16]

§10-4 Office of Hawaiian affairs; established; general powers. There shall be an office of Hawaiian affairs constituted as a body corporate which shall be a separate entity independent of the executive branch. The office, under the direction of the board of trustees, shall have the following general powers:

(1) To adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the powers and duties granted to or imposed upon it by law;

(2) To acquire in any lawful manner any property, real, personal, or mixed, tangible or intangible, or any interest therein; to hold, maintain, use, and operate the same; and to sell, lease, or otherwise dispose of the same at such time, in such manner and to the extent necessary or appropriate to carry out its purpose;

(3) To determine the character of and the necessity for its obligations and expenditures, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to the office;

(4) To enter into and perform such contracts, leases, cooperative agreements, or other transactions with any agency or instrumentality of the United States, or with the State, or with any political subdivision thereof, or with any person, firm, association, or corporation, as may be necessary in the conduct of its business and on such terms as it may deem appropriate;

(5) To execute, in accordance with its bylaws, all instruments necessary or appropriate in the exercise of any of its powers;

(6) To issue revenue bonds pursuant to this chapter to finance the cost of an office project or to fund a loan program, and to provide for the security thereof, in the manner and pursuant to the procedure prescribed in part II;

(7) To lend or otherwise apply the proceeds of the bonds issued for an office project or a loan program either directly or through a trustee or a qualified person for use and application in the acquisition, purchase, construction, reconstruction, improvement, betterment, extension, or maintenance of an office project or the establishment, funding, and administration of a loan program, or agree with the qualified person whereby any of these activities shall be undertaken or supervised by that qualified person or by a person designated by the qualified person;

(8) With or without terminating a project agreement or loan agreement, as applicable, to exercise any and all rights provided by law for entry and re-entry upon or to take possession of an office project or enforce a loan agreement at any time or from time to time upon breach or default by a qualified person under a project agreement or loan agreement, including any action at law or in equity for the purpose of effecting its rights of entry or re-entry or obtaining possession of the project or enforcing the loan agreement or for the payments of rentals, user taxes, or charges, or any other sum due and payable by the qualified person to the office pursuant to the project agreement or loan agreement; and

(9) To take such actions as may be necessary or appropriate to carry out the powers conferred upon it by law. [L 1979, c 196, pt of §2; am L 1994, c 283, §3; am L 2009, c 146, §4; am L 2013, c 171, §2]

§10-4.5 Authority over disbursements.

(a) Except as provided in subsection (b), and notwithstanding any other law to the contrary, the office shall have and exercise the power to make all necessary and appropriate disbursements of its moneys by issuing checks in its own name and by any other means.

(b) The office shall have and exercise the power to deposit any of its moneys in any banking institution within or outside the State, to the extent necessary to implement subsection (a).

(c) The department of accounting and general services, with the approval of the office of Hawaiian affairs, may continue to perform the payroll function of the office, including the issuance of salary checks for the office's employees. [L 2005, c 107, §1]

§10-5 Board of trustees; powers and duties. The board shall have the power in accordance with law to:

(1) Manage, invest, and administer the proceeds from the sale or other disposition of lands, natural resources, minerals, and income derived from whatever sources for native Hawaiians and Hawaiians, including all income and proceeds from that pro rata portion of the trust referred to in section 10-3;

(2) Exercise control over real and personal property set aside to the office by the State of Hawaii, the United States of America, or any private sources, and transferred to the office for native Hawaiians and Hawaiians;

(3) Collect, receive, deposit, withdraw, and invest money and property on behalf of the office;

(4) Formulate policy relating to the affairs of native Hawaiians and Hawaiians, provided that such policy shall not diminish or limit the benefits of native Hawaiians under article XII, section 4, of the state Constitution;

(5) Otherwise act as a trustee as provided by law;

(6) Delegate to the administrator, its officers and employees such powers and duties as may be proper for the performance of the powers and duties vested in the board;

(7) Provide grants to individuals, and public or private organizations to better the conditions of native Hawaiians and Hawaiians consistent with the standards set forth in section 10-17;

(8) Make available technical and financial assistance and advisory services to any agency or private organization for native Hawaiian and Hawaiian programs, and for other functions pertinent to the purposes of the office of Hawaiian affairs. Financial assistance may be rendered through contractual arrangements as may be agreed upon by the board and any such agency or organization; and

(9) Adopt and use a common seal by which all official acts shall be authenticated. [L 1979, c 196, pt of §2; am L 1990, c 304, §§5, 16; am L 1996, c 240, §1; am L 2002, c 182, §3]

§10-6 General duties of the board.

(a) The general duties of the board shall be:

(1) To develop and continually update a strategic plan for the office that shall include, but not be limited to, the following:

(A) Compilation of basic demographic data on native Hawaiians and Hawaiians;

(B) Identification of the physical, sociological, psychological, and economic needs of native Hawaiians and Hawaiians;

(C) Establishment of long-range goals for the office's programs and services for native Hawaiians and Hawaiians;

(D) Establishment of priorities and alternatives for the office's program and service implementation; and

(E) Organization of the office's administrative and program structure, including the use of facilities and personnel;

(2) To assist in the development of state and county agency plans for native Hawaiian and Hawaiian programs and services;

(3) To maintain an inventory of federal, state, county, and private programs and services for Hawaiians and native Hawaiians and act as a clearinghouse and referral agency;

(4) To advise and inform federal, state, and county officials about native Hawaiian and Hawaiian programs, and coordinate federal, state, and county activities relating to native Hawaiians and Hawaiians;

(5) To conduct, encourage, and maintain research relating to native Hawaiians and Hawaiians;

(6) To develop and review models for comprehensive native Hawaiian and Hawaiian programs;

(7) To act as a clearinghouse for applications for federal or state assistance to carry out native Hawaiian or Hawaiian programs or projects;

(8) To apply for, accept and administer any federal funds made available or allotted under any federal act for native Hawaiians or Hawaiians; and

(9) To promote and assist the establishment of agencies to serve native Hawaiians and Hawaiians.

(b) The board shall have any powers which may be necessary for the full and effective performance and discharge of the duties imposed by this chapter, and which may be necessary to fully and completely effectuate the purposes of this chapter. [L 1979, c 196, pt of §2; am L 2006, c 2, §1]

§10-7 Board of trustees. The office of Hawaiian affairs shall be governed by a board to be officially known as the board of trustees, office of Hawaiian affairs. Members of the board shall be elected in accordance with chapter 13D, with reference to sections 11-15, 11-25, 12-5, 12-6, and vacancies shall be filled in accordance with section 17-7. [L 1979, c 196, pt of §2]

§10-8 Organization; quorum; meeting. The board, at its first meeting after an election, shall elect from its own membership a chairperson and a vice-chairperson who shall serve at the pleasure of the board. Their election shall be immediately certified by the board to the lieutenant governor.

A majority of all members to which the board is entitled shall constitute a quorum to do business. The concurrence of a majority of all members to which the board is entitled shall be necessary to make any action of the board valid; provided that due notice shall be given to all members.

Meetings shall be called and held at the call of the chair or by a quorum, as often as may be necessary for transaction of the board's business. The board shall meet at least once annually on each of the islands of Hawaii, Maui, Molokai, Lanai, Kauai, and Oahu. [L 1979, c 196, pt of §2; am L 1985, c 158, §1]

§10-9 Salaries; benefit; expenses. Members of the board:

(1) Shall receive an annual salary which shall be paid:

(A) Exclusively from revenue under section 10-13.5; and

(B) In equal amounts, beginning with the first pay period for state employees in November of the year the member of the board is elected.

Effective July 1, 1993, and until the salary commission makes recommendations for salary, the salary of the chairperson of the board shall be $37,000 a year and the salary of other members of the board shall be $32,000 a year. Any provision of law to the contrary notwithstanding, all members of the board shall be included in any benefit program generally applicable to officers and employees of the State;

(2) Shall be allowed transportation fares between islands and abroad;

(3) Shall be allowed personal expenses at the rates specified by the board while attending board meetings or while on official business as authorized by the chairperson, when those board meetings or official business shall require a member to leave the island upon which the member resides; and

(4) Shall be allowed a protocol allowance to cover expenses incurred in the course of a member's duties and responsibilities. [L 1979, c 196, pt of §2; am L 1981, c 148, §1; am L 1989, c 290, §1; am L 1993, c 358, §3; am L 2002, c 148, §1 and c 183, §3]

§10-9.5 Salary commission; established.

(a) There is established a salary commission for the members of the board of trustees for the office of Hawaiian affairs. The salary commission shall consist of seven members appointed by the governor on or before August 31, 1999, and every four years thereafter. The members of the salary commission shall be selected from nominations submitted by native Hawaiian organizations as defined in section 673-2(c). The members shall serve without compensation, but shall be entitled to reimbursement for necessary expenses while in the discharge of their duties and responsibilities.

(b) Before the twentieth legislative day of the regular session of 2000 and every four years thereafter, the salary commission shall study and make recommendations for the salary of the members of the board of trustees for the office of Hawaiian affairs, and then shall be dissolved. The recommended salary shall be effective as of the date of the recommendations unless the legislature disapproves the recommendation by adoption of a concurrent resolution prior to adjournment sine die of the legislative session in which the recommendation is submitted. [L 1993, c 358, pt of §2; am L 1999, c 191, §2]

§10-10 Administrator; appointment, tenure, removal. The board by a majority vote, shall appoint an administrator who shall serve without regard to the provisions of chapter 76 for a term to be determined by the

board. The board, by a two-thirds vote of all members to which it is entitled, may remove the administrator for cause at any time. [L 1979, c 196, pt of §2; am L 2000, c 253, §150]

§10-11 Salary of the administrator. The salary of the administrator shall be established by the board; provided that such salary shall not exceed the salary of department heads or executive officers established by law. The administrator shall be included in any benefit program generally applicable to officers and employees of the State. [L 1979, c 196, pt of §2; am L 1981, c 130, §2]

§10-12 Assistant; staff. The administrator may employ and retain such officers and employees as may be necessary to carry out the functions of the office. Such officers and employees may be hired without regard to chapter 76, and shall serve at the pleasure of the administrator. Officers and employees of the office of Hawaiian affairs shall be included in any benefit program generally applicable to officers and employees of the State. [L 1979, c 196, pt of §2; am L 1990, c 231, §1; am L 2000, c 253, §150]

§10-13 Appropriations; accounts; reports. Moneys appropriated by the legislature for the office shall be payable by the director of finance, upon vouchers approved by the board, or by any officer elected or appointed by the board and authorized by the board to approve such vouchers on behalf of the board. All moneys received by or on behalf of the board shall be deposited with the director of finance and kept separate from moneys in the state treasury; except that any moneys received from the federal government or from private contributions shall be deposited and accounted for in accordance with conditions established by the agencies or persons from whom the moneys are received; and except that with the concurrence of the director of finance, moneys received from the federal government for research, training, and other related purposes of a transitory nature, and moneys in trust or revolving funds administered by the office, shall be deposited in depositories other than the state treasury and shall be reported on to the state comptroller under section 40-81, and rules prescribed thereunder.

Income derived from the sale of goods or services and income from lands and property as described in section 10-3, shall be credited to special or other funds; provided that upon the recommendation of the office, the comptroller shall establish such other separate accounts or special funds for other designated revenues as may be directed by the board or its authorized representative. [L 1979, c 196, pt of §2; am L 1981, c 37, §2; am L 1990, c 304, §§6, 16]

§10-13.3 Interim revenue. Notwithstanding the definition of revenue contained in this chapter and the provisions of section 10-13.5, and notwithstanding any claimed invalidity of Act 304, Session Laws of Hawaii 1990, the income and proceeds from the pro rata portion of the public land trust under article XII, section 6 of the state constitution for expenditure by the office of Hawaiian affairs for the betterment of the conditions of native Hawaiians for each of fiscal year 1997-1998 and fiscal year 1998-1999 shall be $15,100,000. [L 1997, c 329, §2]

§10-13.5 Use of public land trust proceeds. Twenty per cent of all funds derived from the public land trust, described in section 10-3, shall be expended by the office, as defined in section 10-2, for the purposes of this chapter. [L 1980, c 273, §1; am L 1990, c 304, §§7, 16]

§10-13.6 Public land trust conveyed for the development of housing projects.

(a) This section applies to the revenue derived from land of the public land trust as designated in subsection (e) that is conveyed by the department of land and natural resources to the Hawaii housing finance and development corporation for the development of housing projects as defined under section 201H-1. The amount due to the office shall be determined by multiplying the fair market value of the land by twenty per cent. For the purpose of this section:

"Fair market value" means the amount of money that a purchaser willing but not obliged to buy the land would pay to an owner willing but not obliged to sell it, taking into consideration the highest and best use of the land.

"Highest and best use" means the most profitable, probable, and legal use to which the land can be put.

(b) Fair market value shall be determined on a per acre basis pursuant to appraisals performed in conformance with the uniform standards of professional appraisal practice as adopted by the department of commerce and consumer affairs, not more than ninety days before the conveyance of the land to the Hawaii housing finance and development corporation. The appraisals shall be performed by two disinterested appraisers each of whose services shall be contracted by the department of land and natural resources and the office, respectively. If the land is of the public land trust and sugarcane lands, as defined by article XII, section 1 of the state constitution, the office and the department of Hawaiian home lands shall contract the services of one appraiser. The parties shall contract the services of the appraisers within thirty business days after the department of land and natural resources gives written notice to the office, together with the department of Hawaiian home lands if the land is of the public land trust and sugarcane lands, of the proposed conveyance of the land to the Hawaii housing finance and development corporation.

If any party fails or refuses to contract the services of an appraiser, then the other party may petition the circuit court in the county where the land is located to appoint the other of the two appraisers. If the two appraisers are unable to agree on a fair market value, then within thirty days thereafter, the department of land and natural resources and the office, together with the department of Hawaiian home lands if the land is of the public land trust and sugarcane lands, shall contract for the services of a mutually agreed upon third appraiser and the decision of the majority of the appraisers shall be final with respect to determination of the fair market value of the land. If the department of land and natural resources and the office, together with the department of Hawaiian home lands if the land is of the public land trust and sugarcane lands, are unable to agree on the selection of the third appraiser, any party may petition the circuit court in the county where the land is located to appoint the third appraiser.

(c) The amount due to the office shall be due and payable by the State on the date of conveyance of the land to the Hawaii housing finance and development corporation. Payment to the office may be in the form of public lands or moneys. If payment is to be in the form of public lands, the lands shall be mutually agreed upon by the department of land and natural resources and the office, and shall be of value comparable to the amount due to the office. Any monetary payment shall be an obligation of the Hawaii housing finance and development corporation. Any portion of that amount that is not paid on the date of conveyance shall be subject to simple interest annually, established pursuant to the fifteen year treasury rate at the time of the conveyance and payable annually by the State to the office.

(d) Twenty per cent of the revenue received by the Hawaii housing finance and development corporation from commercial, industrial, or other nonresidential use of the land shall be paid annually to the office; provided that:

> (1) The office shall not receive payment under this subsection until the Hawaii housing finance and development corporation recovers all moneys previously paid to the office for that portion of land used for commercial, industrial, or other nonresidential purposes;
>
> (2) If borrowed moneys are used to finance the development of land for commercial, industrial, or other nonresidential purposes, annual payments due to the office under this subsection shall be made pursuant to the following order of priority:

(A) The Hawaii housing finance and development corporation satisfies as a first priority the amount computed annually on the pro rata portion (not the total debt service over the life of the debt) of its total debt service on the borrowed moneys;

(B) The Hawaii housing finance and development corporation satisfies as a second priority its operating expense obligations directly incurred from the development and operation of land used for commercial, industrial, or other nonresidential purposes in an amount not exceeding one per cent of the revenues for the project; and

(C) After the first and second priorities are satisfied, the Hawaii housing finance and development corporation shall make annual payments due to the office under this subsection from any remaining revenues; and

(3) In the event of a sale of land used for commercial, industrial, or other nonresidential purposes, the office shall receive twenty per cent of the revenue received by the Hawaii housing finance and development corporation.

(e) This section shall only apply to the Hawaii housing finance and development corporation's developments known as the villages of Leali i, Maui, and villages of La i opua, Hawaii. [L 1992, c 318, §1; am L 1997, c 350, §§14, 15; am L 2005, c 196, §26(b); am L 2006, c 180, §16; am L 2007, c 249, §2]

§10-14.5 Budget preparation and submission; auditing.

(a) The budget, six-year program and financial plan, and the variance report of the office of Hawaiian affairs shall be submitted by the board to the legislature and to each member thereof in accordance with the budget submission schedule specified for the governor in chapter 37 and shall contain the program information specified in that chapter that is applicable to the office of Hawaiian affairs. Not less than twenty days prior to the convening of each regular session of the legislature, the office of Hawaiian affairs shall submit to the legislature an accounting of the expenditures made in the prior fiscal year, by account code and budget program. By November 1 of each year preceding a legislative session in which a budget is to be submitted, the board shall provide written notification to the governor of the proposed total expenditures, by cost categories and sources of funding, and estimated revenues of the office of Hawaiian affairs for each fiscal year of the next fiscal biennium.

(b) The board shall provide opportunities for beneficiaries in every county to participate in the preparation of each biennial and supplemental budget of the office of Hawaiian affairs. These opportunities shall include an accounting by trustees of the funds expended and of the effectiveness of programs undertaken.

(c) The office shall be subject to governmental audit. [L 1990, c 221, pt of §2]

§10-14.55 Audit and report. The auditor shall conduct an audit of the office at least once every four years and shall submit a report on findings and recommendations to the governor and the legislature on or before the convening of the next immediate legislative session. The first audit report shall be submitted no later than January 15, 1996. [L 1993, c 358, pt of §2]

§10-14.6 Legislative review. The legislature shall consider the board's proposed program and financial plan; evaluate alternatives to the board's recommendations; and appropriate any general fund portion of the budget and any matching special fund appropriations. [L 1990, c 221, pt of §2]

§10-15 Annual report. The board shall prepare and make public their annual report which shall include an enumeration of their activities, income, and expenditures during the year. The annual report for the previous fiscal year shall be submitted to the governor and the legislature ten days prior to the convening of each regular

session of the legislature. The board shall prepare and submit special reports as may be required by the legislature. [L 1979, c 196, pt of §2; am L 1990, c 221, §3]

§10-16 Suits.

(a) The office may sue and be sued in its corporate name. The State shall not be liable for any acts or omissions of the office, its officers, employees, and the members of the board of trustees, except as provided under subsection (b).

(b) In matters of tort, the office, its officers and employees, and the members of the board shall be subject to suit only in the manner provided for suits against the State under chapter 662.

(c) In matters of misapplication of funds and resources in breach of fiduciary duty, board members shall be subject to suit brought by any beneficiary of the public trust entrusted upon the office, either through the office of the attorney general or through private counsel.

(d) In matters involving other forms of remedies, the office, its officers and employees, and the members of the board shall be subject to suit as provided by any other provision of law and by the common law. [L 1979, c 196, pt of §2]

§10-17 Grants; conditions and qualifications.

(a) Applications for grants shall be made to the office and contain such information as the office shall require. At a minimum, the applicant shall show:

(1) The name of the requesting organization or individual;

(2) The purpose for the grant;

(3) The service to be supported by the grant;

(4) The target group to be benefited;

(5) The cost of the grant; and

(6) That the grant shall be used for activities that are consistent with the purposes of this chapter.

(b) Grants shall only be awarded if:

(1) The applicant has applied for or received all applicable licenses and permits, when such is required to conduct the activities or provide the services for which a grant is awarded;

(2) The applicant agrees to comply with applicable federal, state, and county laws;

(3) The grant shall not be used for purposes of entertainment or perquisites;

(4) All activities and improvements undertaken with funds received shall comply with all applicable federal, state, and county statutes and ordinances, including applicable building codes and agency rules; and

(5) The applicant will indemnify and hold harmless the office, the State of Hawaii, its officers, agents, and employees from and against any and all claims arising out of or resulting from activities carried out or projects undertaken with funds provided hereunder, and procure sufficient insurance to provide this indemnification if requested to do so by the office.

(c) To receive a grant, an applicant shall:

(1) Be:

(A) A for-profit subsidiary of a nonprofit organization incorporated under the law of the State;

(B) A nonprofit community-based organization determined to be exempt from federal income taxation by the Internal Revenue Service;

(C) A cooperative association; or

(D) An individual, who in the board's determination, is able to provide the services or activities proposed in the application for a grant;

(2) In the case of a nonprofit organization, have a governing board whose members have no material conflict of interest and serve without compensation, have bylaws or policies that describe the manner in which business is conducted and policies relating to nepotism and management of potential conflict of interest situations, and employ or contract with no two or more members of a family or kin of the first or second degree of consanguinity unless specifically permitted by the office;

(3) Agree to make available to the office all records the applicant may have relating to the operation of the applicant's activity, business, or enterprise, to allow the office to monitor the applicant's compliance with the purpose of this chapter; and

(4) Establish, to the satisfaction of the office, that sufficient funds are available for the effective operation of the activity, business, or enterprise for the purpose for which the grant is awarded.

(d) Every grant shall be:

(1) Monitored by the office to ensure compliance with this chapter and the purposes and intent of the grant; and

(2) Evaluated annually to determine whether the grant attained the intended results in the manner contemplated.

(e) Grants made by the office under this chapter may be made without regard to chapters 103D and 103F. [L 2002, c 182, §1; am L 2003, c 9, §2]

§10-18 Hui Imi advisory council.

(a) There is established a Hui Imi advisory council, to be placed within the office of Hawaiian affairs for administrative purposes only. The advisory council shall consist of representatives from the following:

(1) Office of Hawaiian affairs;

(2) Department of education;

(3) Department of Hawaiian home lands;

(4) Department of health;

(5) Department of human services;

(6) Department of business, economic development, and tourism;

(7) Department of land and natural resources;

(8) University of Hawaii;

(9) House of representatives standing committee with primary jurisdiction over Hawaiian affairs;

(10) Senate standing committee with primary jurisdiction over Hawaiian affairs;

(11) Alu Like, Inc.;

(12) The Association of Hawaiian Civic Clubs;

(13) E Ola Mau;

(14) The Kamehameha Schools;

(15) The Lunalilo Home;

(16) The Native Hawaiian Culture and Arts Program of the Bernice Pauahi Bishop Museum;

(17) The Native Hawaiian Legal Corporation;

(18) Papa Ola Lokahi;

(19) The Queen Lili uokalani Children's Center;

(20) Council for Native Hawaiian Advancement; and

(21) Any other agency, organization, or entity that expresses interest to participate in fulfilling the advisory council's mandate.

The advisory council shall make a good faith effort to include as members other public and private agencies, organizations, or entities that express interest in fulfilling the advisory council's mandate.

(b) Each member shall be appointed by the director or other chief executive of the member's organization within forty-five days following July 1, 2003. The advisory council members shall select a chairperson and establish procedural rules for its internal administration. The rules shall be exempt from the public notice and hearing provisions of chapter 91. Administrative expenses of the advisory council, such as photocopying, postage, stationery, and office supplies incidental to the performance of members' duties may be reimbursed out of appropriations made to the advisory council, but members of the advisory council shall otherwise serve without compensation and without reimbursement for travel expenses.

(c) The Hui Imi advisory council shall:

(1) Serve as a liaison between public and private entities serving the Hawaiian community in the planning and development of collaborative public and private endeavors;

(2) Investigate the issues described in the Hui Imi task force report volumes I and II and such other issues affecting Hawaiians as the advisory council shall designate; and

(3) Submit a report of its findings and recommendations, which report shall include an action plan for the implementation of the Hui Imi task force report volumes I and II, with a view toward incorporating the action plan into the state general plan. The report shall be submitted to the governor and the legislature no later than twenty days prior to the convening of the regular session of 2005. [L 2003, c 42, §2]

§10-19 Hawaiian registry. The office 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. [L 2003, c 217, §1]

§ 10-20 Taro security; funding.

(a) The office may seek available federal, state, county, or private funding to restore taro and lo`i cultivation. The office shall cooperate with other public and private agencies, as appropriate, in applying for funds pursuant to this section.

(b) The office may use and distribute funds received pursuant to subsection (a) for projects that use taro for:

(1) Flood control;

(2) Wetland restoration and preservation;

(3) Food security;

(4) Community economic development;

(5) Job creation;

(6) Education; and

(7) Water-quality protection. [L 2010, c 196, §2]

PART II. REVENUE BONDS

This part not produced for this copy. See online for statute.

PART III. TRAINING; CERTAIN BOARDS, COMMISSIONS, AND COUNCILS; NATIVE HAWAIIAN AND HAWAIIAN TRADITIONAL AND CUSTOMARY RIGHTS, NATURAL RESOURCE PROTECTION AND ACCESS RIGHTS, AND THE PUBLIC TRUST

§10-41 Training; applicability.

(a) The training required by this part shall apply to members of the land use commission, board of land and natural resources, commission on water resource management, environmental council, board of directors of the agribusiness development corporation, board of agriculture, legacy land conservation commission, natural area reserves system commission, Hawaii historic places review board, and board of health.

(b) Members of any state council, board, or commission, and any officer, representative, or employee of the State or counties not subject to the training required in subsection (a) may request to enroll in the training course administered by the office of Hawaiian affairs pursuant to section 10-42. [L 2015, c 169, pt of §2]

§10-42 Training relating to native Hawaiian and Hawaiian traditional and customary rights, natural resources and access rights, and the public trust.

(a) All council, board, and commission members identified in section 10-41(a) shall complete the training course administered by the office of Hawaiian affairs pursuant to this section within twelve months of the date of the member's initial appointment.

(b) The office of Hawaiian affairs, at its own expense, shall establish, design, and administer a training course relating to native Hawaiian and Hawaiian traditional and customary rights, native Hawaiian and Hawaiian natural resource protection and access rights, and the public trust, including the State's trust responsibility. The training course shall include:

(1) Historical information, explanations, and discussions of key state laws, state constitutional provisions, and court rulings that reaffirm and provide for the protection of native Hawaiian and Hawaiian rights; and

(2) A discussion of the importance of public trust resources and various programs to native Hawaiian and Hawaiian rights.

(c) The office of Hawaiian affairs, at its own expense, shall develop the methods and prepare any materials necessary to implement the training course, administer the training course, and notify each council, board, and commission identified in section 10-41(a) that attendance in a training course is mandatory.

(d) The office of Hawaiian affairs shall offer the training course at least twice per year.

(e) The governor shall provide to the office of Hawaiian affairs the names of persons required to take the training course pursuant to this part within thirty calendar days of their initial appointment by the governor. [L 2015, c 169, pt of §2]

Exhibit 06

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning , 2011, and ending , 20

B Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending

C Name of organization AHA KANE - FOUNDATION FOR THE
Doing Business As ADVANCE OF NATIVE HAWAIIAN MAL

Number and street (or P O box if mail is not delivered to street address): PO BOX 31303 — Room/Suite:

City or town, state or country, and ZIP + 4: HONOLULU HI 96820-1303

D Employer identification number: 27-0502942

E Telephone number: 808-524-9560

G Gross receipts $: 11194.

F Name and address of principal officer: GORDON U KAI
3372 KILAUEA A HONOLULU HI 96816

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(b) Are all affiliates included? If "No", attach a list (see instructions) ☐ Yes ☐ No

H(c) Group exemption number ▶

I Tax-exempt status: ☒ 501(c)(3) ☐ 501(c)( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW.AHAKANE.ORG

K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 2009 **M** State of legal domicile HI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
STRENGTHEN NATIVE HAWAIIAN COMMUNITY THRU NURTURING & PERPETUATING TRADITIONAL MALE ROLES/RESPONSIBILITIES, CONTRIBUTING TO THEIR PHYSICAL,MENTAL,SPIRITUAL & SOCIAL WELL-BEING AND THEIR FAMILIES

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

RECEIVED APR 01 2013 513 MEMPHIS, TENN

Activities & Governance	3	Number of voting members of the governing body (Part VI, line 1a)	3
	4	Number of independent voting members of the governing body (Part VI, line 1b)	3
	5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	
	6	Total number of volunteers (estimate if necessary)	34
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	
	b	Net unrelated business taxable income from Form 990-T, line 34	

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	322850.	440.
	9	Program service revenue (Part VIII, line 2g)	19507.	10754.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)		
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	342357.	11194.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)		
	14	Benefits paid to or for members (Part IX, column (A), line 4)		
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)		
	16a	Professional fundraising fees (Part IX, column (A), line 11e)		
	b	Total fundraising expenses, (Part IX, column (D), line 25) ▶ 3202.		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	278009.	44612.
	18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	278009.	44612.
	19	Revenue less expenses Subtract line 18 from line 12	64348.	-33418.

			Beginning of Current Year	End of Year
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	116371.	84954.
	21	Total liabilities (Part X, line 26)		2000.
	22	Net assets or fund balances Subtract line 21 from line 20	116371.	82954.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

Signature of officer GORDON U KAI — Date May 18, 2012

Type or print name and title SECRETARY/TREASURER

Paid Preparer Use Only

Print /Type preparer's name SUSAN M SOWDERS	Preparer's signature Susan M Sowders	Date 04/21/2012	Check ☒ if self-employed	PTIN P00825225	
Firm's name ▶ DBA SUECANDO				Firm's EIN ▶ 06-1703431	
Firm's address ▶ 92-551 UHIUALA ST KAPOLEI HI 96707-1011				Phone no 808-230-7395	

May the IRS discuss this return with the preparer shown above? (See instructions) ☒ Yes ☐ No

SCANNED JUN 24 2013

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III . . . . . ☐

1 Briefly describe the organization's mission

STRENGTHEN THE NATIVE HAWAIIAN COMMUNITY THRU NURTURING & PERPETUATING TRADITIONAL MALE ROLES/RESPONSIBILITIES CONTRIBUTING TO THEIR PHYSICAL MENTAL, SPIRITUAL AND SOCIAL WELL-BEING, THEIR FAMILIES & COMMUNITIES

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code _____) (Expenses $ 26296. including grants of $ _____) (Revenue $ _____)

AHA KANE WORKSHOPS 2010 ATTRACTED OVER 500 KANE FROM KEIKI TO KUPUNA, FOR A MULTI-FACETED, 3 DAY CONFERENCE WITH OVER 50 CULTURAL PRACTITIONERS SHARING THEIR WEALTH OF KNOWLEDGE, SKILLS AND EXPERIENCE THRU DEMONSTRATIONS, WORKSHOPS, PANELS & EXCURSIONS - 2011 WAS SPENT EVALUATING THE 2010 CONFERENCE ACCOMPLISHMENTS AND STATISTICS AND PLANNING THE 2012 CONFERENCE SEARCHING FOR SITE, TOPICS, PRACTITIONERS TO INVITE, COSTING, ETC

4b (Code _____) (Expenses $ 10050. including grants of $ _____) (Revenue $ _____)

DC WORKSHOP WAS INITIATED BUT CANCELLED DUE TO EXCESSIVE COSTS FOR TRAVEL AND SHIPPING

4c (Code _____) (Expenses $ _____ including grants of $ _____) (Revenue $ _____)

4d Other program services (Describe in Schedule O)

(Expenses $ _____ including grants of $ _____)(Revenue $ _____)

4e **Total program service expenses** ▶ 36346.

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	1	X	
2	Is the organization required to complete Schedule B, Schedule of Contributors? (see instructions)	2	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3		X
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4		X
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6		X
7	*Did the organization receive or hold a conservation easement, including easements to preserve open space,* the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8		X
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	9		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V	10		X
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	11a		X
b	Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII	11b		X
c	Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	11c		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	11e		X
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X	11f		X
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII	12a		X
b	Was the organization included in consolidated, independent audited financial statement for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional	12b		X
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Part II and IV	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Part III and IV	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17		X
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18		X
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19		X
20a	Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	20a		X
b	*If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?*	20b		

Part IV Checklist of Required Schedules (continued)

			Yes	No
21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21		X
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		X
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23		X
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K If "No," go to line 25	24a		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	**Section 501(c)(3) and 501(c)(4) organizations** Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes", complete Schedule L, Part III	27		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a		X
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	28c		X
29	Did the organization receive more than $25,000 in non-cash contributions? If "Yes," complete Schedule M	29		X
30	*Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified* conservation contributions? If "Yes," complete Schedule M	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	33		X
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	34		X
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		X
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	35b		X
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	0		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		2b		
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a		X
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O		3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		X
b	If "Yes," enter the name of the foreign country ▶				
	See the instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?		6a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8		X
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		9a		X
b	Did the organization make a distribution to a donor, donor advisor, or related person?		9b		X
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state?		13a		
	Note. See the instructions for additional information the organization must report on Schedule O				
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		14b		

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O See instructions

Check if Schedule O contains a response to any question in this Part VI ☐

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	3		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	1b	3		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?	3			X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			X
6	Did the organization have members or stockholders?	6			X
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a			X
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b			X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a			X
b	Each committee with authority to act on behalf of the governing body?	8b			X
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code)

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		X
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Did the organization have a written conflict of interest policy? If "No", go to line 13	12a	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b		X
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c		X
13	Did the organization have a written whistleblower policy?	13		X
14	Did the organization have a written document retention and destruction policy?	14		X
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a		X
b	Other officers or key employees of the organization	15b		X
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶ HI

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☒ Upon request

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶DENISE KEKUNA 1018 LUNAL HONOLULU HI 96822 808-538-9839

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII . . . . ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☒ Check this box if neither the organization nor any related organizations compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Sch O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) K CRABBE PRESIDENT	5	X		X				0	0	0
(2) W RICHARDS VICE PRES	5	X		X				0	0	0
(3) U GORDON KAI SECY/TREAS	5	X		X				0	0	0
(4)										
(5)										
(6)										
(7)										
(8)										
(9)										
(10)										
(11)										
(12)										
(13)										
(14)										

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** (continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Sch O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15)										
(16)										
(17)										
(18)										
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										
1b Sub-total ▶								0	0	0
c Total from continuation sheets to Part VII, Section A ▶								0	0	0
d Total (add lines 1b and 1c) ▶								0	0	0

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶

		Yes	No
3 Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	3		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? If "Yes," complete Schedule J for such individual	4		X
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person	5		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	440.			
	g Noncash contributions included in lines 1a-1f	$				
	h **Total.** Add lines 1a-1f	▶	440.			
Program Service Revenue		Business Code				
	2a DC WORKSHOP		10054.	10054.		
	b HALEMUA		700.	700.		
	c					
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a-2f	▶	10754.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)	▶				
	4 Income from investment of tax-exempt bond proceeds	▶				
	5 Royalties	▶				
		(i) Real / (ii) Personal				
	6a Gross rents					
	b Less rental expenses					
	c Rental income or (loss)					
	d Net rental income or (loss)	▶				
		(i) Securities / (ii) Other				
	7a Gross amount from sales of assets other than inventory					
	b Less cost or other basis and sales expenses					
	c Gain or (loss)					
	d Net gain or (loss)	▶				
	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b Less direct expenses	b				
	c Net income or (loss) from fundraising events	▶				
	9a Gross income from gaming activities See Part IV, line 19	a				
	b Less direct expenses	b				
	c Net income or (loss) from gaming activities	▶				
	10a Gross sales of inventory, less returns and allowances	a				
	b Less cost of goods sold	b				
	c Net income or (loss) from sales of inventory	▶				
	Miscellaneous Revenue	Business Code				
	11a					
	b					
	c					
	d All other revenue					
	e **Total.** Add lines 11a-11d	▶				
	12 **Total revenue** See instructions	▶	11194.	10754.		

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A) but are not required to complete columns (B), (C) and (D)

Check if Schedule O contains a response to any question in this Part IX . . .

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages				
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other				
12 Advertising and promotion				
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance				
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a SEE STMT	10050.			
b	142.			
c	25.			
d	3141.			
e All other expenses	31254.			
25 **Total functional expenses.** Add lines 1 through 24e	44612.	36346.	5064.	3202.
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

			(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing	116371.	1	84954.
	2	Savings and temporary cash investments		2	
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net		4	
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Sch L		5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B) and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use		8	
	9	Prepaid expenses and deferred charges		9	
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D 10a			
	b	Less accumulated depreciation 10b		10c	
	11	Investments - publicly traded securities		11	
	12	Investments - other securities See Part IV, line 11		12	
	13	Investments - program-related See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets See Part IV, line 11		15	
	16	**Total assets** Add lines 1 through 15 (must equal line 34)	116371.	16	84954.
Liabilities	17	Accounts payable and accrued expenses		17	2000.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		25	
	26	**Total liabilities** Add lines 17 through 25		26	2000.
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here** ▶ [X] **and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	60442.	27	26088.
	28	Temporarily restricted net assets	55929.	28	56866.
	29	Permanently restricted net assets		29	
		Organizations that do not follow SFAS 117, check here ▶ [ ] **and complete lines 30 through 34.**			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	116371.	33	82954.
	34	Total liabilities and net assets/fund balances	116371.	34	84954.

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	11194.
2	Total expenses (must equal Part IX, column (A), line 25)	2	44612.
3	Revenue less expenses Subtract line 2 from line 1	3	-33418.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	116371.
5	Other changes in net assets or fund balances (explain in Schedule O)	5	
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	82953.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII ☐

			Yes	No
1	Accounting method used to prepare the Form 990 ☒ Cash ☐ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		X
b	Were the organization's financial statements audited by an independent accountant?	2b		X
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selected process during the tax year, explain in Schedule O	2c		
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements of the year were issued on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		X
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

SCHEDULE A (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AHA KANE - FOUNDATION FOR THE

Employer identification number
27-0502942

Part I Reason for Public Charity Status (All organizations must complete this part) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)** Enter the hospital's name, city, and state _____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☒ An organization that normally receives (1) more than 33 1/3 % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3 % of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2)** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I b ☐ Type II c ☐ Type III - Functionally integrated d ☐ Type III - Other

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box . . . . ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

		Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	11g(i)		
(ii) A family member of a person described in (i) above?	11g(ii)		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	11g(iii)		

h Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II
If the organization fails to qualify under the tests listed below, please complete Part II)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")				192658.		192658.
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose				20394.	11194.	31588.
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5				213052.	11194.	224246.
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6)						224246.

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6				213052.	11194.	224246.
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30,1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)				213052.	11194.	224246.

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ [X]

Section C. Computation of Public Support Percentage

15	Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f))	15	0.00 %
16	Public support percentage from 2010 Schedule A, Part III, line 15	16	0.00 %

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2011** (line 10c, column (f) divided by line 13, column (f))	17	0.00 %
18	Investment income percentage from **2010** Schedule A, Part III, line 17	18	0.00 %

19a **33 1/3 % support tests - 2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3 %, and line 17 is not more than 33 1/3 %, check this box and **stop here** The organization qualifies as a publicly supported organization ▶ [ ]

b **33 1/3 % support tests - 2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3 %, and line 18 is not more than 33 1/3 %, check this box and **stop here** The organization qualifies as a publicly supported organization ▶ [ ]

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶ [ ]

SCHEDULE O (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.

▶ **Attach to Form 990 or 990-EZ.**

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization	Employer identification number
AHA KANE - FOUNDATION FOR THE	27-0502942

PART VI, SECTION B, LINE 11B - THE BOARD OF DIRECTORS REVIEW AND APPROVE THE FORM 990 BEFORE IT IS SIGNED AND FILED.

PART VI, SECTION B, LINE 12B,C -THE BYLAWS OF T HE ORGANIZATION CONTAIN THE CONFLICT OF INTEREST POLICY. THE BOARD CONSISTS OF ONLY THREE DIRECTORS AND ALL THREE OF THEM ARE INTIMATELY INVOLVED IN ALL TRANSACTIONS OF THE ORGANIZATION AND ARE FAMILIAR WITH ONE ANOTHER SO THAT THEY ARE AWARE OF ANY CONFLICTS OF INTEREST. HOWEVER, THE BOARD IS STILL IN THE PROCESS OF AMENDING THEIR CONFLICT OF INTEREST POLICY TO REQUIRE AN ANNUAL SIGN-OFF OF EACH DIRECTOR THAT THEY HAVE READ AND UNDERSTOOD THE CONFLICT OF INTEREST POLICY AND HAVE DISCOSED ANY POTENTIAL CONFLICTS THAT MIGHT EXIST. THE BOARD AGREES THIS PROCESS WILL HELP THEM TO CONSISTENTLY MONITOR AND ENFORCE COMPLIANCE WITH THE POLICY BUT ARE CONSIDERING ANY OTHER BYLAW CHANGES THAT MIGHT BE NECESSARY SO THAT THEY DO IT ONLY ONCE.

PART VI, SECTION B, LINE 13 - THE ORGANIZATION IS VERY SMALL AND HAS NO EMPLOYEES, AND HAS NOT FELT THE NEED FORA WHISTLEBLOWER POLICY. HOWEVER, WHEN AND IF THE ORGANIZATION HIRES EMPLOYEES, THEY WILL CREATE SUCH A POLICY.

PART VI, SECTION B, LINE 15 - THE ORGANIZATION DOES NOT HAVE ANY EMPLOYEES AND NONE OF THE DIRECTORS RECEIVE ANY COMPENSATION FOR THEIR SERVICES. AS SUCH, THEY HAVE NOT CREATED ANY COMPENSATION POLICIES. HOWEVER, WHEN AND IF THE ORGANIZATION HIRES EMPLOYEES OR DECIDES TO

Name of the organization: AHA KANE - FOUNDATION FOR THE

Employer identification number: 27-0502942

COMPENSATE ANY DIRECTORS, THEY WILL CREATE SUCH A POLICY.

PART VI, SECTION C, LINE 19 - THE ORGANIZATION HAS A WEBSITE, BUT HAS NOT PUT THEIR GOVRNING DOCUMENTS, CONFLICT OF INTEREST POLICY OR FINANCIAL STATEMENTS ON THE SITE. THESE DOCUMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST. IN ADDITION, THE FINANCIAL STATEMENTS, VIA THE FORM 990, ARE AVAILABLE TO THE PUBLIC ON THE INTERNET VIA WWW.GUIDESTAR.ORG

US 990 Other Functional Expenses: Page 10, Line 24 2011

Description of the Asset	Total	Program Services	Management and General	Fundraising
DC WORKSHOP	10,050.	10,050.		
POSTAGE	142.		142.	
STATE FEES	25.		25.	
WEBSITE SERVICES	3,141.	1,047.	1,047.	1,047.
ACCOUNTING	427.	43.	341.	43.
OUTSIDE CONTRACTORS	22,359.	21,600.	759.	
DUES & SUBSCRIPTIONS	369.	300.	35.	34.
SUPPLIES	2,542.	635.	1,272.	635.
ANNUAL MAKAHIKI NUI	950.	950.		
PAPA KOMIKE	160.	160.		
MEETINGS	56.	56.		
OTHER	4,329.	1,443.	1,443.	1,443.
HALEMUA	62.	62.		
	44,612.	36,346.	5,064.	3,202.

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Form **8868**
(Rev January 2011)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▶ **File a separate application for each return.**

OMB No 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box . ▶ [X]
- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** (on page 2 of this form)

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions) For more details on the electronic filing of this form, visit www irs gov/efile and click on e-file for Charities & Nonprofits

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed)

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only ▶ [ ]

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns

Type or print File by the due date for filing your return See instructions	Name of exempt organization AHA KANE - FOUNDATION FOR THE	Employer identification number 27-0502942
	Number, street, and room or suite no If a P O box, see instructions PO BOX 31303	
	City, town or post office, state, and ZIP code For a foreign address, see instructions HONOLULU HI 96820-1303	

Enter the Return code for the return that this application is for (file a separate application for each return) 01

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ▶ DENISE KEKUNA
  Telephone No ▶ 808-538-9839 FAX No ▶
- If the organization does not have an office or place of business in the United States, check this box . . . ▶ [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box ▶ [ ] If it is for part of the group, check this box ▶ [ ] and attach a list with the names and EINs of all members the extension is for

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until AUG 15 , 20 12 , to file the exempt organization return for the organization named above The extension is for the organization's return for

▶ [X] calendar year 2011 or

▶ [ ] tax year beginning _____ , 20 ____ , and ending _____ , 20 ____

2 If the tax year entered in line 1 is for less than 12 months, check reason [ ] Initial return [ ] Final return [ ] Change in accounting period

3a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions	3a	$
b	If this application is for Form 990-PF or 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit	3b	$
c	**Balance due.** Subtract line 3b from line 3a Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions	3c	$

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions

Exhibit 07

Hawaii State Ethics Commmission Received
4/28/2016 12:55:45 PM

HAWAII STATE ETHICS COMMISSION
SHORT FORM DISCLOSURE OF FINANCIAL INTERESTS

FILER

Crabbe	Kamana'opono	Kamai
Last Name	First Name	M.I.

FOR STATE EMPLOYEES	**FOR STATE BOARD/COMMISSION MEMBERS**
Office of Hawaiian Affairs Department	Board/Commission Name
Executive Office Division	**BEGIN** **END** *Term of Office (mm/dd/yyyy)*
Ka Pouhana, Chief Executive Officer Position	

Check either number 1 or 2. If you check number 2, provide the relevant information.

1. ☐ **I HAVE NO CHANGES TO REPORT SINCE MY LAST FILING.**

2. ☑ **I HAVE THE FOLLOWING CHANGES TO REPORT SINCE MY LAST FILING.** For each addition, deletion, or other change of a financial interest: (1) Indicate who holds the interest, by checking one of the following: "Filer," if you hold the interest; "Spouse," if your spouse holds the interest; "Dependent Child," if your dependent child holds the interest; or "Jointly," if you and your spouse jointly hold the interest; (2) Check "Addition," to indicate the addition of an interest; "Deletion," to indicate the deletion of an interest; or "Change," to indicate any other change of an interest; (3) Describe the interest by following the "ITEM BY ITEM INSTRUCTIONS" in the "Short Form Disclosure Instructions." Also, provide the appropriate item number for the interest you are describing.

Check One:	Check One:	
☑ Filer ☐ Spouse ☐ Dependent Child ☐ Joint	☐ Addition ☐ Deletion ☑ Change	ITEM # 5 (Follow the "ITEM BY ITEM INSTRUCTIONS" in the "Short Form Disclosure Instructions.") 'Aha Kane Foundation, for the advancement of native Hawaiian males. No longer the President of the foundation. Currently the Advisory Board Chair.
Check One: ☐ Filer ☐ Spouse ☐ Dependent Child ☐ Joint	Check One: ☐ Addition ☐ Deletion ☐ Change	ITEM #_____ (Follow the "ITEM BY ITEM INSTRUCTIONS" in the "Short Form Disclosure Instructions.")
Check One: ☐ Filer ☐ Spouse ☐ Dependent Child ☐ Joint	Check One: ☐ Addition ☐ Deletion ☐ Change	ITEM #_____ (Follow the "ITEM BY ITEM INSTRUCTIONS" in the "Short Form Disclosure Instructions.")
Check One: ☐ Filer ☐ Spouse ☐ Dependent Child ☐ Joint	Check One: ☐ Addition ☐ Deletion ☐ Change	ITEM #_____ (Follow the "ITEM BY ITEM INSTRUCTIONS" in the "Short Form Disclosure Instructions.")

Check One: ☐ Filer ☐ Spouse ☐ Dependent Child ☐ Joint	Check One: ☐ Addition ☐ Deletion ☐ Change	ITEM #_____ (Follow the "ITEM BY ITEM INSTRUCTIONS" in the "Short Form Disclosure Instructions.")
Check One: ☐ Filer ☐ Spouse ☐ Dependent Child ☐ Joint	Check One: ☐ Addition ☐ Deletion ☐ Change	ITEM #_____ (Follow the "ITEM BY ITEM INSTRUCTIONS" in the "Short Form Disclosure Instructions.")
Check One: ☐ Filer ☐ Spouse ☐ Dependent Child ☐ Joint	Check One: ☐ Addition ☐ Deletion ☐ Change	ITEM #_____ (Follow the "ITEM BY ITEM INSTRUCTIONS" in the "Short Form Disclosure Instructions.")
Check One: ☐ Filer ☐ Spouse ☐ Dependent Child ☐ Joint	Check One: ☐ Addition ☐ Deletion ☐ Change	ITEM #_____ (Follow the "ITEM BY ITEM INSTRUCTIONS" in the "Short Form Disclosure Instructions.")
Check One: ☐ Filer ☐ Spouse ☐ Dependent Child ☐ Joint	Check One: ☐ Addition ☐ Deletion ☐ Change	ITEM #_____ (Follow the "ITEM BY ITEM INSTRUCTIONS" in the "Short Form Disclosure Instructions.")
Check One: ☐ Filer ☐ Spouse ☐ Dependent Child ☐ Joint	Check One: ☐ Addition ☐ Deletion ☐ Change	ITEM #_____ (Follow the "ITEM BY ITEM INSTRUCTIONS" in the "Short Form Disclosure Instructions.")

FILER

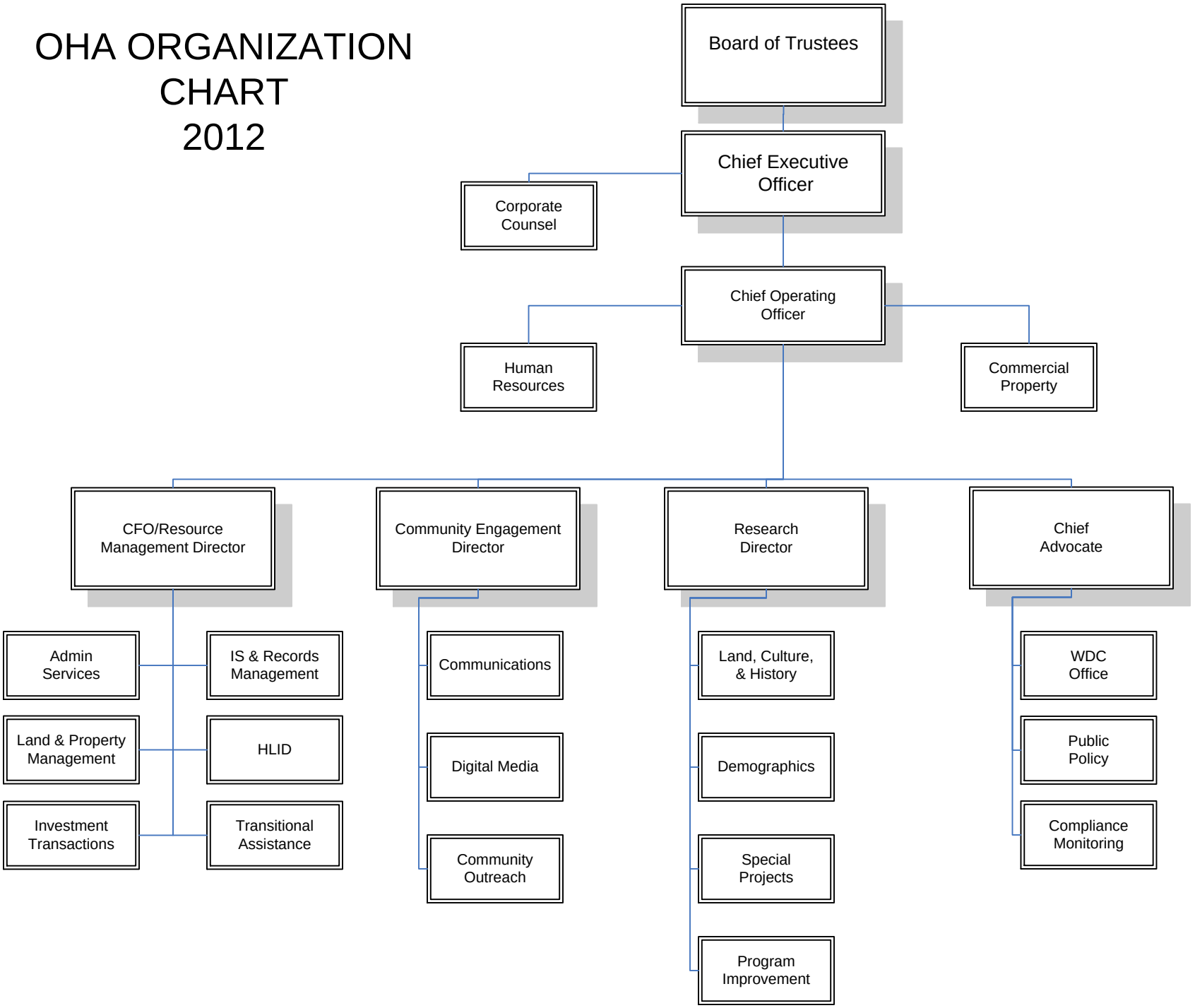
Kamana'opono Matthew Crabbe — Print Name of Filer *(First M.I. Last)*

04/28/2016 — Date *(m/d/yyyy)*

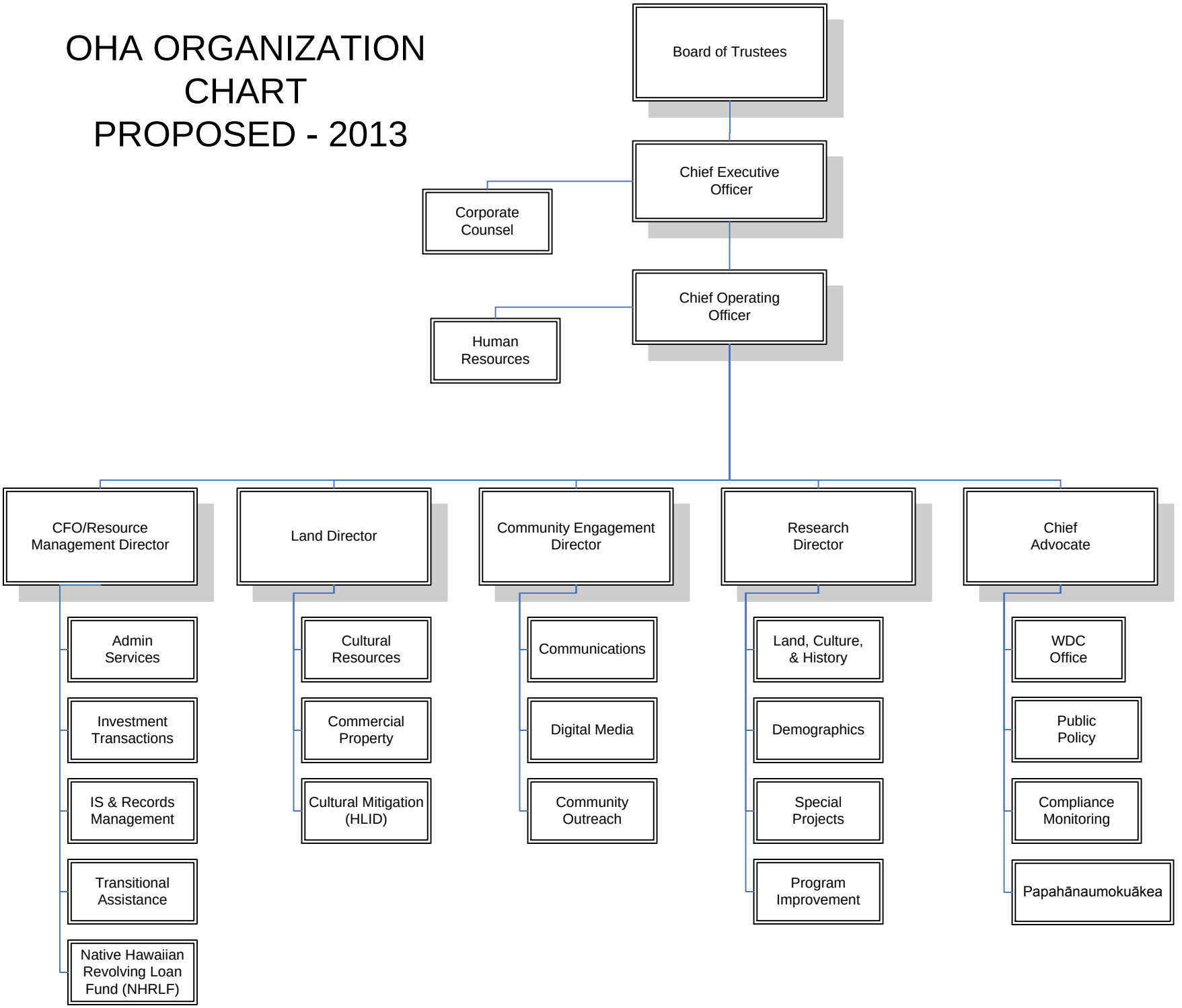
☑ **CERTIFICATION:** By checking this box, you signify and affirm that you are the person whose name appears as the "Filer" above and the information contained in the form is true, correct and complete to the best of your knowledge and belief. You further certify that you understand that there are statutory penalties for failing to report the information required by Hawaii law.

Exhibit 08

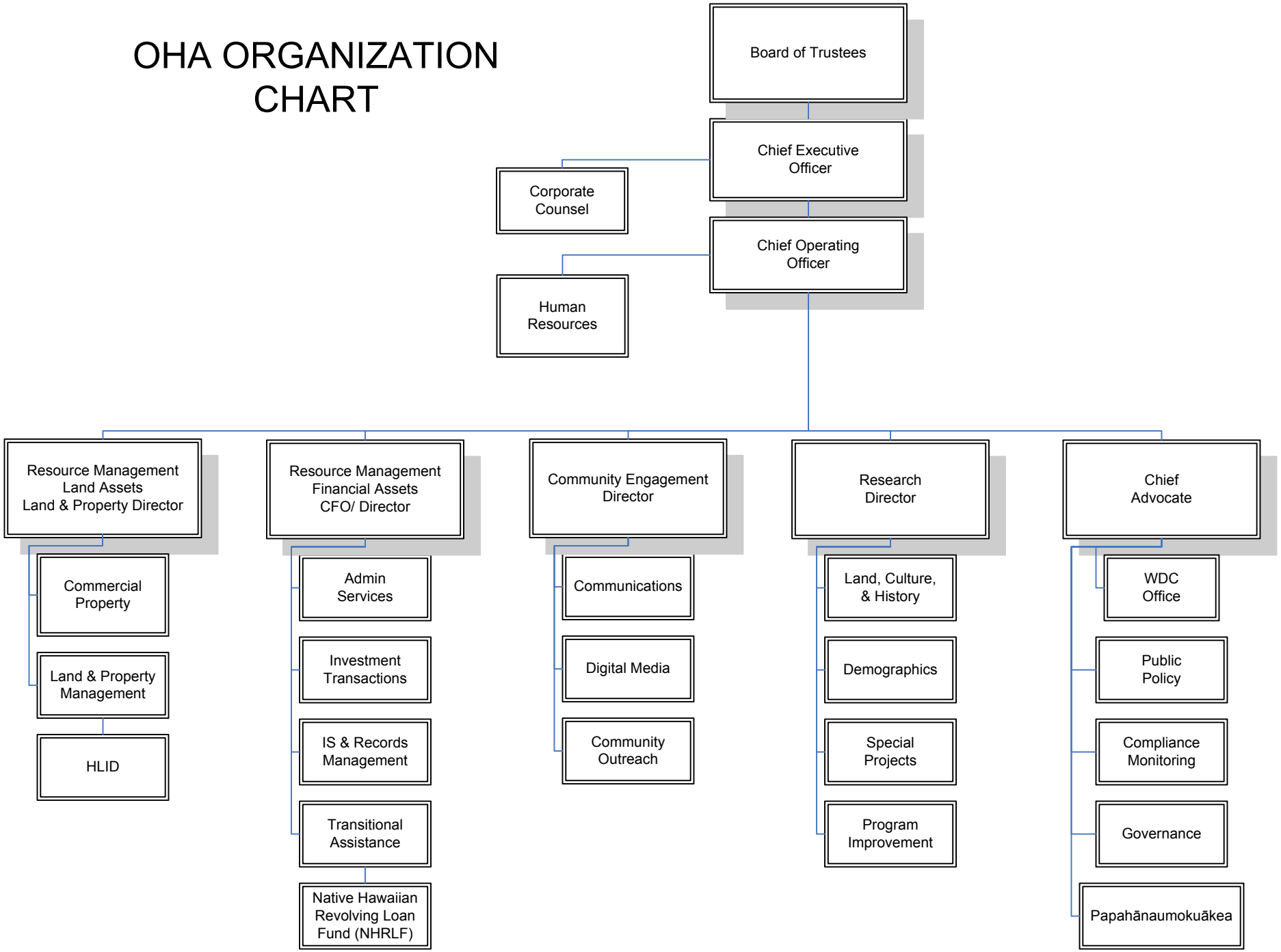
OHA ORGANIZATION CHART 2012



OHA ORGANIZATION CHART PROPOSED - 2013



OHA ORGANIZATION CHART



OHA ORGANIZATION CHART

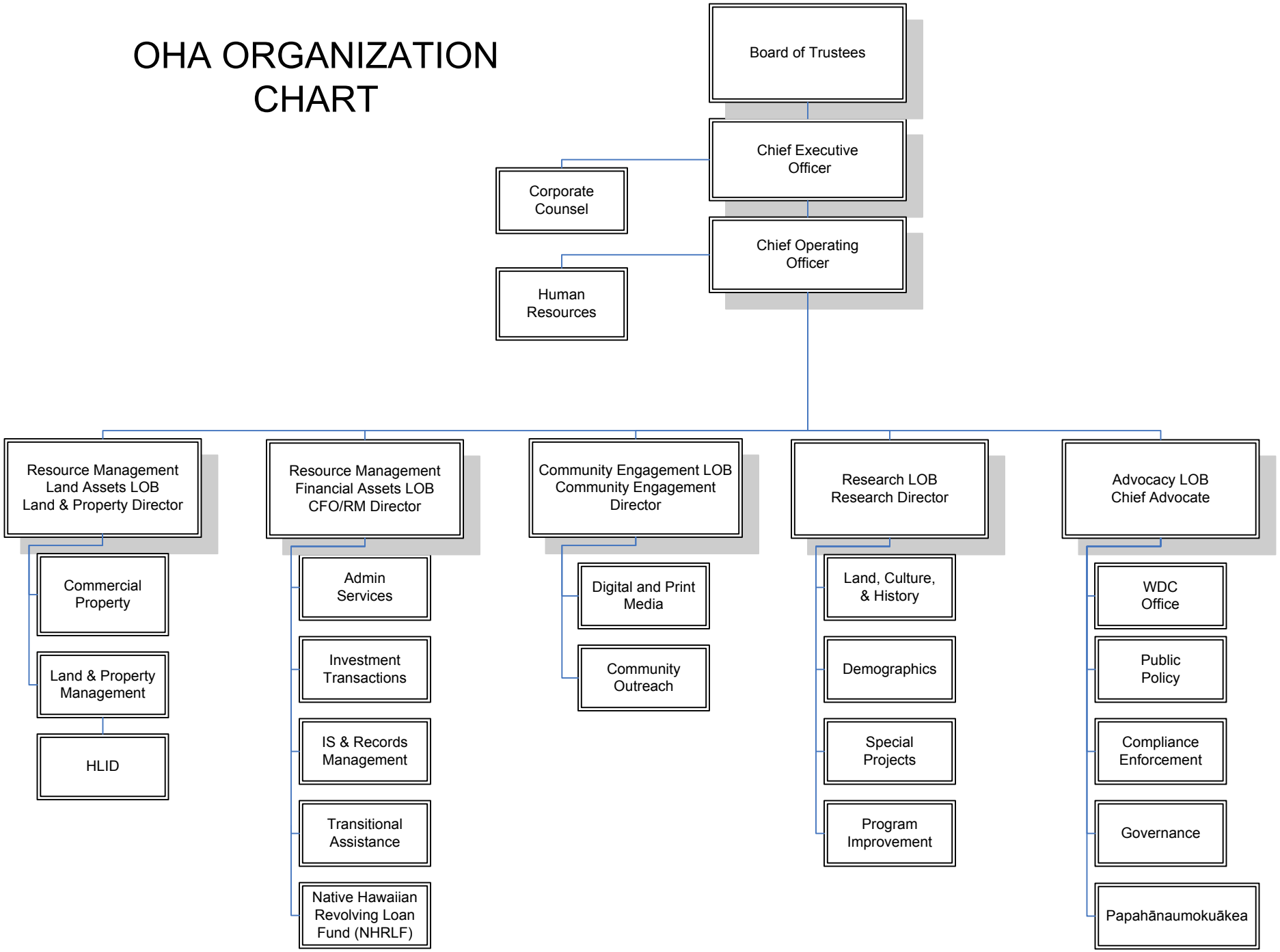


Exhibit 09

NEWS RELEASE

FOR IMMEDIATE RELEASE
Tuesday, December 15, 2015

Media Contact: Lloyd Yonenaka
(808) 543-3554
info@naiaupuni.org

NA‘I AUPUNI TERMINATES ELECTION PROCESS

‘Aha Will Go Forward

All Registered Candidates
Will Be Offered Seat As Delegates

HONOLULU – Na‘i Aupuni announced today that it has terminated the Native Hawaiian election process but will go forward with a four-week-long ‘Aha in February. All 196 Hawaiians who ran as candidates will be offered a seat as a delegate to the ‘Aha to learn about, discuss and hopefully reach a consensus on a process to achieve self-governance.

Na‘i Aupuni President Kuhio Asam said Na‘i Aupuni’s goal has always been to create a path so Native Hawaiians can have a formal, long-overdue discussion on self-determination.
“Our goal has always been to create a path so that Hawaiians can gather and have a serious and much-needed discussion about self-governance,” Asam said. “We anticipated that the path would have twists and turns and even some significant obstacles, but we are committed to getting to the ‘Aha where this long-overdue discussion can take place.”

He said due to the delays caused by the ongoing litigation – that could continue for years – it was decided that the most effective route at this point would be to offer to convene all of the remaining delegate candidates and allow them to an opportunity to organize Hawaiians and achieve self-governance.

Na‘i Aupuni said Election-America has been informed to stop the receipt of ballots, to seal ballots that have already been received, and to prevent anyone from counting the votes.

(more)

Na‘i Aupuni attorney William Meheula said consistent with offering to seat all candidates, Na‘i Aupuni has decided that the election votes will never be counted. “Thus, the Akina litigation, which seeks to stop the counting of the votes, is moot, and Na‘i Aupuni will take steps to dismiss the lawsuit,” he said. “To be clear, Na‘i Aupuni does not know and will never learn the election results.”

Asam said Na‘i Aupuni will manage the process of the ‘Aha but not the substance of the discussions. “We have retained Peter Adler and Linda Colburn of The Mediation Center of the Pacific to serve as facilitators to lead the instruction week and to thereafter assist in organizing the delegates,” he said. “They will contact the candidates who decide to participate in the ‘Aha.”

The confirmation deadline to participate in the ‘Aha is Dec. 22, 2015. An email will request that the candidates confirm whether they intend to accept the terms and attend the ‘Aha that runs the month of February 2016 and will be held at a meeting facility in Kailua, Oahu. On Dec. 23, 2015, Na’i Aupuni will post the list of delegates on its website.

Asam said a key component of the ‘Aha is the education and information the delegates will receive during the first week regarding constitution building, federal Indian law, international law regarding de-occupation, decolonization, the rights of indigenous people, U.S. Constitution issues that relate to Native Hawaiian self-governance, the ceded lands claim, background on Hawaiian Home Lands, Kingdom Law and constitutions drafted by sovereignty groups.

About Na‘i Aupuni

Na‘i Aupuni is an independent organization made up of a volunteer board of directors from the Hawaiian community. It exists solely to help establish a path to an ‘Aha, or constitutional convention, where Hawaiians can discuss and explore various options of self-determination. Na‘i Aupuni was formed in December 2014 and is separate and independent from the Office of Hawaiian Affairs and the State of Hawaii. For further information about Na‘i Aupuni and a list of the 196 candidates who will be seated as delegates can be found at http://www.naiaupuni.org/.

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Exhibit 10



SEE MORE PHOTOS FROM
OUR WORKSHOP IN WAIMEA. 3

ISSUE 1 | FALL 2009 | SEPTEMBER 12, 2009

ʻimi ke ola mau

PROMOTING CULTURALLY BASED SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES FOR NATIVE HAWAIIANS,THEIR FAMILIES AND COMMUNITIES

Agents of Change

A workshop aimed at agency "change agents" was held on May 13, 2009, at Waimea Valley. Our own kūpuna, Aunty Betty Jenkins and Aunty Honey Lennox, along with Makua ʻOʻo Aunty Maile Agader hosted ʻImi Ke Ola Mau at the valley site. The event was approved by the State Department of Health, Alcohol and Drug Abuse Division for 5.5 CSAC CEU. The one day event was attended by approximately eighty-three individuals representing the islands of Oʻahu, Molokaʻi, and Hawaiʻi Island. Keynote lunch speaker, Aunty Ulu Garmon from Hawaiʻi island's Hui Hoʻola O Na Nahulu O Hawaiʻi, spoke on spirituality and recovery. During the morning registration, participants were entertained by the musical talents of Aunty Kanani Awai and Aunty Queenie Freitas. Palama Lee of Papa Ola Lōkahi and BSW student Shannon del Rosario



2009 ʻIMI KE OLA MAU WORKSHOP

SEE CHANGE, PAGE 3

LEADERSHIP TEAM

Ed Gomes of the National Methamphetamine Training and Technical Assistant Center of Hawaiʻi, has joined the ʻImi Ke Ola Mau Leadership Team. Ed rounds out the team, which includes; Palama Lee, Linda Rich, Lisa Cook and Jackie Hong. The team meets monthly to discuss fiscal, strategic direction and operation areas for ʻImi Ke Ola Mau. Any member of ʻImi Ke Ola Mau is welcome to contact any team member to serve on the Leadership Team. Without paid staffing, the leadership team is an important component of the partnership.

CULTURAL INTEGRATION PROCESS BEGINS

BY LINDA RICH,
EXECUTIVE DIRECTOR,
SALVATION ARMY FAMILY TREATMENT SERVICES

There are many new sights and sounds around The Salvation Army Family Treatment Services' Women's Way Program. You can hear the staff practicing "E Ho Mai", or the women learning an oli aloha. You can see a small garden, inspired by working the ʻāina at Hoʻoululu ʻĀina, being planted by the residents, or women practicing a hula taught by Kumu hula Kilohana Silve. In the morning business meeting, Malina Kaulukukui, MSW, Kumu hula, and lua practitioner is listening carefully to the women's feelings about their culture and their hopes for themselves and their children. As she joins the clinical staff meeting, she shares thoughts of how to weave moʻolelo, values, and genealogy into the curriculum and how to incorporate principles of hoʻoponopono into our conflict resolution process and build our sense of community. Training opportunities for staffs have explored the concept of historical cultural trauma and the process of change at FTS. Family Treatment Services has begun its journey into the indigenization of its addiction treatment and recovery support programs. Talents, skills and knowledge among the staff and clients are emerging. Creative thinking abounds. We are exploring sense of place, learning the value of sweet potato leaves for pregnant women and finding an amazing number of plants on our campus that can be woven into lei. We are discovering how working together in the garden

SEE FAMILY, PAGE 3

National Meth Center Partnership

Under the leadership of Ed Gomes, Regional Center Coordinator of the National Meth Center, the Center has joined as a IKOM member and designated IKOM as a Meth Team. IKOM has received a $1,000 in funding which supported planning of Waimea Workshop and other IKOM meetings. As a Meth Team, we will also be open to apply for an additional $10,000. The IKOM Leadership Team hopes to offer these funds to member agencies to support building their culturally based programs.

Members of IKOM, our kupuna, Aunties Betty, Maile and Honey, Uncle Jack, Kimo Alameda, Kelau Carter,Kaipo Like, Aunty Ulu, Shannon del Rosario, Jackie Hong, staff from IKOM members, Hale Naʻau Pono and Koʻolauloa Health Center, joined in a Meth 360 Training on Aug 31 at the Sheraton Waikiki sponsored by the National Meth Center. In addition, IKOM members, Kamanaʻopono Crabbe, Nikki Wright of the Waianae Comprehensive Health Center, our IKOM/ Hoʻomau Ke Ola Kupuna, Alan Johnson of Hina Mauka, Irene Carpenter of Koʻolauloa Health Center and Jackie Hong, were invited to attend congressional meetings with Mazie Hirono and Neil Abercrombie which were arranged by the Center staff and Ed Gomes.

GRANT PARTNERSHIP

ʻImi Ke Ola Mau (IKOM) and three IKOM members partnered with the Coalition For a Drug Free Hawaii to submit a U.S. Dept. of Education youth prevention grant. The grant provides prevention services to high risk Native Hawaiian youth and families. The two IKOM partner sites are; Koʻolauloa Community Health Center and Kū Aloha Ola Mau, Hui Hoʻola O Na Nahulu O Hawaiʻi. ʻI Ola Lāhui, another IKOM member, provided the evaluation component for the grant. Mahalo to the Coalition For a Drug Free Hawaii's executive director, Alan Shinn and staff member, Cheryl Kameoka, for their direction and expertise in developing the grant. Cheryl first authored the grant in two and a half weeks! If successful, the Coalition will serve as fiscal and administrative entity for the grant. IKOM will provide the cultural direction and connectivity between all the grant partners.

2010 International Indigenous Conference

The 6th gathering of Healing Our Spirit Worldwide will be hosted by Papa Ola Lōkahi at the Hawai'i Convention Center September 3-10, 2010. The conference will focus on best practices and common issues in HEALTH, healing and addictions within indigenous populations. Registration deadline is April 30, 2010. Discounts are available for groups of 10 or more. For more information, please contact Papa Ola Lōkahi at (808) 597-6550, or visit the Healing Our Spirit Worldwide 2010 website at www.HOSW.com

FAMILY CONTINUED FROM PAGE 2

builds relationships and a sense of responsibility as well as a connection to the aina. We are discovering how learning the oli and mo'olelo and going to Haiku Valley to gather 'ili 'ili guided by Kumu hula Maile Beamer Loo and Uncle Calvin Hoe bring a sense of cultural identity and connection that supports recovery. We understand that perseverance, responsibility, mutual support, and openness to correction are required to prepare a hula performance and we see how these lessons translate into recovery skills. FTS is on an exciting journey that has just begun! We are grateful for the support and encouragement of kupuna, leadership and members of 'Imi Ke Ola Mau as we move forward.







2009 'IMI KE OLA MAU WORKSHOP

CHANGE

CONTINUED FROM PAGE 1

conducted the cultural protocol on behalf of 'Imi Ke Ola Mau. The program began with a Ho'olauna led by Aunty Betty Jenkins and Noelani Wicox. Palama Lee, moderated the program and afternoon panel which consisted of Lisa Cook, Kaipo Like, Linda Rich, and Likeke Teanio. A tour of the valley and its sites was offered by the Waimea Valley staff. Primary sponsors were 'Imi Ke Ola Mau, the Coalition For a Drug-Free Hawai'i, State Department of Health Alcohol and Drug Abuse Division, the National Methamphetamine Training and Technical Assistance Center, and Hina Mauka. Other participating volunteers were provided by The Institute for Family Enrichment, Native Hawaiian Health Scholarship Program, Big Island Substance Abuse Center, Kū Aloha Ola Mau and Hui Ho'ola O Na Nahulu O Hawai'i, and Salvation Army Family Treatment Services.

An evaluation report of the event will be available for e-mail distribution upon request to Jackie Hong at jackiehong64@hotmail.com.



FROM LEFT: AUNTY BETTY JENKINS, PALAMA LEE, AND AUNTY KANANI AWAI

ʻImi Ke Ola Mau
c/o Kū Aloha Ola Mau
1130 North Nimitz Hwy, Ste. C-302
Honolulu, Hawai'i 96817

A Gathering of the Minds

ʻImi Ke Ola Mau members; Kimo Alameda, Margaret Tom, Kamanaopono Crabbe, Aukahi Austin, Kaipo Like, and Linda Rich participated in a panel of experts at the international NIDA conference held on May 10-11th at the Ala Moana Hotel. Attendees were offered 1.5 CME for the workshop. Mahalo to all the IKOM panelists and moderator Kimo Alameda, who did a great job in addressing the areas of culturally based recovery programs, evaluation, and the use of Native Hawaiian practices, values and beliefs in recovery services. The workshop was attended by approximately 40-50 individuals. This year's conference focused on communities. Planning for the panel was conducted by Velma Kameoka of the University of Hawaiʻi Social Science Research Institute and Jackie Hong of IKOM.

Financial Matters

The Coalition for a Drug-Free Hawaii has agreed to be a fiscal agent for ʻImi Ke Ola Mau. Executive Drector, Alan Shinn has opened an ʻImi Ke Ola Mau checking account with American Savings. Existing partnership funds were deposited into the account. The Leadership team has developed a procedure for approving and accessing funds. Since ʻImi Ke Ola Mau is not a legal entity or 501(c)3, we are grateful that the Coalition For a Drug- Free Hawaii has agreed to oversee the funds for ʻImi Ke Ola Mau. The Coalition provides check writing and book keeping functions for the partnership.

ʻimi ke ola mau

For information and subscription to the newsletter contact:

ʻImi Ke Ola Mau Newsletter
The Coalition For A Drug-Free Hawaii
1130 North Nimitz Hwy.,
Ste. C-302
Honolulu, HI 96817

e-mail: shannon@nhhsp.org

Nā Limahana o Lonopūhā Native Hawaiian Health Consortium

Proposed Agenda for a Joint Informational Briefing to the House & Senate Hawaiian Affairs Committees
Monday January 23, 2012
State Capitol-Room 224

I. Ho`olauna & Introductions
   a. Background history of *Nā Limahana o Lonopūhā Native Hawaiian Health Consortium* (see Limahana o Lonopūhā Native Hawaiian Health Consortium June 2011 Compendium)
   b. Consortium members (see Key Partner Biographical Information 2011)
   c. Current Status
      i. Formalizing partnerships among consortium members
      ii. Action plan to address health disparities among Native Hawaiians
      iii. Federal efforts & advocacy

II. Legislative support & advocacy
   a. Health Connector – Hawaii Health Exchange re: Medicare/Medicaid & impact on Native Hawaiians
   b. State recognition of Nā Limahana o Lonopūhā Native Hawaiian Health Consortium as the premier Native Hawaiian Health Advocacy entity concerning improving Native Hawaiian health disparities
   c. Federal recognition of Nā Limahana o Lonopūhā Native Hawaiian Health Consortium (see Native Hawaiian & Pacific Islander Federal & Non-Federal Liaison structure)
   d. Data cooperation & retrieval from Department of Health, Department of Human Services.

III. Questions & answers, discussion

IV. Ua pau

NĀ LIMAHANA O LONOPŪHĀ
Native Hawaiian Health Consortium

Key Partner Biographical Information
June 2011



Kamana‘opono M. Crabbe, Ph.D.
Research Director
Office of Hawaiian Affairs (OHA)

Bio Statement
Dr. Crabbe is a Native Hawaiian Health Scholarship recipient who received his doctoral degree in clinical psychology from the University of Hawai'i at Mānoa in 2002. He completed a pre-doctoral internship in clinical psychology and post-doctorate fellowship in behavioral medicine-health psychology at Tripler Army Medical Center in Honolulu, Hawai'i from 2001-2003. His research interests have focused on the etiology of depression, particular syndromes of Hawaiian states of depressive illness, and implications of acculturative processes that influence cultural identity among Native Hawaiians. Additionally, he has a particular passion for cultural competency and social determinants as barriers to improved health and well-being in the Native Hawaiian community. Dr. Crabbe is a licensed Clinical Psychologist and was previous Director of Psychology Training at the Wai'anae Coast Comprehensive Health Center. He is also a ho'oponopono practitioner trained by kupuna Abbie Napeahi and Howard Pe'a from Keaukaha, Hawai'i and chanter under the tutelage of Kumu Hokiilani Holt-Padilla from Paukiikalo, Maui.

Current Role
He currently serves as the Research Director for the Office of Hawaiian Affairs (OHA). His three Research Division sections focus efforts on demography, land, culture, history, and special projects. One of the six major strategic priorities at OHA is Mauli Ola, or Health. OHA seeks to improve the quality and longevity of life where Native Hawaiians will enjoy health lifestyles and experience reduced onset of chronic diseases. Specifically, strategic results focus efforts on decrease chronic disease rates equal or less than the general population of Hawai‘i for cardiovascular disease, diabetes, asthma, cancer, and obesity.



JoAnn ‘Umilani Tsark, M.P.H.
Project Director
‘Imi Hale, a program of Papa Ola Lōkahi

Bio Statement
Received a Masters in Public Health from the University of Hawai‘i at Mānoa in 1984 and focused her tenure in Public Health on Native Hawaiian community health and wellness. Prior to joining Papa Ola Lōkahi, she served as Director of Research Education and Training at the Rehabilitation Hospital of the Pacific and Director of the Governor’s Pacific Health Promotion and Development Center which focused on health disparities in Hawai‘i and the U.S. Affiliated Pacific. At Papa Ola Lōkahi since 1999, she has spearheaded over $14 million in federal funds from NCI, HRSA and CDC to support programs for cancer prevention and control research and education, and diabetes prevention and control in Hawaiian and Pacific Islander communities. Additionally, she has supported efforts in cardiovascular risk factor research with Dr. Emmett Aluli and Na Pu‘uwai, Inc. and worked with the Moloka‘i community as a grants writer and program developer to launch their Native Hawaiian Health Care System.

Current Role
She is the Research Director for Papa Ola Lōkahi and Project Director of ‘Imi Hale Native Hawaiian Cancer Network (U01CA114630; U54CA153459), one of 23 National Cancer Institute-funded Community Network Program Centers. ‘Imi Hale is a community-placed, community driven initiative that provides a robust infrastructure to support increasing the number of Native Hawaiian in cancer prevention and control research and, building the capacity through training and education in our Hawaiian health agencies and communities to address cancer health disparities. As a founding member and Project Director of ‘Imi Hale Native Hawaiian Cancer Network she and her team have mentored and supported over 50 Native Hawaiians to win and lead (as PIs and Co-investigators) cancer research grant awards, developed the largest body of culturally tailored cancer education materials for Hawaiian and Pacific audiences, established the Ho‘okele i ke Ola Cancer Patient Navigation Training Program in Hawai‘i and trained 130 Navigators, and assisted The Queen’s Medical Center in attaining their designation as one of 30 NCI Community Cancer Center Program. ‘Imi Hale programs and research incorporate community-based participatory principles community leadership, capacity building and community participation (www.imihale.org).

NĀ LIMAHANA O LONOPŪHĀ
Native Hawaiian Health Consortium

Key Partner Biographical Information
June 2011



Joseph Keaweʻaimoku Kaholokula, Ph.D.

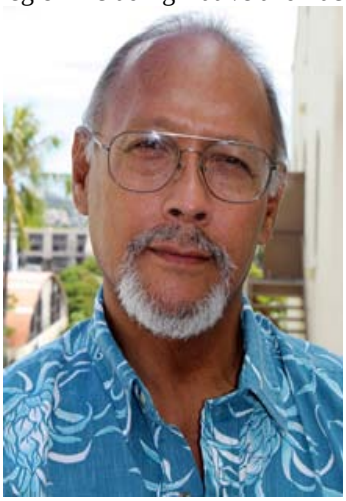
Chair and Associate Professor of Native Hawaiian Health
Department of Native Hawaiian Health, John A. Burns School of Medicine,
University of Hawaiʻi at Mānoa

Bio Statement

Keaweʻaimoku Kaholokula received his doctoral degree in clinical psychology from the University of Hawai'i at Mānoa in 2003. He completed a pre-doctoral internship in clinical psychology and a post-doctorate fellowship in clinical health psychology at Tripler Army Medical Center in Honolulu, Hawai'i from 2002-2004. His research interests include 1) examining the effects of biological, psychological, and socio-cultural factors (and their interplay) on the etiology and management of chronic illnesses among Native Hawaiians and other Pacific Islanders, 2) identifying the role of acculturative stress and ethnic discrimination on Native Hawaiian health, and 3) designing and testing culturally-informed and community-based health promoting interventions for Native Hawaiians and other Pacific Islanders using community-based participatory research (CBPR) approaches. He is also a State of Hawaii licensed clinical psychologist and have practiced on both Maui and Oʻahu islands. He has worked in the area of Native Hawaiian and Pacific Islander health for over 17 years, resulting in the development of obesity and diabetes interventions and many scientific publications related to obesity, diabetes, hypertension, heart disease, and tobacco use in Native Hawaiians and Pacific Islanders. Finally, he is also a senior member of Halemua o Kualiʻi – a cultural group dedicated to the perpetuation of traditional Hawaiian cultural beliefs and practices.

Current Role

He is currently an Associate Professor and the Chair for the Department of Native Hawaiian Health (DNHH) and Deputy Director for the Center for Native and Pacific Health Disparities Research (Center) in the John A. Burns School of Medicine at the University of Hawaiʻi at Mānoa. He is also the Principal Investigator of a National Institute on Minority Health and Health Disparities funded CBPR project called, the PILI ʻOhana Project: Partnerships to Overcome Obesity Disparities in Hawaiʻi and the Pacific. The mission of the DNHH is to be an academic center of excellence committed to optimal health and wellness for Native Hawaiians and other health disparate Pacific-based populations through research, education, and quality health practices. To accomplish this mission, the department actively seeks partnerships with others in the community who share its mission and vision. The Center's serves as a regional focal point for research designed to eliminate health disparities and improve health outcomes for populations in the Pacific region including Native and Pacific Peoples.



Henry Halenani Gomes, M.S.

Director, Office of Native Hawaiian Partnerships
Chaminade University of Honolulu

Bio Statement

Henry has worked at Chaminade University for 33 years. He holds master degrees in Biology and Horticulture and holds the academic rank of Associate Professor. He taught in the Biology Department for 23 years, developing such courses as Ethnobotany, before assuming a larger administrative role at the university. He has held positions of Department Chair, Dean of Sciences, and Associate Provost before assuming his current position. A 30 year member of the Hawaiian Civic Club movement he was president of Hawai`i Maoli, the nonprofit arm of the Association of Hawaiian Civic Clubs, for six years. During his tenure as president the organization sought and was awarded funding that led to the construction of the first Hawaiian civic club building in the 93 year history of the movement. He serves as the incoming chair for the Hawai`i Council for the Humanities and is involved in a number of other community boards. Henry descends from the Pililaau and Poepoe family lines.

Current Role

He currently directs all Native Hawaiian and Pacific Island initiatives for Chaminade University of Honolulu. He coordinates Native Hawaiian scholarships directed at four target populations, i.e., Association of Hawaiian Civic Clubs, Department of Hawaiian Home Lands, Hawaiian based Charter schools and Immersion schools. As a Native Hawaiian Serving Institution retention of Hawaiian students is of major concern. He directs retention initiatives and constantly looks for new partnerships through grants and other programs. Finally, he is Chaminade's primary liaison with the Hawaiian and other Pacific serving organizations.

NĀ LIMAHANA O LONOPŪHĀ
Native Hawaiian Health Consortium

Key Partner Biographical Information
June 2011



Mary Frances Oneha, A.P.R.N., Ph.D.
Chief Operating Officer
Waianae Coast Comprehensive Health Center (WCCHC)

Bio Statement

Dr. Oneha received her Bachelor's degree from the University of Hawaii School of Nursing & Dental Hygiene, her Master's in Nursing from the University of Washington, and her doctorate in Nursing from the University of Colorado. She has practiced in acute and critical care hospital settings from Hawaii to Ohio. The past 20 years of her practice have been in the Leeward community. Dr. Oneha is a community-based researcher. Her studies, in partnership with the University of Hawaii, Arizona State University, and the Association of Asian Pacific Community Health Organizations (AAPCHO) have focused on understanding cultural perceptions regarding intimate partner violence, implementing a perinatal risk reduction intervention with Native Hawaiian women, and working to prove the value of enabling services. Dr. Oneha's interest is in supporting community based and community initiated research leading to improved well-being for Native Hawaiian communities – *E Ola Pono.*

Current Role

She currently serves as the Chief Operating Officer for the Waianae Coast Comprehensive Health Center. Among her departments, primary care and specialty services are delivered through eight clinics from Waipahu to Waianae, utilizing a multi-professional team of support staff. In addition, Preventive Health and Community Health Services departments deliver supportive services, from eligibility to homeless outreach, case management, and exercise/fitness training, to high risk populations which assist in decreasing barriers and increasing access to health care. Clinical quality reporting, medical records, and research are also supported under her direction. The unique population residing on the Waianae Coast has long been a popular focus among researchers. In an effort to protect the community and provide a consistent framework for research, the Health Center has formalized processes and policies, including an established Institutional Review Board (IRB).



Noreen Mokuau, D.S.W.
Interim Dean and Professor
Myron B. Thompson School of Social Work, University of Hawai'i at Mānoa

Bio Statement

Dr. Noreen Mokuau is Interim Dean and Professor at the University of Hawai`i at Mānoa, Myron B. Thompson School of Social Work. She is a graduate of the Kamehameha Schools, the University of Hawai`i (BA-Psychology; MSW-Social Work) and the University of California, Los Angeles (DSW-Social Welfare). Since 1983, she has served as Assistant Dean, Chair of the BSW Program, Chair of the PhD Program, and Interim Chair of the MSW Program at UHM. She has received the UH Regents Excellence in Teaching Award and the UH Community Service Award. She has served as principal investigator on grants focusing on health disparities among Native Hawaiians, with an emphasis on cancer; and as co-principal investigator and director of Hā Kūpuna: National Resource Center for Native Hawaiian Elders. Dr. Mokuau has edited three books; published numerous journal articles, book chapters and technical reports; and given many presentations on cultural competency and social services for Native Hawaiians, other Pacific Islanders and Asian Americans. Among her many community contributions, she has served on the editorial board of the professional journal, *Social Work*; national advisory council for the Susan G. Komen for the Cure; and is currently the presiding chair of the trustees for the Queen's Medical Center in Honolulu.

Current Role

The Interim Dean is a key member of the University of Hawai'i at Mānoa's executive leadership team. She is charged with providing academic, administrative and professional leadership for the Myron B. Thompson School of Social Work. The MBTSSW seeks to provide educational excellence that advances social work with its focus on social justice, and is responsible for social work knowledge for the global enterprise with special attention to Native Hawaiian, other Pacific Islander, and Asian populations in our state and region. Dr. Mokuau represents the School of Social Work and the University of Hawai`i in social work education nationally and internationally. The dean is also involved with the social work community in Hawai'i.

NĀ LIMAHANA O LONOPŪHĀ
Native Hawaiian Health Consortium

Key Partner Biographical Information
June 2011



Richard Pezzulo, M.B.A.
Chief Operating Officer
Office of Hawaiian Affairs (OHA)

Bio Statement

Richard Pezzulo has been the Chief Operating Officer at the Office of Hawaiian Affairs since March 2011. Before that, he spent the three previous years as the Chief Financial Officer at OHA, where his responsibilities included overseeing resource management. He has more than 20 years of operations and fiscal management experience with strengths in general and project management. He has managed multi-million dollar contracts to promote the business sector in Papua, New Guinea and the Solomon Islands. He also served as the executive director at Empower O'ahu, where he assisted economically distressed communities on O'ahu. In addition, he earned a Master of Business Administration (MBA) from Southern Cross University in Australia. He received an undergraduate degree in marketing from the University of Connecticut.

Current Role

As chief operating officer for the Office of Hawaiian Affairs, he is responsible for providing strategic planning, performance management, operations management, and knowledge-management services to the CEO, the executive team and program managers. He plays a key role in efforts at OHA to align performance to the strategic plan, continuously share information, make timely decisions, achieve respective program results, and influence the strategic results.



Jill Oliveira Gray, Ph.D.
Director of Research and Evaluation, I Ola Lāhui, Inc.
Licensed Psychologist, Waimānalo Health Center

Bio Statement

Dr. Oliveira Gray is a Native Hawaiian Health Scholarship recipient who received her doctoral degree in clinical psychology from the University of Hawaii at Mānoa in 2001 and completed post-doctoral training in health psychology/behavioral medicine at the Tripler Army Medical Center in 2002. She is licensed in the state of Hawai'i and her clinical work has focused on integrating behavioral health services within primary care clinics, or, community health centers, to improve systems of care for Native Hawaiians and other medically underserved populations, as well as, to increase the workforce capacity of psychologists serving in rural, medically underserved areas across the state of Hawai'i. She worked as the Director of Behavioral Health Services at Nā Pu'uwai Native Hawaiian Health Care System clinic on the island of Moloka'i from 2003-2010 and joined the Integrated Behavioral Health Services staff at Waimānalo Health Center in 2008. She was a member of the Committee on Rural Health within the American Psychological Association from 2003-2006 and is the immediate past-president of the Hawaii Psychological Association. Since 2007, she has served on the the Board of Directors for Alu Like, Inc., a non-profit organization dedicated to improve the social and economic self sufficiency for Native Hawaiians.

Current Role

She is a staff psychologist at the Waimānalo Health Center and the Director of Research and Evaluation at I Ola Lāhui, Inc., a non-profit organization and psychology training program that is responsive to the needs of medically underserved and predominantly Native Hawaiian rural communities, and, to increasing the number of doctoral level behavioral health providers available in these areas. Her current roles in both of these settings encompass clinical and research work to improve systems of care focused on and dedicated to reducing physical and behavioral health disparities amongst Native Hawaiians, particularly in the areas of chronic disease (obesity, cardiovascular, diabetes), substance use (nicotine, illicit substances); as well as, addressing psychosocial determinants of health and how they impact access to care, treatment engagement, and overall health outcomes.

NĀ LIMAHANA O LONOPŪHĀ
Native Hawaiian Health Consortium

Key Partner Biographical Information
June 2011



David D. Derauf, M.D., M.P.H.
Executive Director
Kōkua Kalihi Valley Comprehensive Family Services (KKV)

Bio Statement

Dr. Derauf received his medical training at the University of Minnesota and worked from 1987-1988 as the Assistant Director of Public Health in the Thai Highland Project on the border of Thailand and Burma. He moved to Hawai‘i in 1989 to pursue public health training and received his MPH from the University of Hawai‘i at Mānoa in 1995, with a focus on epidemiology. He is board certified in General Preventive Medicine. Dr. Derauf has served as Assistant Clinical Professor of Public Health, Medicine, and Nursing at the University of Hawai‘i. He serves as a board member of the Association of Asian and Pacific Island Community Health Organizations (AAPCHO), the Hawaii Primary Care Association, and Aloha Care, a Hawaii Medicaid Managed Care Corporation. Dr. Derauf has served on numerous committees, including the Hawaii Advisory Committee for the Elimination of Tuberculosis, the Hawaii Advisory Committee for Hepatitis C, the AAPCHO Advisory Committee for Genetics in Primary Care, and the Hawaii Legislative Task Force on Health Insurance Planning, and as clinical lead for the Holomua project, a 5 year AHRQ funded effort to improve transitional care between tertiary care settings and FQHC’s in Hawai‘i. In 2009, he was chosen by the Director of Health to represent Hawai‘i on the inaugural California-Hawaii Public Health Leadership Institute Team. In December of 2009, Dr. Derauf was invited to the White House to be present at the signing of Federally Qualified Health Center Legislation.

Current Role

Dr. Derauf has been with Kōkua Kalihi Valley Comprehensive Family Services, a federally qualified community health center in Honolulu for the last 22 years. In 1989, he was hired as KKV’s first Clinical Director and remained in this position until being named as KKV’s Executive Director in October, 2003. Under his leadership, Kōkua Kalihi Valley accepted stewardship for a 100 acre parcel of land in the back of the valley, where for the last 6 years people of all cultures have been working together to sustain and propagate the connections between the health of the land and the health of the people. A portion of this work, focusing on Pacific Island patients with Diabetes addressing their chronic illness through traditional gardening practices was featured in the CDC’s NDEP annual report. Under his direction, KKV was named a Center of Excellence in Women’s health care by the Federal Government in 2002. In 2008 KKV was honored by HRSA with its Special Populations Service Award, recognizing KKV’s excellence in service to minority populations.



Loreeta J. Fuddy, A.C.S.W., M.P.H.
Director of Health
Hawai‘i State Department of Health

Bio Statement

Ms. Loretta Fuddy holds degrees in sociology, social work, and public health from the University of Hawaii and Johns Hopkins University. She has made numerous national and international professional presentations regarding the subject of maternal and child health prevention programs. She has co-authored 27 peer review journal articles. Ms. Fuddy has been the Past President of the Hawaii Public Health Association, the Association of State and Territorial Public Health Social Workers, and has served as the Treasurer and now the Secretary of the Association of Maternal and Child Programs. She has received numerous awards and honors most recently the Director’s Award from the Maternal and Child Health Bureau, HRSA, the Hawaii’s 2009 Outstanding Advocate for Children and Youth, and the Hawaii Chapter of National Association of Social Workers Life Time Achievement Award.

Current Role

Ms. Fuddy has served as first the Deputy Director then the Director of Hawaii State Department of Health since January 2011; prior to that she served for eight years as the Chief of the Family Health Services Division. Her area of expertise for thirty five years has been in the promotion of health and social services for women and children throughout the State of Hawaii. She has been involved with several inter-departmental and private sector collaboratives that address the issues of vulnerable populations, including young children and the uninsured.

NĀ LIMAHANA O LONOPŪHĀ
Native Hawaiian Health Consortium

Key Partner Biographical Information
June 2011



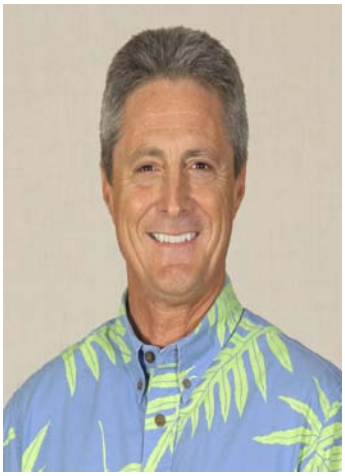
A. Aukahi Austin, Ph.D.
Executive Director, I Ola Lāhui, Inc.
Licensed Psychologist, Waimānalo Health Center

Bio Statement

Dr. Austin received her Ph.D. in clinical psychology from the Clinical Studies Program at the University of Hawai‘i at Mānoa in 2004. She completed a pre-doctoral internship at Tripler Army Medical Center (TAMC) with an emphasis in Community and Health Psychology and a post-doctoral fellowship at the University of Hawai`i at Mānoa Department of Psychology in Child and Adolescent Evidence Based Practice. She is currently a Licensed Clinical Psychologist at the Waimānalo Health Center where she works with Native Hawaiians and other underserved populations in a small, rural O‘ahu community. She is interested in conducting ongoing research on Native Hawaiian health and the effectiveness of interventions for rural and medically underserved populations.

Current Role

Dr. Austin is a founding member of I Ola Lāhui (IOL) and now serves as the Executive Director. She has been integral to the rapid growth of the non-profit organization and has allowed it to flourish to include 3 strong branches of service: (1) a psychology training program providing pre-doctoral internships and post-doctoral fellowships in Hawai‘i’s rural communities (2) a direct service provider to Native Hawaiians and other underserved individuals, and (3) A community resource for research, evaluation, and consultation that benefits other Native Hawaiian serving organizations. IOL is unique in that our faculty contain doctoral level psychologists with expertise in research methodology as well as cultural and behavioral health practices with a specific emphasis on Native Hawaiians and other medically underserved groups. This combination of skills makes us well suited to play a role in larger efforts to conduct research and evaluation of indigenous health service delivery across a wide variety of problem areas. *I ola lāhui* expresses our intent to improve the health and well being of our people. It means, “So that the people will live and thrive.” The I Ola Lāhui mission is to provide culturally-minded evidence-based behavioral health care that is responsive to the needs of medically underserved and predominantly Native Hawaiian rural communities. In recognition of Hawai'i's urgent need for more quality mental health care, I Ola Lāhui is committed not only to providing services, but also to investigating the effectiveness of the services we provide and to training future providers with the hope of making a substantial contribution to the health and well being of our lāhui.



Timothy E. Johns, J.D.
Senior Vice President
Hawaii Medical Service Association (HMSA)

Bio Statement

Mr. Johns currently serves as the Chair of the Northwestern Hawaiian Islands Coral Reef Ecosystem Reserve Advisory Committee which provides advice to the National Oceanic and Atmospheric Administration regarding the long-term conservation and protection of the coral reef ecosystem and related marine resources of the northwestern Hawaiian Islands. Mr. Johns previously served as Director and Chair of the Hawaii Department of Land and Natural Resources (DLNR), where he oversaw all programs conducted to protect and manage the natural and cultural resources of the state, including aquatic resources. During his tenure with DLNR, he served on the Western Pacific Regional Fishery Management Council, the U.S. Coral Reef Task Force, and the Kahoolawe Island Reserve Commission. Mr. Johns’ education includes a Juris Doctorate degree, a Master’s degree in Economics, and a Bachelor’s degree in History and Business Economics. In his previous position he was President and Chief Executive Officer of the Bishop Museum, the leading natural and cultural history museum in the Pacific, and remains on its Board of Directors.

Current Role

Mr. Johns currently serves as the Senior Vice President of the Hawaii Medical Service Association (HMSA)--a non-profit organization and the largest health care insurer in the state of Hawaii. His areas of responsibility include the offices of strategy management and privacy, government relations, and legal services.

NĀ LIMAHANA O LONOPŪHĀ
Native Hawaiian Health Consortium

Key Partner Biographical Information
June 2011



Robin E. S. Miyamoto, Psy.D.
Director of Training
I Ola Lāhui, Inc.

Bio Statement

Dr. Miyamoto completed her Psy.D. in clinical psychology at Argosy University, Honolulu campus in 2000. She completed a post-doctoral fellowship in Health Psychology at Tripler Army Medical Center (TAMC) and continued on to serve as a TAMC clinical supervisor at the Integrated Behavioral Health Program at Waimānalo Health Center for 5 years and eventually Director of Fellowship Training until 2008. She maintains a part-time clinical hospital based practice at Hawai`i Medical Center. Her areas of interest include diabetes, renal disease, and cancer. She has served on the American Psychological Association's (APA) Committee of State Leaders (2006-2008), is a Past-President of the Hawai`i Psychological Association (HPA), and co-chair of the RxP Task Force.

Current Role

Dr. Miyamoto is a founding member of I Ola Lāhui (IOL) and now serves as the Director of Training. IOL's psychology training program's aim is to provide training to practicum, pre-doctoral interns, and post-doctoral fellows in effective, culturally-minded interventions for use in Hawai'i's rural and medically underserved communities. The goal of the program is to increase Hawai'i's capacity to address the growing mental and behavioral health needs through training in behavioral health care and chronic disease management, psychopharmacology, and more traditional mental health concerns such as anxiety and mood disorders. We provide pre- and post-doctoral psychologists with internship and fellowship training experiences where they learn to provide services within rural community health center and Native Hawaiian Health Care Systems clinics. In this way, the trainees provide a needed service to communities most in need while being trained in the use specific, culturally appropriate strategies for working with Native Hawaiian and rural populations. The vision of this branch is to increase the number of mental health professionals working in medically underserved areas and to provide training tailored specifically to the needs of professionals working in these settings. In 5 short years, we have trained 9 psychologists who are all living and working in rural and underserved communities.



Diane S.L. Paloma, M.B.A., Ph.D. (abd)
Director, Native Hawaiian Health Program
The Queen's Health Systems

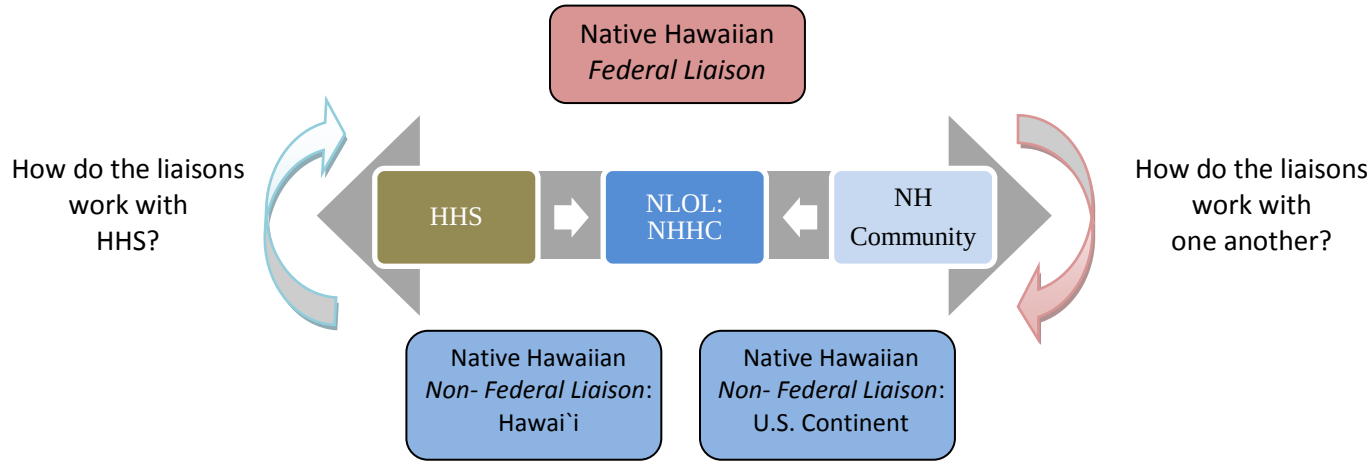
Bio Statement

She is a current PhD candidate (all but dissertation) in Healthcare Administration and holds an MBA degree from the University of Hawai'i and BS degree in Physiological Science from UCLA. She has over 15 years in the healthcare industry focusing on Native Hawaiian Health. She has spent those years working for a private physician, Hawai'i Medical Service Association (HMSA), the John A. Burns School of Medicine and has been at The Queen's Health Systems for the past 4.5 years. She is a member of the Bishop Museum Association Council, 'Ahahui Ka'ahumanu society member, and on the community advisory board for Papakōlea's Kawaihonaakealoha Project and The Department of Native Hawaiian Health's PILI 'Ohana Project. She is a past board member and current Credit Committee member of the Prince Kūhiō Federal Credit Union. Diane has also achieved the rank of 'ōlapa in her hālau, Ka Pā Hula O Ka Lei Lehua, going through a formal 'ūniki process. She is married with three daughters. Her Hawaiian 'ohana hails from Kea'anae, Maui and Laupāhoehoe, Hawai'i.

Current Role

She currently serves as the Director for The Queen's Health Systems, Native Hawaiian Health Program. The Native Hawaiian Health Program seeks to enhance the *ola pono* of Native Hawaiians to ensure comparability of their health status with other ethnic groups in Hawai'i. They hope to achieve this by making a long term commitment to provide, in perpetuity, health care services by aligning Queen's strengths with Native Hawaiians' health priorities. The areas she coordinates are clinical outcomes in patient care areas, healthcare training, research (via extramural funding), access & outreach to the Native Hawaiian community.

Nā Limahana o Lonopūhā: Native Hawaiian Health Consortium–
Visualization of roles and recommendations

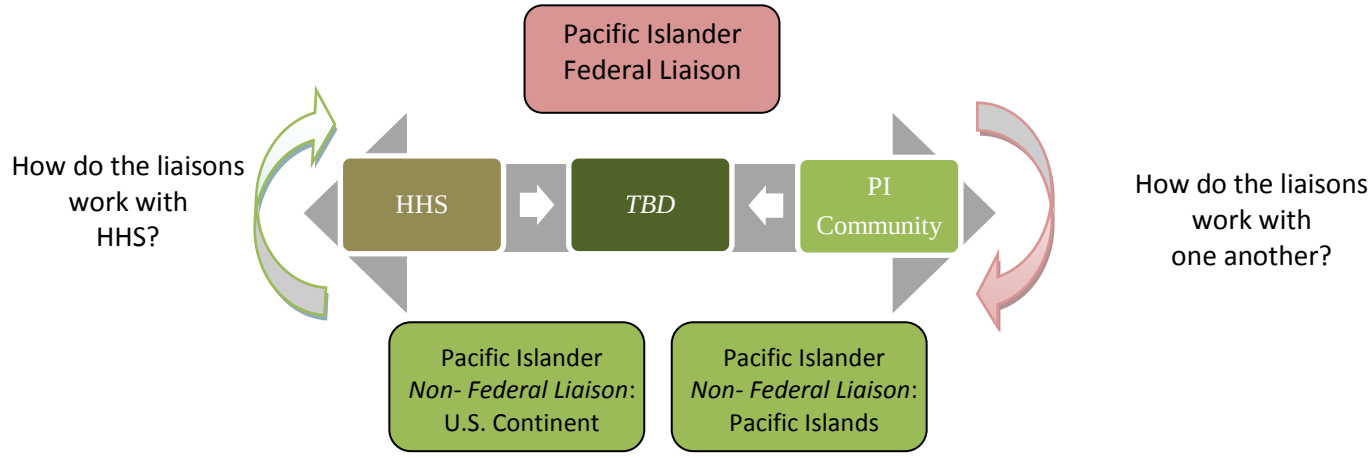


NH/PI Federal Liaison(s) Roles & Responsibilities:

OUT (of HHS)	IN (to HHS)
• Serve as main point of contact for HHS and its agencies to NH/PI liaisons and stakeholders	• Articulate our NH/PI health population needs, wants, and concerns to HHS
• Facilitate, coordinate, educate, and inform NH/PI Non-Federal Liaisons of federal health agency initiatives that address racial and ethnic health disparities	• Conduit for the NH/PI community for facilitating and assisting in the development of health policies that support the interests of NH/PI populations
• Support NH/PI Non-Federal Liaisons and community stakeholders of the HHS action plan and how to best accomplish such goals by building partnerships and collaborative efforts	• Facilitate, coordinate, educate, and inform federal health agencies of NH/PI communities initiatives that address health disparities
• Overseeing alignment within the NH/PI community of HHS, goals, results and outcomes.	• Serve as conduit and main point of contact to NH/PI liaison(s)

NH/PI Non- Federal Liaison(s) Roles & Responsibilities:

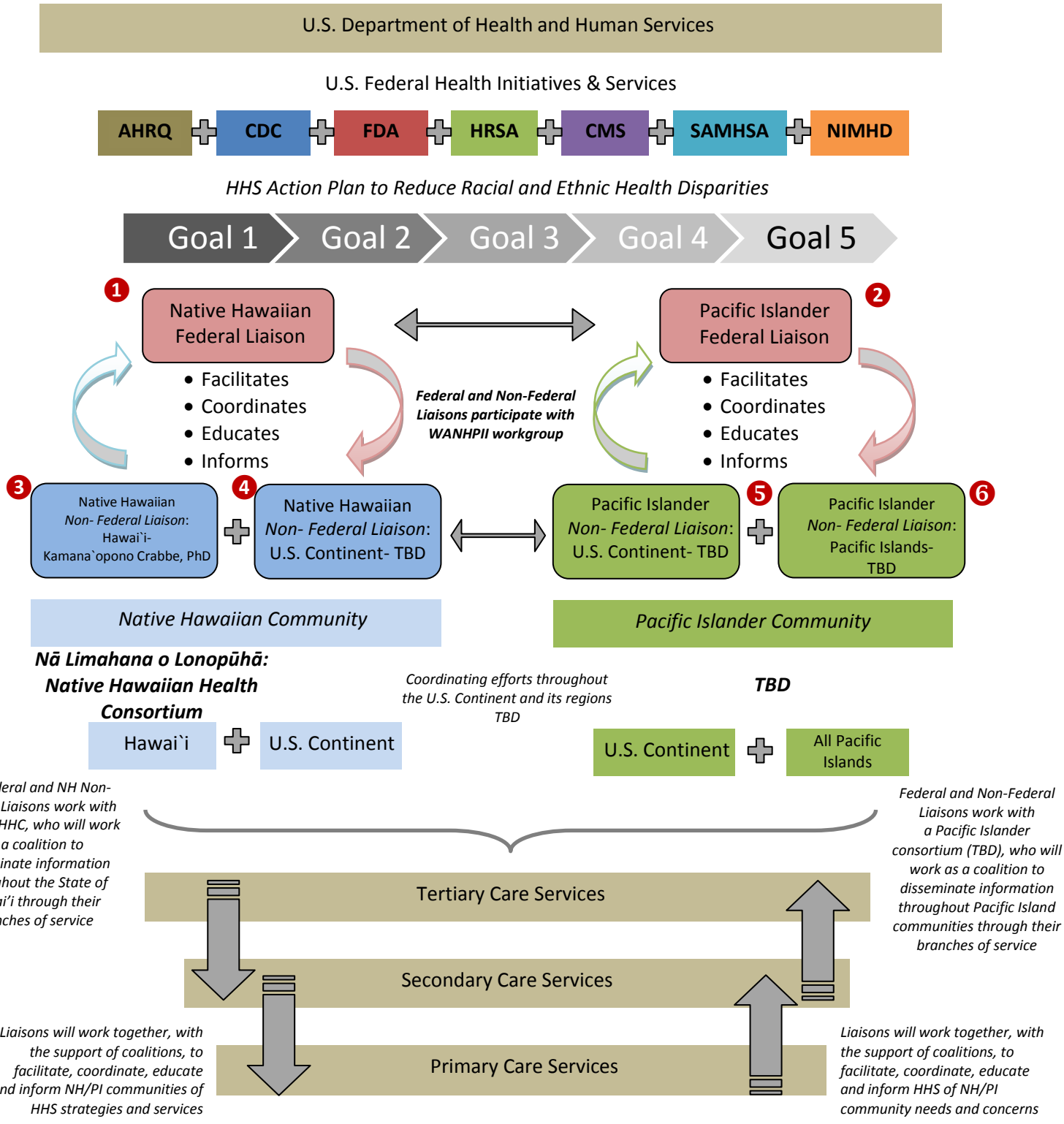
OUT (of community)	IN (to Community)
• Articulate our NH/PI health population needs, wants, and concerns to the NH/PI Federal Liaison(s) to HHS and their agencies	• Serve as main point of contact, as well as represent, the concerns interests, and needs of the NH/PI community to NH/PI Federal Liaison(s) to HHS and their agencies
• Facilitate and educate between NH/PI Federal Liaison(s) and NH/PI community stakeholders of the HHS action plan and how to best accomplish such goals by building partnerships and collaborative efforts	• Work directly with the NH/PI Federal Liaison(s) who facilitates, coordinates, educates, and informs federal health agencies of NH/PI health disparities and federal initiatives that offer opportunities for improving the health and well-being
• Serve as conduit and main point of contact to NH/PI Federal Liaison(s) for the NH/PI community for facilitating and assisting in the development of health policies that support the interests of NH/PI populations	• Oversee alignment of HHS goals, results and outcomes within the NH/PI community and their programs and services
• Serve as conduit and main point of contact from communities to NH/PI Non-Federal Liaison(s)	• Serve as conduit and main point of contact to NH/PI communities and branches of service



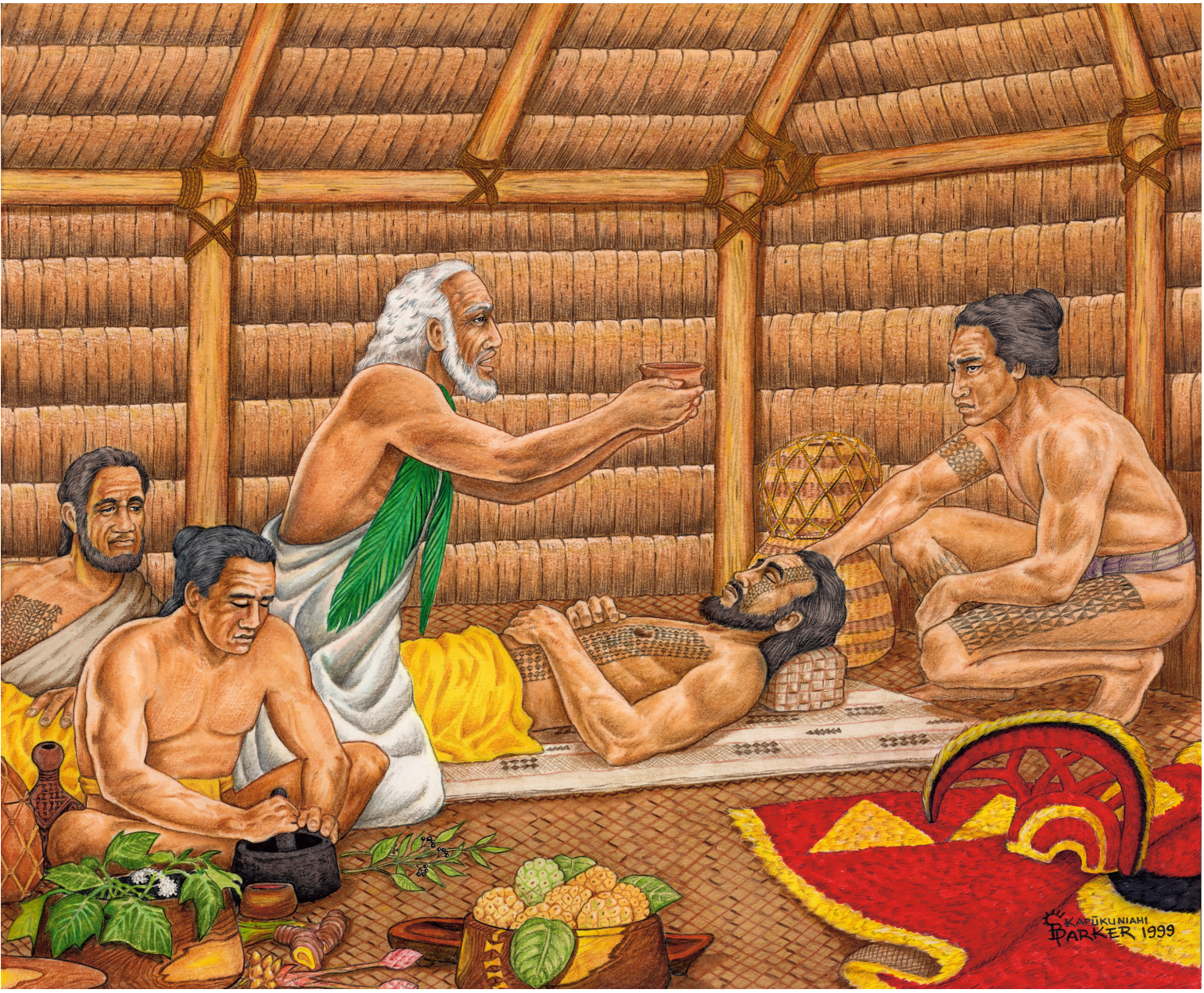
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Nā Limahana o Lonopūhā: Native Hawaiian Health Consortium–
Visualization of roles and recommendations

How will the liaisons work each other, with HHS, and with NH/PI communities?



DRAFT



Kahuna Lā'au Lapa'au © 2011 Brook Kapūkuniahi Parker

Nā Limahana o Lonopūhā

Native Hawaiian Health Consortium June 2011 Compendium

ON THE COVER

KAHUNA LĀ‘AU LAPA‘AU. A high chief injured in battle has been taken by his son and a close confidant to a Kahuna Lā‘au Lapa‘au or (Medical Doctor). The title “Kahuna” refers to someone who is a master in a particular craft or vocation. They are veterans of many years of training and are experts held in high regard for their knowledge, wisdom and proficiency. A Kahuna Lā‘au Lapa’au’s knowledge encompassed three disciplines, botany, pharmacology and medicine.

As a botanist they needed to identify and recognize plants knowing their characteristics. In preparing the plants they needed to know their proper maturity and season to harvest. They functioned as a pharmacist in mixing them in proper proportion. In prescribing and administering them, they served as physicians.

The Kahuna portrayed here offers a prayer to Lono, patron spirit of healing. He is accompanied by an “haumāna” or apprentice. The apprentice might be the son of the Kahuna Lā’au Lapa’au or an ali‘i child who has shown unusual talent for learning the skills of the practitioner. The student was expected to be a fast learner for instructions were almost never given more than once or twice. The boy would never question the healing instructions and was expected to learn all the healing skills over a number of years.

The apprentice is assisting in preparing an infusion of herbs to facilitate the healing process. These remedies were gathered from the mountain forest to the ocean (sea salt and different species of seaweed.) Some of the remedies pictured are kukui leaves (candlenut tree, Aleurites moluccana), used as a purgative or laxative corms of ‘ōlena (tumericr Curcumo longa), used in healing nasal passage abnormalities. The ‘ōlena was also used in a purification ceremony.

At the close of a prayer to Lono the Kahuna stirred small pieces of ‘ōlena into a bowl containing salt water. After dipping a ti leaf into the mixture the Kahuna would proceed to sprinkle the liquid onto the patient and the walls, floor and ceiling of the room. Also shown are the ‘awapuhi (Zingiber zerumbet) or ginger plant used as a remedy for cub and sores; a sprig of pōpolo (glossy nightshade, Solanum omericanum) whose juice of the leaves and black berries were used for wounds, skin disorders and digestive problems. Also pictured is a bowl containing noni (indian mulberry, Morinda citrifolia), very important in the healing process. For deep cuts the Kahuna Lā‘au Lapa‘au would squeeze the juice of a slightly ripe noni onto the wound. The juice from the noni fruit would tend to pull the flesh together. This was a very painful treatment but the wound would heal quickly. If conscious, the wounded high chief would drink a mixture of ‘awa prepared by the Kahuna to deaden the intense pain.

The History of Lonopūhā and his Relationship to the Consortium

WE SET THE FOUNDATION of our consortium by beginning with an account into the genealogy and successive depth that root the ancient Hawaiian health system and traditional Hawaiian healing professions. This cultural basis builds a path and process in understanding the significance placed on relationships, its dependent nature that built a collaborative system focused on preventive and acute care in the history of all Native Hawaiians.

Relationships between healing professions are pillars to the overall system of traditional Hawaiian healthcare. This value was forged through time amongst two particular gods, Kamakaokūkoa'e and his younger brother Kamakanui'āha'ilono, who symbolize the customary balance to illness and healing (Chun, 1986). Kamakanui'āha'ilono later meets his student and protégée Lonopūhā and begins to train him in the disciplines of healing. This passing of knowledge, skill and practice transfers from Kamakanui'āha'ilono to Lonopūhā who receives his education in healing from this school of learning. Lonopūhā develops so strongly from his teachings that his ingenuity and proficiency in assessing, diagnosing and restoring health becomes famed throughout the land where more schools were formulated to share these methods of practice. His method becomes the base for all healing practices that rely on addressing both physiological and metaphysical approaches to follow; integrating to anchor the system where proper treatment equated to a revitalized individual, land division, and nation.

A major historical landmark occurred in 1804 when King Kamehameha I reestablished the ancient order of Lonopūhā, the art of healing. It was during this time when trained practitioners were once again utilized for their skills to address the state of Native Hawaiian health during this period of native contact with foreign disease (Bushnell, 1993). The revival of the Lonopūhā kāhuna was the king's best practice to contend with the flurry of new illnesses infecting Native Hawaiians. Their restoration was recommended due to the kāhuna's highly developed skills of assessment and diagnostics to make definitive treatment plans for the ailing. Specifically, research indicates that descendants of Lonopūhā were engaged in a pedagogy that reestablished balanced wellness within the individual, family, and larger community.

In the early 19th century, Native Hawaiian leaders were adept to use the strength of the past to blend with the hope of a healthier future while addressing the needs of the present as diseases spread. Today, we look to these cultural strengths and the resilience of our ancestors to rebuild Native Hawaiian health in the 21st century while addressing chronic disease.

Overview of the federal inception of E Ola Mau and its Native Hawaiian health recommendations

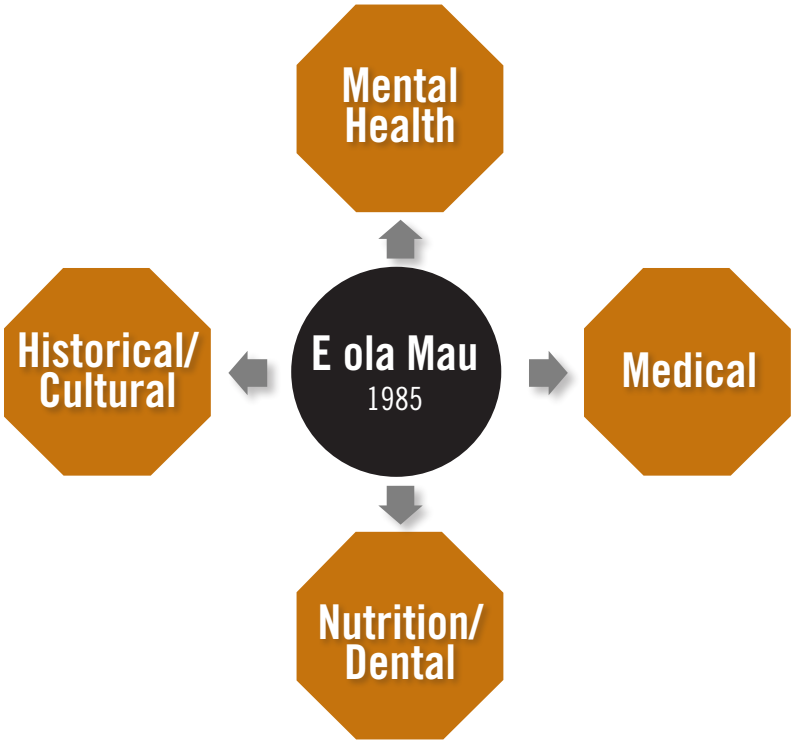


Figure 1. E Ola Mau Task Forces.

IN FY1984 the U.S. Senate Appropriations Committee included a directive in the Supplemental Appropriations Bill for the U.S. Department of Health and Human Services (HHS) to conduct a comprehensive health needs study of Native Hawaiians. The contract called for a comprehensive review of existing health data on Native Hawaiians. The entire project was to be completed within a six-month time period. In order to accomplish the study within this short time-frame, the Hawaiian Health Research Consortium decided to organize the project around five task forces. Each task force was responsible for health data within its assigned area (E Ola Mau, 1985, p. i-ii).

The five task forces included:

1) Mental Health Task Force
2) Medical Task Force
3) Nutrition/Dental Task Force
4) Historical/Cultural Task Force, and
5) Strategic Health Plan Task Force.

In December 1985, the incorporated E Ola Mau Task Force produced seven reports to include an Executive Summary, Preliminary Plan and Medical Appendices.

The Native Hawaiian Health Consortium seeks to redress many of the recommendations from this cornerstone project that have gone under or unimplemented. One of the most significant outcomes of the study are the programmatic and research recommendations that laid the ground work for all Native Hawaiian health programs and research that have since followed. We look to these recommendations and the work of our predecessors as we move forward in unison to continue to improve the health outcomes of Native Hawaiians.

NATIVE HAWAIIAN HEALTH CONSORTIUM: Unique Dynamics of Change

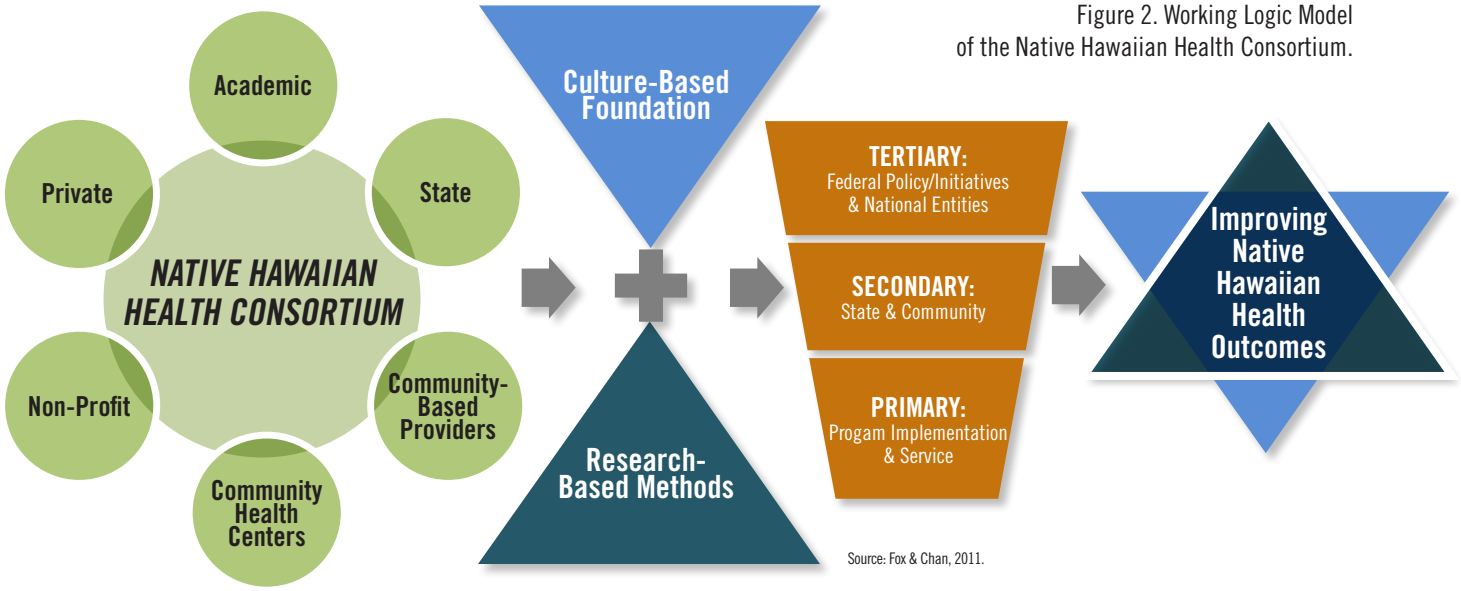


Figure 2. Working Logic Model of the Native Hawaiian Health Consortium.

Source: Fox & Chan, 2011.

NĀ LIMAHANA O LONOPŪHĀ, the Native Hawaiian Health Consortium, is an integrated network of leading senior executives and health care providers committed to addressing the status of Native Hawaiian health throughout the State of Hawai'i. This consortium proposes progressive models of culture and research-based methods in implementing prevention and treatment programs focused on systemic outcomes among the various levels of Native Hawaiian health and wellness. The consortium comprises private, non-profit, state, academic, community health centers and community-based providers with direct and indirect services throughout Native Hawaiian communities. This collaborative network is established to exemplify a multi-level approach to improving Native Hawaiian health outcomes in the 21st century, specifically as those outcomes relate to chronic diseases.

Creating a Native Hawaiian health network of partners is our chosen strategy to generate sustainable solutions to development challenges and addressing gaps by combining the distinct interests and resources of different organizations. The combined sectors of consortium health include:

NON-PROFIT- another key strand are tax exempt 501(c)(3) organizations dedicated to community outreach services, program development, and independent research. **I Ola Lāhui** serves Native Hawaiians and other medically underserved groups predominantly in rural Native Hawaiian communities. **Papa Ola Lōkahi** (including **'Imi Hale, Native Hawaiian Cancer Network**) adds to our dynamic by advocating for, initiating, and maintaining culturally appropriate health strategies through physical, mental, and spiritual health avenues.

STATE- The **Office of Hawaiian Affairs (OHA)** is committed to addressing chronic disease rates among Native Hawaiians via evidence-based Research, political Advocacy, and financial Transitional Assistance. Additionally, the consortium looks forward to improve partnerships with the **Hawai' i State Department of Health** and its divisions to make the best use of local resources in positively impacting chronic disease prevalence and incidence rates among Native Hawaiian adult males and females, children and adolescents.

COMMUNITY-BASED PROVIDERS- our network is unique in its ability to incorporate community-based providers from multi-faceted health backgrounds whose foci is caring for special populations and improving health on a daily basis. Direct services include prevention, wellness maintenance, treatment, and referral across health modalities to include traditional healing, substance abuse, prenatal care, and behavioral health, among others.

ACADEMIC- one major strand of our network comprises academic institutions, including the University of Hawai'i at Mānoa John A. Burns School of Medicine, **Department of Native Hawaiian Health**, within the State of Hawai'i's only medical school. Within the same university system, we include the **Myron B. Thompson School of Social Work**, one of the premier schools of social work in the Pacific-Asia region. Further, we incorporate **Chaminade University**, a private institution serving high proportions of Native Hawaiian undergraduate and graduate degree-seeking students. These scholarly organizations support formal education, preeminent scientists and health providers, and professional research capacity.

PRIVATE- the next major strand is supported by private, self-sustaining organizations to include nonexempt charitable trusts. The **Hawaii Medical Service Association** (HMSA) is Hawai'i's largest private health insurance entity with a commitment to addressing Native Hawaiian health through their foundation. The **Queen's Health Systems/Queen's Medical Center** serves as both Hawai'i's largest private hospital and the leading medical referral center in the Pacific Basin entrusted to perpetuate quality health care services to improve Native Hawaiian well-being as instituted by the Hawaiian monarchy in 1859.

COMMUNITY HEALTH CENTERS- balancing our consortium are community health centers such as the **Kōkua Kalihi Valley Comprehensive Family Services**, **Wai'anae Coast Comprehensive Health Center** and **Waimānalo Health Center** who provide comprehensive primary medical care services at affordable costs via commitment to transforming the way our communities reach health care programs and providers. Recent initiatives to expand health centers, including a review of the process used to identify new grantees, an assessment of remaining gaps in capacity, an exploration of continuing challenges, and a discussion of unresolved policy questions are key components to us reaching the needs of these communities and future disparate projections.

FEDERAL- as a cooperative, we seek support and collaborative partnerships to continue our work with major federal health agencies under the **U.S. Department of Health and Human Services (HHS)**, to include the **Centers for Disease Control and Prevention (CDC)**, **Health Resources and Services Administration (HRSA)**, **National Institutes of Health (NIH)**, and the **Office of Minority Health (OMH)** and other divisions as applicable to maximize improved health opportunities and benefits for Native Hawaiians.

NĀ LIMAHANA O LONOPŪHĀ: Our Cornerstones to Support Rebuilding Native Hawaiian Health

Cultural Foundation: Practices, Values, Customs, and Beliefs

In congruence with the E Ola Mau recommendations and evidence-based cultural resiliency studies, we build this cooperative acknowledging and drawing from our cultural practices, values, customs, and beliefs as the indigenous people of Hawai'i. Through this foundation we assemble with the ability to integrate our unique cultural heritage with conventional Western medicine, practice and research to provide Native Hawaiians optimal health opportunities.

TRADITIONAL HEALTH AND HEALING

Part of our cultural foundation looks to the historical and cultural context of health among Native Hawaiians, specifically the energy in our traditional healing practices, such as hāhā (assessment and diagnosis), ho'oponopono (conflict resolution), lomilomi (physical therapy), 'ai kūpele (therapeutic nutrition), and lā'au lapa'au (herbal medicine). These multi-disciplinary arts address the physical, emotional, and spiritual well-being in the healthy balance of our people.

Integrated Services

A problem analysis on the health conditions and needs of Native Hawaiians reveal a need for better access to wellness support and social services for Native Hawaiians. A great need for superior integrative and supportive educational guidelines and improved economic policies for Native Hawaiians is evident across the health spectrum. Our consortium will specifically utilize our knowledge and expertise in the integration of substance use, prenatal care, mental and behavioral health influences to impact chronic disease based on these model methods.

Multi-tiered Approaches: Prevention, Management, and Treatment creating systemic change

Social health determinants, or risk factors, that consist of individual behaviors, family or peer influences, community and environmental factors, and government or systemic policies and norms are uncovered through our partnerships. Consequences of risk factors can be plotted across a similar spectrum, ranging from impacts on individual lives, families, groups, and the community as a whole. This kind of problem analysis draws upon historical/cultural research, quantitative data, and intimate knowledge of the target population and community. Mapping the range of systemic barriers in this manner aide in highlighting patterns as well as possible points of intervention to address either the causes or impacts of our direction.

Progressive Directions: Working together to focus on Native Hawaiian chronic disease - Obesity

Obesity was selected as a target indicator for the consortium as obesity further exacerbates or contributes to other related chronic diseases. Being obese puts you at a higher risk for health problems such as heart disease, stroke, high blood pressure, diabetes and more. We acknowledge the obesity prevalence rates within our Native Hawaiian community and will relate obesity research and services to addressing other chronic diseases: cardiovascular disease, cancer, asthma, and diabetes as we move forward.

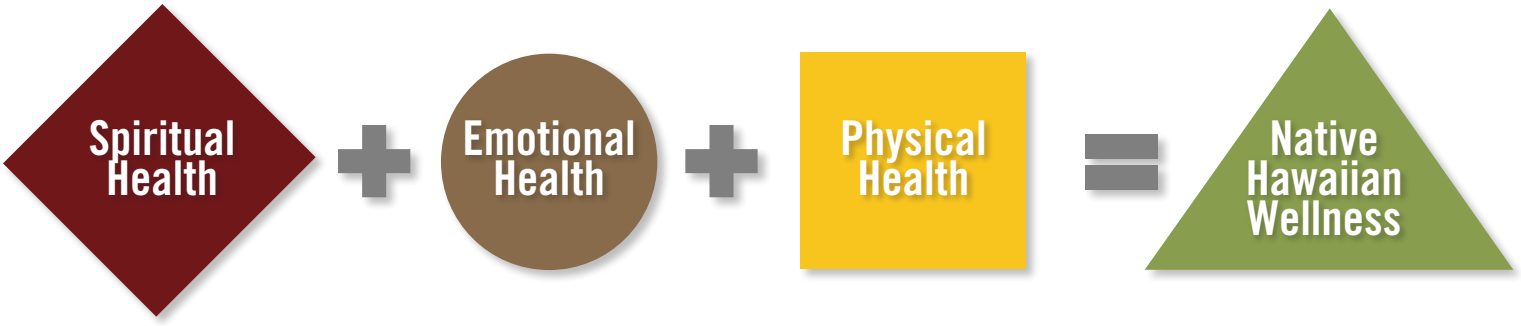


Figure 3. Multi-Level Native Hawaiian Wellness.

Ako 'e ka hale a pa'a, a i ke komo ana mai o ka ho'oilo, 'a'ole kulu i ka ua Hilinehu.

Thatch the house beforehand so when winter comes it will not leak in the shower of Hilinehu.
Do not procrastinate; make preparations for the future now

(Pukui, 1983, #100).

NATIVE HAWAIIAN HEALTH CONSORTIUM: Operative Methods of Collaborative Effect

WE OUTLINE the following manners in how the consortium will work together to address the three hierarchical layers (primary, secondary, tertiary) of systemic change for Native Hawaiian health: research, direct service programs, community outreach, education and training, prevention programs and services, and policy recommendations.

RESEARCH
We move to increase the capacity of reliable Native Hawaiian health data and research through organizational and community partnership. We seek to better describe, understand, and address the growing health concerns of our Native Hawaiian elders, men, women, children, and infants. This will be addressed by improved data collecting, tracking, reporting, and projections by disaggregated race/ethnicity by committed consortium partners.

>> This should include computer-based data systems and models to link network partners and monitor/track efficacy in accordance with race/ethnicity reporting standards under OMB Directive No. 15.

>> Including support of GIS mapping technology of chronic disease incidence and prevalence and documentation for underserved Native Hawaiians.

We commit our network to report and publish findings related to identified strengths, evidence-based programs, and best-practice models for sharing, communication, and transparency of partnering in the use of resources for the benefit of the Native Hawaiian community at-large.

>> This will include tracking and reporting clinical outcomes and the specific impact to reduce chronic disease disparities.

DIRECT SERVICE PROGRAMS
We desire to work with HHS to improve coordination of obesity prevention efforts of the Hawai'i State Department of Health targeting Native Hawaiian population through an inter-sectoral approach.

COMMUNITY OUTREACH
We commit to medically underserved communities in the Hawai'i: specifically, Kalihi, Waimānalo and Wai'anae on the island of O'ahu, who demographically comprise large concentrations of Native Hawaiians.

HEALTH MANAGEMENT EDUCATION AND TRAINING
We promote increased access to nutritionally healthy foods and prevent childhood obesity starting with youth and targeting families.

We promote increased access to physical exercise starting with weight management and decreased BMI.

PREVENTION PROGRAMS AND SERVICES
We aspire to build capacity within communities, both rural and urban, to conduct prevention programs and provide services.

HEALTH POLICY RECOMMENDATIONS
We seek focused advocacy efforts on policy and environmental change to enhance prevention and control of chronic disease and associated risk factors specific to Native Hawaiians within the federal, state, and community levels.



Figure 4. Methods of Effect.

E 'imi i ke ola mawaho.

Seek life outside.
Consult a kahuna to see what is causing the delay in healing.
Said when a person lies sick, and recovery is slow.

(Pukui, 1983, #311).

NĀ LIMAHANA O LONOPŪHĀ: Progressive Steps for Systemic Change

NEXT STEPS

- **Continue building strategic partnerships at the community, state, and federal levels;**
- **Convene bi-monthly meetings of Nā Limahana o Lonopūhā Native Hawaiian Health Consortium to build intergroup collaboration and build capacity of support staff to assist executive leaders within each partner organization;**
- **Consortium approval to adopt John A. Burns School of Medicine, Department of Native Hawaiian Health initiative to eliminate health disparities among Native Hawaiians;**
- **Consortium approval to partner with the Pacific Islander Alliances (Sela Panapasa, University of Michigan);**
- **Consortium review of "Native Hawaiian and Other Pacific Islander Health Data Act of 2011" proposed in January 2011;**
- **Convene Native Hawaiian Health Summit.**

OUR NEXT STEPS AND GOALS will be aligned to influence change through top-down and bottom-up design. We recognize the nested layers of impact in the processes of both decomposition and synthesis modeling to impact the status of Native Hawaiian health. In these ways, we will work to address individuals, families, communities, and overall Native Hawaiian wellbeing. Through these layers, we emphasize interconnectedness, active wellness, shared decision making, and higher levels of Native Hawaiian vitality for all. Our next steps and goals will work to maximize our actions and harness resources to create progressive turning points for our health in the 21st century.

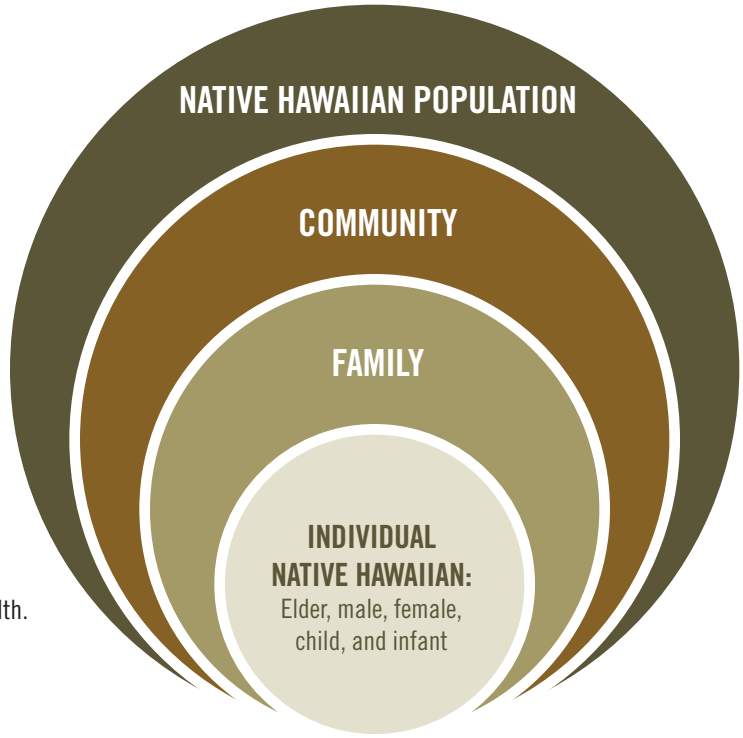


Figure 5. Nested layers of impact on Native Hawaiian Health.

TARGETED GOALS OF CONSORTIUM

- **Solidified MOA between organizations under Nā Limahana o Lonopūhā Native Hawaiian Health Consortium;**
- **Signed Declaration of Mauli Ola between organizations under Nā Limahana o Lonopūhā Native Hawaiian Health Consortium;**
- **Collaborate with HHS Workgroup for federal consultation regarding the implementation targets of HHS Asian American, Native Hawaiian and Pacific Islander Plan;**
- **Increase outreach to Native Hawaiian/Pacific Islander populations in the SAMHSA's Minority Fellows Program (MFP), which provides stipends to doctoral level students to increase the number of culturally competent behavioral health professionals;**
- **Planning for federal liaison for Native Hawaiian/Pacific Islander health initiatives within a federal health agency;**
- **Begin data systems development planning with federal agencies for consistency and comparability across entities and geographics.**

RECOMMENDATION

*We recommend a **federal liaison** for Native Hawaiian/Pacific Islander health initiatives within a **federal health agency.***

Nā Limahana o Lonopūhā Native Hawaiian Health Consortium

Key Organizational Representatives as of June 2011

A. AUKAHI AUSTIN, PH.D.
Executive Director
I Ola Lāhui, Inc.
Non-Profit

Licensed Psychologist
Waimānalo Health Center
Community Health Center
aaustin@iolalahui.org
808.525.6255

DAVID D. DERAUF, M.D., M.P.H.
Executive Director
Kōkua Kalihi Valley Comprehensive Family Services
Community Health Center
dderauf@kkv.net
808.791.9400

DIANE PALOMA, M.B.A, PH.D. (ABD)
Director of Native Hawaiian Health Program
The Queen's Health Systems
Private
dpaloma@queens.org
808.537.7717

HARDY SPOEHR
Executive Director
Papa Ola Lōkahi
Non-Profit
hspoehr@papaolalokahi.org
808.597.6550

HENRY HALENANI GOMES, M.S.
Director of the Office of Native Hawaiian Partnerships
Chaminade University
Academic
hgomes@chaminade.edu
808.735.4750

JILL OLIVEIRA GRAY, PH.D.
Director of Research and Evaluation
I Ola Lāhui, Inc.
Non-Profit

Licensed Psychologist
Waimānalo Health Center
Community Health Center
Oliveiraj009@gmail.com
808.349.9267

JOANN TSARK, M.P.H.
Project Director
'Imi Hale Native Hawaiian Cancer Network
Papa Ola Lōkahi
Non-Profit
jtsark@imihale.org
808.526.1700

KAMANA'OPONO M. CRABBE, PH.D.
Research Director
Office of Hawaiian Affairs (OHA)
State Agency
kamanaoc@oha.org
808.594.0280

JOSEPH KEAWE'AIMOKU KAHOLOKULA, PH.D.
Chair and Associate Professor of Native Hawaiian Health
John A. Burns School of Medicine- Department of Native Hawaiian Health
University of Hawai'i at Mānoa
Academic
kaholoku@hawaii.edu
808.692.1047

LORETTA J. FUDDY, A.C.S.W., M.P.H
Director of Health
Hawai'i State Department of Health
State Agency
loretta.fuddy@doh.hawaii.gov
808.586.4410

MARY ONEHA, PH.D.
Chief Operating Officer
Waiane Coast Comprehensive Health Center
Community Health Center
MOneha@wcchc.com
808.967.3612

NOREEN MOKUAU, D.S.W.
Interim Dean and Professor
Myron B. Thompson- School of Social Work
University of Hawai'i at Mānoa
Academic
noreen@hawaii.edu
808.956.6300

RICHARD PEZZULO, M.B.A.
Chief Operating Officer
Office of Hawaiian Affairs (OHA)
State Agency
richardp@oha.org
808.594.1999

ROBIN MIYAMOTO, PSY.D.
Director of Training
I Ola Lōhui, Inc.
Non-Profit
rmiyamoto@iolalahui.org
808.525.6255

TIM JOHNS, J.D.
Senior Vice President
Hawaii Medical Service Association (HMSA)
Private
tim_johns@hmsa.com
808.948.5581

No kahi ka pilikia, pau a pau. | *When one is in trouble, all [give aid]* | (Pukui, 1983, #2332).

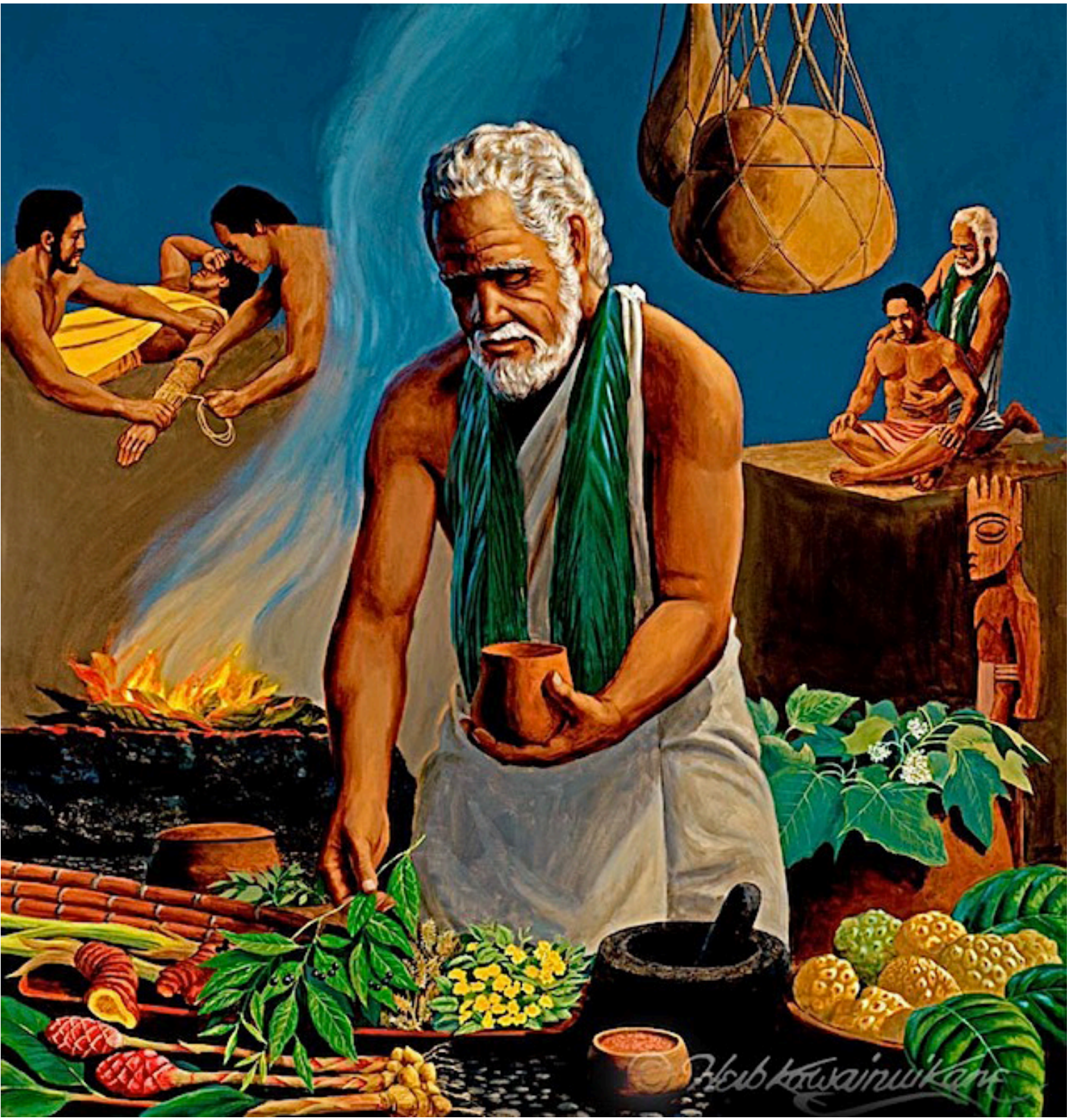
For further research and information related to Native Hawaiian Health, please contact:

Kamana'opono M. Crabbe, PhD · *Research Director*
Mark Eshima, MA · *Lead Researcher*
Kealoha Fox, MA · *Research Analyst*
Keola Kawai'ula'iliahi Chan · *Research Analyst*

Demography Section
Research Division
808.594.1769

For research and data citations,
contact demography@oha.org

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The Physician by Herb Kawainui Kane © 2011 Herb Kane Heritage Trust

Native Hawaiian

Health Fact Sheet 2011

OVERVIEW OF NATIVE HAWAIIAN HEALTH

Research shows that in present day there is a Native Hawaiian public health crisis when analyzing chronic disease indicators, specifically cardiovascular disease, obesity, diabetes, asthma, and cancer. We report these statistics in order to shed light on this issue and applicable contextualized determinants of health status rates.

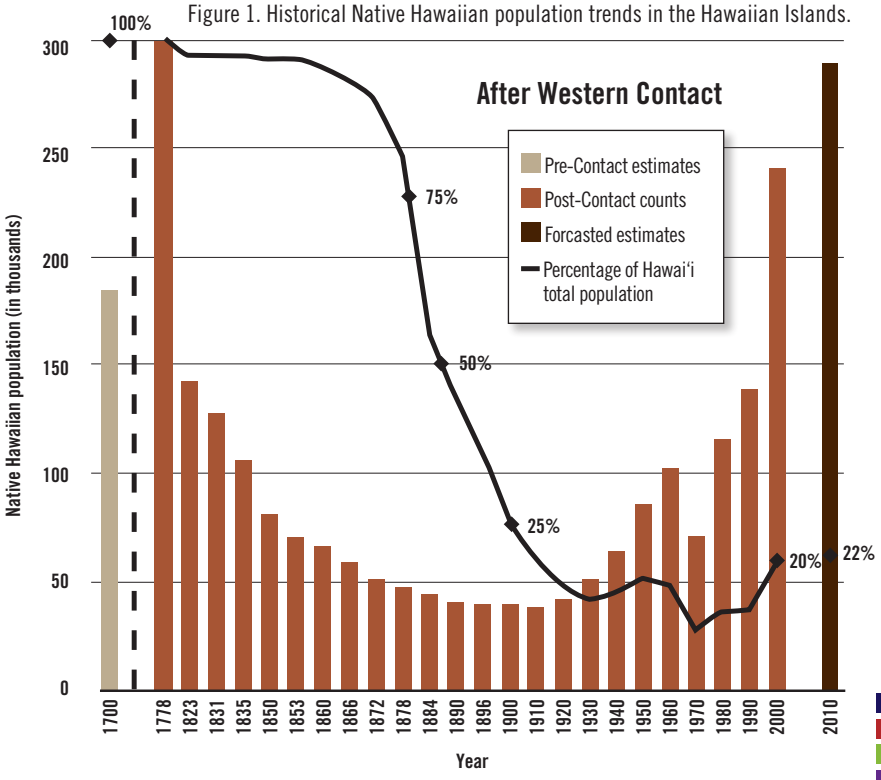
NATIVE HAWAIIAN POPULATION

The Native Hawaiian population makes up approximately **22%** (305,838) of the State of Hawai'i total population (see Figure 2). This number has been slightly increasing over the past 10 years (DOH, 2008). In the Census 2000, 161,507 Native Hawaiians lived in the Continental U.S. (2001). Today, over 40% of the Native Hawaiian population resides off the Hawaiian Islands.

THE HISTORICAL AND CULTURAL LINKS TO NATIVE HAWAIIAN HEALTH OF THE PAST

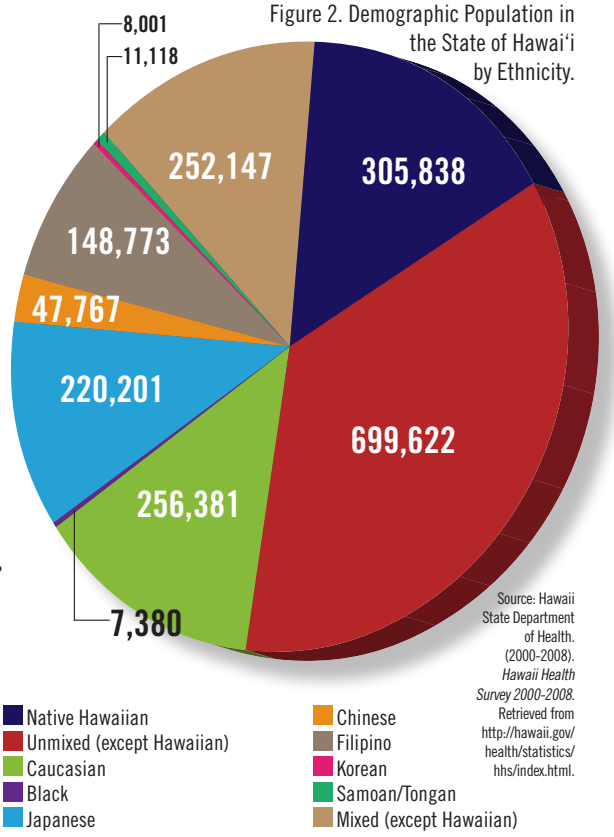
To fully comprehend the state of the contemporary health status of Native Hawaiians, it is essential to explicate the foundations of traditional Hawaiian health practices that lead to a thriving society of physically adept people. Critical to the well-being and vigor of Native Hawaiians was a highly structured system of ancient medical art forms of preventive health, acute care, and holistic healing. From 1776 to 1893, a 90% depopulation of the Native Hawaiian community took place due to severe biological, psychological, and physical displacements Native Hawaiians faced within their own homes (Blaisdell, 1998) (see Figure 1). Thus, to contextualize the plight of Hawai'i's indigenous people, it is important to acknowledge the structure of ancient Hawaiian healing and the state of wellness prior to foreign contact.

Figure 1. Historical Native Hawaiian population trends in the Hawaiian Islands.



Source: Hsu, P., & Nielson, J. (2010). *Population update 2010: The R&E annual update series.* Honolulu: Kamehameha Schools Research & Evaluation, p. 1.

Figure 2. Demographic Population in the State of Hawai'i by Ethnicity.



Source: Hawaii State Department of Health. (2000-2008). *Hawaii Health Survey 2000-2008.* Retrieved from http://hawaii.gov/health/statistics/hhs/index.html.

NATIVE HAWAIIANS ENROLLED IN HEALTH CARE MAJORS

It is important to track the post-secondary enrollment rates of Native Hawaiians pursuing majors in applicable health care fields. These rates will directly link to current and future Native Hawaiian capacity to prevent and treat fellow Native Hawaiian infants, youth, adults, and seniors who suffer from physical and emotional diseases and disorders.

- There is but one School of Medicine in Hawai'i – just **8%** (39 students) of John A. Burns enrollment is of Native Hawaiian ethnicity (UH IRO, 2009).

Figure 3. Comparing Native Hawaiian Post-Secondary Enrollment Rates in Health Fields.

Indicator	University of Hawai'i at Mānoa (N)	Native Hawaiians Majored in College / School (N)	Native Hawaiians Majored in College / School (%)
School of Medicine	479	39	8
Psychology Department	294	25	8.5
School of Human Nutrition, Food & Animal Sciences	185	23	12
School of Nursing & Dental Hygiene	665	96	14
School of Social Work	301	63	21

Source: University of Hawai'i, IRO, 2010.

MATERNAL AND CHILD HEALTH STATUS OF NATIVE HAWAIIANS

In an average year in Hawai'i, 18,350 babies are born; being of Native Hawaiian race represents just over a *quarter* of all births. Native Hawaiian mothers have some of the greatest health inequities compared to other ethnicities and State of Hawai'i rates in 16 measured indicators (PRAMS, 2010). **48%** of deaths in Hawai'i, *originating from perinatal period*, are accounted by the Native Hawaiian ethnic group (Office of Health Status Monitoring, 2009).

Figure 4. Comparing Native Hawaiian Health by Maternal and Child Health Indicators.

Indicator	State of Hawai'i (2004-2008 Average)	Native Hawaiian (2004-2008 Average)	Healthy People 2010 Objective
Unintended Pregnancy	45.3%	54.1%	30.0%
Inadequate Preconception Vitamin Use	63.4%	73.3%	20.0%
First Trimester Prenatal Care	82.2%	78.7%	90.0%
Smoking During Pregnancy	8.5%	13.9%	0.0%
Drug Use During Pregnancy	2.7%	3.9%	0.0%
Breastfeeding at Eight Weeks	71.0%	62.6%	75.0%

Source: PRAMS, 2010: USDHHS, 2009

CHRONIC DISEASE STATUS OF NATIVE HAWAIIANS

Research and data indicate that Native Hawaiians suffer some of the worst health inequities in the State of Hawai'i and rival disparate health conditions across the Continental U.S. Figure 5 compares chronic Native Hawaiian disease rates to those of the State of Hawai'i and national prevalence statistics. These indicators call for a plan of action to seriously address the critical state of current Native Hawaiian health and chronic disease prevalence among our people.

Figure 5. Comparing Native Hawaiian Health by Chronic Disease Indicators.

Chronic Disease Indicator (2009)	United States	State of Hawai'i	Native Hawaiians in Hawai'i
Heart Attack	11.4	2.9	6.0
High Blood Pressure	28.7	30.2	36.3
Obesity	26.9	22.9	49.3
Diabetes	8.3	8.5	13.4
Asthma	13.4	16.9	26.5
Prostate Cancer	2.2	3.8	3.6

Source: BRFSS, 2009; CDC/NCHS National Health Survey, 2009; HBRFSS, 2009; Health USA, 2009.

Specifically, (Papa Ola Lōkahi, N.D.; WHIAAPI Fact Sheet, N.D.)

- Native Hawaiians are over 5 times as likely to experience diabetes between the ages of 19-35 (11% vs. 2%) compared to non-Hawaiians.
- Native Hawaiians have the highest rate of deaths due to cancer compared to any other ethnic group in Hawai'i.

A FURTHER LOOK AT NATIVE HAWAIIAN OBESITY

- **75.5%** of Native Hawaiians are at risk for being *overweight or obese*, compared to 57.2% in the State (HBRFSS, 2010).
  - Healthy People 2010 objective was to *lower* Obesity prevalence to 15%.
- **23.3%** of Native Hawaiian mothers are categorized with *Preconception Obesity* compared to 15.8% in the State of Hawai'i (PRAMS, 2010).
- **19%** of Native Hawaiian *youth* are Obese, according to their BMI levels, compared to 14.5% in the State of Hawai'i and 12.0% in the U.S. (BRFSS, 2009; CDC, 2008).
- In 2006, **39.4%** of Native Hawaiians were Obese, in 2007, **43.2%**. This is a 10% increase in Native Hawaiian Obesity in 3 years (2009, 49.3%) (HBRFSS, 2006; HBRFSS, 2007).
- Comparatively, 36.8% of Non-Hispanic Blacks and 30.7% of Hispanics were nationally classified as Obese in 2010 (BRFSS, 2010).
  - The two U.S. regions with the highest rates of Obesity prevalence were the South (28.4%) and the Midwest (28.2%). The State of Hawai'i has higher rates of Obesity (30.2%) than either of these two regions (BRFSS, 2010; MedNews, 2011).

OTHER VALUABLE NATIVE HAWAIIAN HEALTH INDICATORS:

- **5.8%** of Native Hawaiians *do not have any* kind of health care coverage (HBRFSS, 2010).
  - **9.5%** of Native Hawaiians *have not had* a routine checkup visit to a doctor in over 5 years, the highest of all ethnicities in the state (HBRFSS, 2010).
- **17%** of Native Hawaiians rate their general health status as "fair" or "poor", the highest of all ethnicities in the state (HBRFSS, 2010).
- Among the Top 10 leading causes of death among Native Hawaiians: *accidents, diabetes, cardiovascular disease, cancer, and inflammation of the kidneys* (Office of Health Status Monitoring, 2009).
- **60%** of Native Hawaiian youth in Grade 12 have a lifetime prevalence of any illicit drug use compared to 53% in the Nation and 47% for the State of Hawai'i sample in the same grade (Pearson, 2004).
- **8.9%** of Native Hawaiian adults reported lifetime methamphetamine use - higher compared to any other ethnic group in the state (Hawai'i State Treatment Needs Assessment dataset, 2004).
  - The highest adult prevalence rates of methamphetamine use in the state are found in *Kaua'i County* (UH Center on the Family, 2007).

THE NATIVE HAWAIIAN HEALTH CONSORTIUM

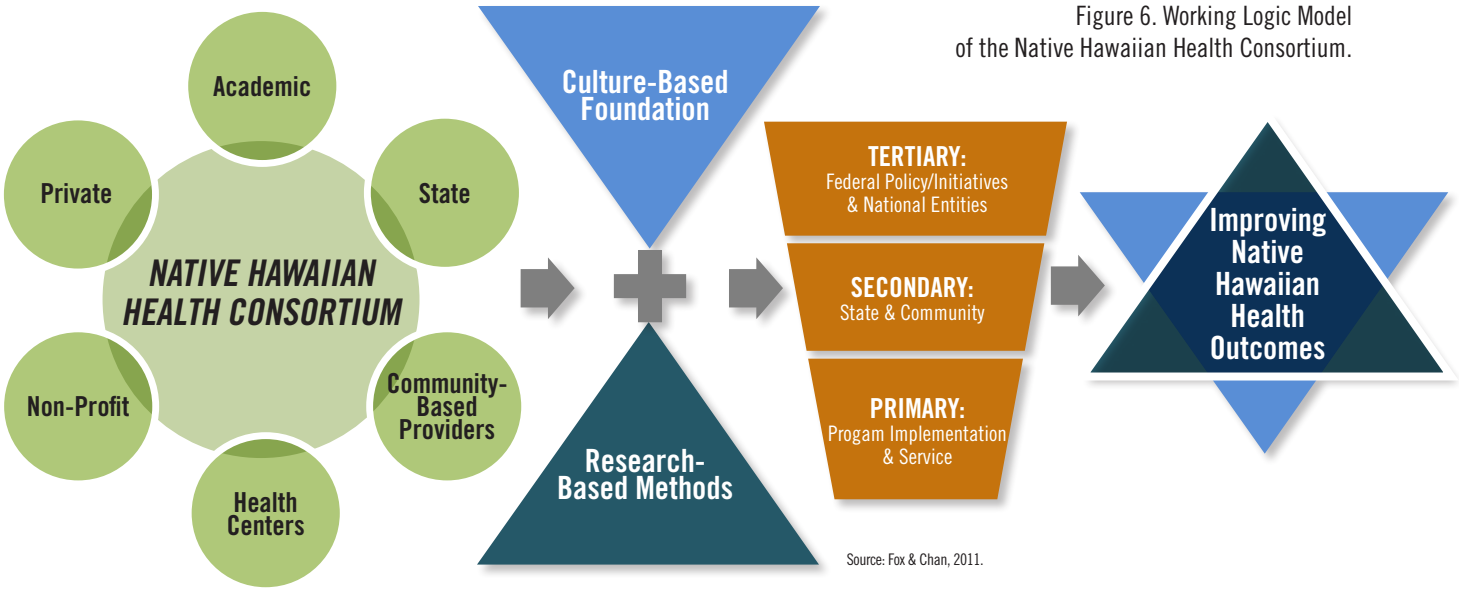


Figure 6. Working Logic Model of the Native Hawaiian Health Consortium.

Source: Fox & Chan, 2011.

Nā Limahana o Lonopūhā, the Native Hawaiian Health Consortium, is an integrated network of leading senior executives and health care providers committed to addressing the status of Native Hawaiian health throughout the State of Hawai'i. This consortium proposes progressive models of culture and research-based methods of implementing prevention and treatment programs focused on systemic outcomes among the various levels of Native Hawaiian health and wellness. The consortium comprises private, non-profit, state, academic, health centers and community-based entities with direct and indirect services throughout Native Hawaiian communities. Such collaboration is critical to a multi-level approach to addressing health care in the 21st century among indigenous peoples.



The Office of Hawaiians Affairs (OHA) was established to help provide the opportunity for a better life and future for all Native Hawaiians. In 2010, OHA was reorganized with a specific role focused on research and results to guide its efforts and actions. This new era of OHA has a particularly strategic strand focused on improving Native Hawaiian health for its beneficiaries. Part of this health effort has determined a strong need for leadership capacity to address Native Hawaiian health issues between and within the social layers of influence. Through institutional partnership, the Native Hawaiian Health Consortium was formed to increase organizational coordination, collaboration, and comprehensiveness to seek support from federal agencies on Native Hawaiian health issues for the common health interests of these partners and their networks.

ON THE COVER

WEARING A *LEI* of shredded ti leaves, a *kahuna lapa'au* prepares an infusion of herbs, some to be ground up in the stone mortar near his knee. Many remedies were gathered from the sea to the mountain forests, and some were cultivated. Smoke curls up behind him from a small fire over which *noni* leaves are being charred for use in a preparation.

He holds a sprig of *pōpolo*, perhaps the most important of all medicinal plants. The juice of the leaves and the black, sweet berries was used in treatments for skin disorders, wounds, and digestive problems. In the bowl at lower right are fruit and leaves of *noni*, perhaps the second most important plant in healing. Leaves of *kukui*, in the basket at right, were used as a laxative or a purge. A small bowl (lower center) holds red salt (*pa'akai 'alaea*) evaporated from seawater steeped in red ocherous earth. On the platter, right to left, are yellow-blossomed *'ilima*, the seaweed *limu kala*, and the corms of *'ōlena* (tumeric). Behind the platter are stalks of *kō* (Polynesian sugar cane). At lower left is the ginger *'awapuhi*.

At left, a broken bone is being set. It is said that specialists in bone setting went through a lengthy apprenticeship from which they graduated only after breaking and successfully setting a bone in a member of their family. At right, a physician manipulates the body of a patient with varying pressures calculated to help him make his diagnosis.

Physicians observed rituals expressing respect toward Lono, patron spirit of healing, and strived to emulate their ancestral *'aumakua*, conducting their lives in a manner that would make them worthy of receiving *mana*.

For further research and information related to Native Hawaiian Health, please contact:

Kamana'opono M. Crabbe, PhD - *Research Director*
Mark Eshima, MA - *Lead Researcher*
Kealoha Fox, MA - *Research Analyst*
Keola Kawai'ula'iliahi Chan - *Research Analyst*

Demography Section
Research Division
808.594.1769

For research and data citations, contact demography@oha.org



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Exhibit 11

A testament to resiliency and rainbows

apa.org/pi/oema/resources/communique/2013/09/resiliency-rainbows

Since the days when foreigners first arrived on her beautiful shores, Hawai'i has been a multicultural community and home to many different ethnic populations. For the once vigorous and physically robust Native (Indigenous) Hawaiians, however, the arrival of foreigners marked a dramatic shift in their well-being, economic prosperity and social status as sovereign citizens. Thankfully, changing times have finally begun to reveal the latent strengths inherent in Hawaiian culture and values, and those who are advocates of the Native community have taken up the task of healing the Hawaiian people by helping to revitalize their homelands and working to re-traditionalize their culture. These important endeavors, however, are all too often eclipsed by media stereotypes, tourism propaganda or simple misinformation.

Aiming to highlight authentic Hawaiian culture from a strengths based perspective, with an intent to inform and celebrate all that is admirable about it, Wendy Peters, PhD, who is Native Hawaiian and the president of Section 6: Indigenous Women (Div. 35), led a small, dedicated committee of volunteers from Div. 35, 45 and 17 to accomplish just that by hosting an educational enrichment event celebrating the Hawaiian culture. Members of the committee were Susana Ming-Lowe, PhD (Div. 35, Sec. 5), Julii Green, PhD (Div. 35, Sec. 1), Vanessa Li (Div. 45, Adelphi University), Div. 17 Leadership Development Institute Fellows Phillip Keck (Ball State University) and Anita Mihecoby (Al Numunu Comanche, New Mexico State University) and Monique Macalinao (event planner).

Overcoming innumerable challenges, with team members spanning the country and working across an ocean with no capital to speak of, the plans eventually fell into place and 250 tickets were sold after only two weeks of promotion. To the team's surprise, they were subsequently besieged with email requests to make more tickets available. Despite the monetary and logistical considerations that weighed heavily upon them to accomplish that, the Hawaiian spirit of resilience prevailed and the end result was that over 500 guests were able to attend the festivities.





L to R: Photo 1:(L to R) M. Duarte, A. Austin, B. Kaapeha-Tanner, K Crabbe; Photo 2: Halau o ke 'A'ali'i Ku Makani performing hula kahiko (ancient style hula); Photo 3: A view of Kualoa Ranch from the Ranch House patio - a sacred place overlooking the ocean.

The challenges, however, did not stop once the tickets were sold out. Just days before the APA convention, the threat of a hurricane wreaked havoc with travel schedules or worse, cancelled them entirely and the volunteer helpers for the luau were no exception. Making matters even more hectic, a traffic accident caused the venue to be without power on the day of the event. Nonetheless, even in the unusually oppressive heat of the stormy weather front, everyone involved pulled together to stage this unprecedented APA event.

In addition to a number of Peters' own family members, the student volunteers who were actually able to get to Hawai'i, along with a few others who pitched in at the last minute, saved the day by helping with all the tasks necessary to host 10 busloads of attendees. Many thanks go out to Laura Straughn, PhD (Georgia State University), Melissa Wheeler, Monica Slinky, Royleen Ross (University of North Dakota), Kayi Hui, Minji Yang (University of Maryland), Holis Tsoi, Joe Nee (CSPP, Alliant International University, Los Angeles), Wells Ling (St. Louis University), Anne Scott (Julii Green's mom) and Arielle Smith. The preceding list of helpers is by no means exhaustive, as many others also rolled up their sleeves to lend a hand wherever one was needed. Likewise, thanks are owed to a number of organizational sponsors whose generosity made the event possible: Div. 35 Society for the Psychology of Women, the Society of Indian Psychologists, Women's Caucus of Council, Argosy University Hawaii, Ball State University, Ethnic Minority Issues Caucus of Council, Div. 17 Society of Counseling Psychology, Div. 52 International Psychology, and the Hawaii Psychological Association. After expenses, the sponsorship and other proceeds raised were donated to benefit worthy Native Hawaiian serving community organizations that included Halau Ku Mana Charter School, I Ola Lāhui Rural Hawai'i Behavioral Health, and Kako'o O'iwi (a community participatory project for sustainable culture).

Featuring eminent Native Hawaiians who cordially spoke about their specific endeavors, the event was conducted according to traditional Hawaiian protocols and values. It was an evening packed with culturally enriching education and art forms. First to address the group was Mahina Paishon Duarte, the principal of Halau Ku Mana, a charter school focused on retraditionalization with a curriculum steeped in Hawaiian culture and courses such as aquaculture, sustainable agriculture and ocean voyaging. Bonnie Kahape'a-Tanner, also affiliated with Halau Ku Mana, is a teacher of Polynesian canoeing and celestial navigation. Mentoring the Native youth, her work is helping to re-affirm their connection to the land and ocean, as well as instilling in them a sense of caring for Hawaiian traditions. Aukahi Austin, PhD, executive director of I Ola Lāhui Rural Hawai'i Behavioral Health and APA

member, was also present to impart her knowledge. Austin's organization provides culturally-minded, evidence-based behavioral health care that is responsive to the needs of medically underserved and predominantly Native Hawaiian rural communities. Last to address the attendees was the keynote speaker and CEO for the Office of Hawaiian Affairs, Kamana'opono Crabbe, PhD. Also a member of APA, Crabbe shared some of his experience with traditional healing practices that are being incorporated to help Native men. After the presentations, a traditional luau dinner buffet was served and guests were entertained by the 2013 Na Hoku Hanohano (Rising Stars) award winning band, Na Hoa. Under the direction of Kumu Hula Manu Boyd, and a fitting conclusion to a wonderful day's celebration of culture, Halau o ke 'A'ali'i Ku Makani at last took center stage dancing the hula under the moonlit Hawaiian night (because the spotlight was broken too).

Yes folks, it was a challenging day that exacted patience, understanding and resiliency from all concerned, but in the end everyone went home feeling it all was worth it. On that day, a Hawaiian rainbow did indeed shine through the stormy weather showcasing Hawaii's legacy in the wisdom of her progeny. Best of all, it was those who came to learn, share and enjoy the event that were the most beautiful rainbow of diversity to be seen at this year's APA convention. With attendees representing almost every APA organization and coming from all corners of the globe, it was a multi-cultural gathering exemplary of diversity itself. The evening was undoubtedly a testament best described by the Hawaii state motto: "Ua Mau ke Ea o ka Aina i Ka Pono," the life of the land is perpetuated in righteousness.

For more information or questions about the event contact Wendy Peters.

HAWAI'I PSYCHOLOGIST

NEWSLETTER

Winter 2015



By Nancy Sidun, Psy.D., ABPP, ATR

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The mission of the Hawai'i Psychological Association is to enhance the quality of life for the people of Hawai'i by encouraging, integrating, applying, and communicating the contributions of Psychology in all its branches. HPA seeks to strengthen public relations, advocate for a psychologically healthy community, develop solutions for mental health care, be responsive to the multiple cultures in Hawai'i, promote the highest standards of professional ethics and to diffuse psychological knowledge through meetings, conventions and publications.

A Message from Our President, Dr. Nancy Sidun

I want to thank you for the honor of serving as your president this past year. Due to our strong and growing membership, our Board, and our Executive Director, HPA accomplished several meaningful endeavors in 2014. I would like to highlight just a few.

In HPA's continued effort and interest in supporting and promoting Hawaii's psychology students and early career psychologists a number of meaningful activities occurred and will continue to occur. During our most recent HPA Annual Convention, we offered our inaugural student-specific event, the "Practicum, Internship, Post-Doc Symposium & Networking Hour." All local training sites offering practicum, internship, and/or post-doctoral fellowships were invited to present their programs, followed by a question and answer period; a student and HPA Board member, Ms. Julie Takishima, moderated this. Approximately 50 students were able to benefit from this. In HPA's tradition of supporting all students, regardless of HPA membership, having the opportunity to attend our convention, significant non-member and member student discounts were offered. And on a more personal note, one of my presidential initiatives was to increase membership; I am pleased to announce that HPA's current active student membership has tripled since 2013 as well as membership in general has increased.

Through the amazing work of the Diversity Committee, the Continuing Education Committee and the student representatives, we were able to offer multiple professional trainings featuring prominent psychologist in our field; many of these training were offered free of charge to students (non-members and members), ECPs, and HPA members. These training opportunities included:

- Our diversity conference. *Cultural Diversity and Disabilities;* Drs. Steven Brown, David Leake, and Kathleen Brown

Please see *President's Message* on page 6



Pat DeLeon, Former APA President

Colleagues Making a Real Difference

The Affordable Care Act (ACA): With the steady implementation of President Obama's Patient Protection and Affordable Care Act (ACA), psychology's practitioners and nursing's Doctors of Mental Health Nursing Practice (DNP) are increasingly being held to the requirements of the more generic healthcare system. This evolution is especially relevant to integrated care models; for example, the Accountable Care Organizations and Patient-Centered Medical Homes fostered by the Act. Central to this evolution is the necessity of appreciating the common procedural terminology (CPT) system which has become the most widely accepted nomenclature used in the reporting and reimbursement of health services under public and private health reimbursement programs. From a policy perspective, it is evident that the CPT system is just beginning to address the complexity involved in recognizing that mental health and physical health are intimately intertwined, as well as the critical contributions of the psychosocial-economic-cultural gradient to "quality" health care.

Tony Puente has been working at the interface of practice and policy with the CPT system since the late 1980s. He served as APA's first representative to AMA and for 15 years has been working with them. He is presently a voting member of their CPT Editorial Panel. Tony's report: "The CPT was developed almost 50 years ago by surgeons and physicians and today is copyrighted by the AMA and owned by the Centers for Medicare and Medicaid Services (CMS). A new code for psychological services would be developed by a Health Care Professional Advisory Committee, all non-physicians, then is edited and researched by a selected work group and referred to the CPT panel on which I serve for review and possible approval. If successful, this process can take anywhere from two years to twelve years.

"Out of the approximately 8,000 codes, around 60 are possible codes for psychologists to utilize. These fall within a few major categories including Psychiatric/Mental Health, Central Nervous System Assessment, and Health and Behavior. Miscellaneous codes also cover preventive measures, evaluation and management (E&M), and telehealth. Psychiatric/Mental Health codes were added in the 1970s, testing codes 20 years later, and Health and Behavior codes soon thereafter. Biofeedback codes have also been included. Due to changes in practice patterns and increasing recognition of co-morbidities, codes established for psychotherapy underwent major changes last year. Most current procedure codes reimburse for 'silo' or non-interactive procedures, such as psychotherapy. There is an expanding vision to create codes that financially incentivize professionals to integrate health services. APA is well represented by Neil Pliskin and James Georgoulakis in the AMA process and Randy Phelps as Director of APA's new Office of Healthcare Financing." Tony ran for APA President in 2014 and we fully expect he will be on the ballot for 2015.

Being at the Table: At the annual APA State Leadership Conferences (SLC), Katherine Nordal has consistently stressed the importance of psychology becoming actively involved in policy discussions at the local and national level -- "If we're not at the table, it's because we're on the menu." A Longtime Friend to Hawaii, now in our Nation's Capital: Diane Elmore: "After spending summers in Hawaii as a child and completing my Islands Division, I moved to Washington, DC in 2002 to pursue a career in health policy. I spent nearly a decade at the APA where I served as Associate Executive Director of the Public Interest Government Relations Office, Director of the APA Congressional Fellowship Program,

Please see *Aloha from Pat* on Page 7

2014 Hawai'i Psychological Association Award Winners



Deborah Ullman
Daniel K. Inouye Award
(Non-Psychologist Award)



Denise Lau
Media Award



Bradley T. Klontz, Psy.D., CFP®
Significant Professional Contribution Award



Sandra Takamine, Ph.D.
Provision of Psych Services to a Rural Community Award



A. Aukahi Austin, Ph.D.
Outstanding Teacher Award



Julie Y. Takishima-Lacasa, MA
Outstanding Student Award



Brian Potts
Student Research Award



Dr. Kamana'opono M. Crabbe
Lifetime Achievement (Pat Deleon Award)

Some of the Things I am Thinking About: Psychology and the Mental Health Workforce

By Lesley A. Slavin, Ph.D., HPA President Elect

Why do the most vulnerable youth with the most challenging emotional and behavioral difficulties end up being treated by the least-trained, least-experienced therapists? Is there some way of luring highly skilled and experienced doctoral level psychologists into working with "high-end" youth? Are there unexplored opportunities for public-private partnerships to improve mental health services for the neediest families? What role should doctoral-level psychologists play in the training and supervision of lower-cost masters-prepared therapists? I have been working for the Hawaii State Department of Health's Child and Adolescent Mental Health Division (CAMHD) for more than eleven years now, and these are some of the questions that trouble me.

A lot of my work over the years at CAMHD has involved training the folks we call our "providers." Generally these are Master's level therapists who work for the agencies with whom CAMHD has contracts to provide services to youth with severe emotional or behavioral difficulties (e.g. Catholic Charities, Hale Kipa, Hawaii Behavioral Health, The Institute for Family Enrichment, etc.). CAMHD staff have been trying in various ways over the years to help improve the skill sets of these folks who work with very challenging youth and families, and to support the clinicians who supervise these therapists. I have found this to be a very daunting task given the scarcity of training resources and the abundance of training needs.

CAMHD's Evidence-Based Services committee did some research on the training content of various university training programs producing mental health professionals in Hawaii by surveying graduate students and faculty. The results made it clear that many of our Master's prepared therapists get very little training in providing the most effective, research- based therapy approaches (Okamura et. al., 2014). Compared to doctoral-level psychologists, many of them don't get exposed to a lot of coursework or supervision during their training programs. Nonetheless, few of CAMHD's contracted agencies can afford to hire psychologists, and if they do, the psychologists typically are doing supervision with a fleet of less-trained therapists –they are not seeing youth and families directly.

What I have observed is that new professionals with relatively scanty training come and work in public sector/non-profit agency jobs in our system right after grad school. Eventually many of them find ways of being helpful with youth and families, develop some skills, and then - if they stay in the field and can get licensed - they go off to work in private practice. Part of what makes this problematic, from my perspective, is that private practitioners often end up working mostly with relatively high-functioning clients. Often, they can't afford to take QUEST/Medicaid insurance so they don't work with poor people. Often, the liability of working with more volatile clients and/or the lack of reimbursement for the case management time required by high-end youth is untenable for private practitioners. The end result for the Child Mental Health System is that our most vulnerable "high end" youth are treated by the least experienced, least skilled therapists. Don't get me wrong, I am not saying that this is because the individuals who choose private work are greedy or don't care about poor kids with serious mental health challenges. I am saying the healthcare system is structured in such a way that this is the logical, perhaps inevitable result.

Is there any solution? Perhaps groups of private psychologists could work together with public sector psychologists to develop contracts that would allow them offer their expertise to high need clients and even to partner with state-employed case managers. I think it is a given that the public mental health system will not be able to afford to employ doctoral level practitioners to provide the majority of direct care to clients with severe disturbances. Psychologists working in public mental health will continue to be in roles that emphasize supervision, training and consultation with young master's-prepared therapists. Doctoral-level expertise needs to be diffused across relatively large numbers of master's-prepared staff if mental health care is to be affordable and accessible. If the public sector could pay strong psychologists fair salaries for providing this kind of expertise, it could be a partial solution. As far as our state system is concerned this will require advocating for real changes in the personnel system. The civil service classification series for psychologists could be changed or "re-priced", or clinical psychologists could be made "exempt" from civil service salary constraints and other regulations by statute as psychiatrists have been for several years. All of this could be expedited by getting a different bargaining unit for psychologists employed by the state. Nurses were able to do this a number of years ago, and they are now much better paid than psychologists by the state.

Could HPA play a role in advocating for changes in state personnel policies related to psychologists? Could HPA play a role in promoting collaboration between private practitioners and the public mental health system? I hope so. And I hope to dialogue with many of you about these issues during the next few years.

References

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APA Accredits a New Pre-Doctoral Internship Program Sponsored by the State of Hawaii

By Lesley A. Slavin, Ph.D.

The Hawaii Psychology Internship Consortium (HI-PIC) has been granted accreditation by the American Psychological Association. The consortium brings together three departments of the Hawaii State Executive Branch – Dept. of Health (DOH), Dept. of Education (DOE) and Dept. of Public Safety (DPS) – to provide pre-doctoral training slots for psychology trainees. This year, its second year of operations, HI-PIC is training 7 interns on 3 islands – Oahu, Hawaii, and Kauai.

The development of the HI-PIC program involved a partnership between the State of Hawaii and the Western Interstate Commission for Higher Education (WICHE). WICHE provided expert consultation and support to help local psychologists design the program, write the self-study and organize the site visit. Particular recognition is also due to the director of Training, Jenna Symons, Psy.D. of DOH who led the program through the accreditation process. Other members of the

faculty include the following doctoral-level Hawaii psychologists: Jeffrey Cumes (DOH Kona), Lori Boulton (DOE Kona), Alex Bivens (DOE Kauai), Brad Klontz (DOE Kauai), Donna Macri (DOE Oahu), Abby Royston (DOE Oahu), Stanley Luke (DPS Oahu), and Marie Vorsino (DOH Oahu). The program is listed in the latest Newsletter from the APA Committee on Accreditation as "Accredited on Contingency." This is a new designation granted only to new programs that meet all the accreditation standards except that they are too new to be able to include the required outcome data on interns completing the program. The HI-PIC program submitted its self-study and had its site visit while training its first cohort of interns.

Message from Our President, continued from page 1

- *Challenges and Opportunities for Psychologist in the Era of Health Care Reform;* Dr. Barry Anton
- *Integrating Identities: Ethics and Ethical Challenges for Graduate Students and Early Career Psychologist;* Drs. Stephen Behnke & Nabil El-Ghoroury
- *The Citizen Psychologist: Serving as Leaders and Collaborators;* Dr. Jessica Henderson Daniel
- Our HPA Convention*: Opportunities and Challenges in Psychology and Mental Health; keynote presenter:* Dr. Lynn Bufka

Additionally, our Executive Director, Alex Santiago, conducted training on the overview of the legislative process; this was open to all HPA members.

We have also paid attention to increasing our proficiency with technology this past year and as a result we are working to revive our inactive HPA Facebook page (be on the lookout as that should be up and running soon). I am hopeful that members have noticed our improved HPA website (hawaiipsychology.org). It is now hosted on the Wild Apricot service, which supports a variety of tools both for members and the public. The primary benefits include the ability for individual HPA members to manage their HPA memberships online. Members can now edit their own public-facing business contact information, payment of dues, and sign-up/payment for CE programs. Also membership-wide announcements, newsletters, invitations, polls can be communicated, regardless of whether an individual member participates in the HPA listserv. The online directory is now an up-to-date, searchable reference for all members and for clinical members, this is the primary method the HPA Office uses for referrals. The online directory can be queried by several options, such as treatment method, treatment issues, assessment types, populations served, locations, and insurances accepted. Lastly, in the near future the entire site will be searchable (not just the directory). This will allow us to maintain an easy-to-use online resource for both consumer and provider information. For these amazing improvements, I need to acknowledge Dr. Greg Turnbull who's graciously gave of his time and expertise to enhance our website for our members.

Another major accomplishment HPA was directly involved with this past year was the Mandatory Continuing Education Law. With the direction of our past HPA president, Dr. Jeffrey Stern, the Hawaii legislation passed a mandatory CE law (SB2465, SD2) for psychologists. This law requires

all licensed psychologists to obtain a minimum of 18 CE credit hours beginning with the renewal for the licensing biennium July 1, 2016 through June 20, 2018.

Another important initiative in 2014 was to establish a Task Force on Rural Heath to address the unique needs of our members that are working in rural parts of our State. A very active task force has been seated and they are energetically working on gathering information about the needs of members in rural health. Two questionnaires have been distributed to our members and the analysis the data is underway. I trust we'll be hearing from the Task Force, chaired by Dr. Adrianna Flavin, soon.

Lastly, I want to say I truly have enjoyed serving our association and am grateful that as past-president I will still have the opportunity to engage and work along the side of so many outstanding psychologists and psychologists in training that are a part of the Board and HPA, in general.

I wish everyone a peaceful and grand new year.

Warmly,
Nancy Sidun, HPA President 2014

Aloha from Pat, continued from page 2

and Coordinator of APA's military and Veterans activities. During my tenure at APA, I worked on key federal legislation focused on the needs of underserved/priority populations, including indigenous populations, older adults, survivors of trauma across the lifespan, and military service members and Veterans. As a member of the APA health care reform policy team, I helped to successfully secure key provisions in the ACA related to issues including integrated health care, prevention and wellness, and workforce development.

"As the former Director of the APA Congressional Fellowship Program, I served as a mentor to dozens of psychologists who came to Washington, DC to experience the policymaking process up close and personal. My own experience as an APA Congressional Fellow inspired me to help other Fellows navigate and adjust to the fast-paced and exhilarating landscape on Capitol Hill. I served in the Office of then-U.S. Senator Hillary Rodham Clinton, where I was a member of the health team working on a range of health policy issues. Among the federal policies the Senator helped to advance were new mental health initiatives for older adults (as part of the reauthorization of the Older Americans Act) and federal legislation to address the needs of family caregivers across the lifespan (Lifespan Respite Care Act), which both became law in 2006. I helped to share scientific/clinical expertise on timely initiatives related to the mental health of military service members and Veterans and the psychological consequences of terrorism, in the aftermath of 9/11.

"My passion for engaging scientists and practitioners in policy and advocacy efforts led to a multi-year collaboration with colleagues in the APA Education Government Relations Office to develop the *APA PsycAdvocate® Series*, which is available on the APA Continuing Education website. This series of training modules provides psychologists, psychology students/trainees,

and others with the skills to become effective public policy advocates at the federal, state, and local levels.

"Last year, I joined the UCLA/Duke University National Center for Child Traumatic Stress as its Washington, DC-based Policy Program Director. In this role, I help to lead the National Child Traumatic Stress Network (NCTSN) efforts to educate and inform federal, state, and local policymakers about the critical issue of child trauma. Today, nearly two-thirds of children in the U.S. are exposed to a traumatic event before age 16. The cost of child trauma is not only felt in human terms (e.g., physical and mental health effects), but also in billions of dollars in estimated associated costs.

"The NCTSN was created by Congress in 2000 to raise the standard of care and increase access to services for children and families who experience or witness traumatic events. Our policy team works closely with current NCTSN grantees and affiliates (formally funded centers) working in hospitals, universities, and community based programs in 43 states across the U.S. Included among the NCTSN affiliate programs is Catholic Charities Hawaii, Youth Enrichment Services Division. NCTSN grantees and affiliates provide clinical services, develop and disseminate new interventions and resource materials, offer education and training programs, collaborate with established systems of care, engage in data collection and evaluation, and inform public policy and awareness efforts. Please visit http://www.nctsn.org/."

With the future stressing integrated and interprofessional care, it is exciting that nursing's leadership is strategically implementing a vision similar to that proposed by Katherine and Diane. The American Academy of Nursing has announced their participation in the Nurses on Boards Coalition, which is a group of national nursing organizations dedicated to increasing nurses' presence on corporate and non-profit health-related boards of directors throughout the nation. The coalition is working on implementing a national strategy to bring nurses' valuable perspective to governing boards, as well as to state-level and national commissions with an interest in health. Their goal is to put 10,000 nurses on boards by the year 2020, pursuant to the recommendations of the Institute of Medicine (IOM) report *The Future of Nursing: Leading Change, Advancing Health* (2011). This effort is being supported by the Robert Wood Johnson Foundation and AARP. Pursuant to this challenge the Nursing Campaign for Action, which has coalitions in all 50 states and the District of Columbia, is actively seeking to promote healthier lives, supported by a system in which nurses are essential partners in providing care and promoting health.

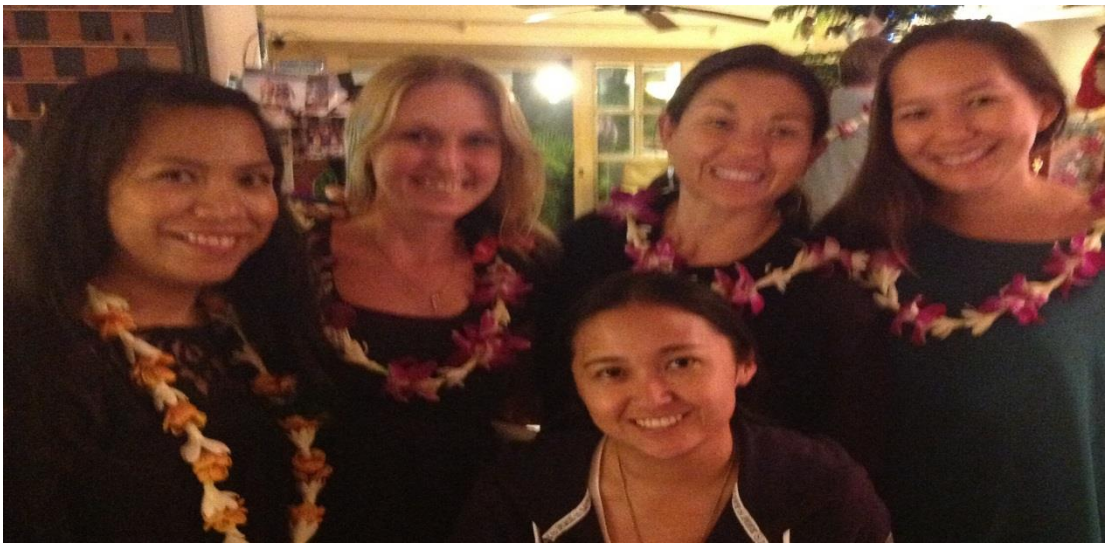
True Quality Care: Mike Sullivan, who was instrumental in passing psychology's earlier RxP bills in his APA Practice Directorate State Leadership role: "The September Monitor's article 'On the Reservation' about the Crow/Northern Cheyenne Indian Health System hospital in Montana with RxP is outstanding! Marie Greenspan's quote 'We maintain a policy of no pills without skills. If we're giving medication, people also need to come in and talk with us and learn non-pharmacological ways of managing their issues as well.' That's psychology's contribution to prescribing in a nutshell. Especially when these services would otherwise be unavailable."

Aloha,

Pat DeLeon, former APA President – Hawaii Psychological Association – December, 2014

How Students Are Getting Involved in HPA

By Julie Y. Takishima-Lacasa



Pictured left to right is Madelyn Butac-Roeske, New HPA Student Representative (2015); Mariah Shaver, Outgoing Student Representative; Julie Takishima-Lacasa, Outgoing Student Representative; Puanani Hee, New HPA Student Representative (2015); and Adrienne Kadooka (middle), Student Representative (since 2014).

As a student representative to HPA's Board of Directors over the past several years, I have talked with many local psychology students about what they know (or don't know) about what HPA does and the many opportunities for students to get involved in the organization. Generally, many students I spoke with expressed that they had little awareness of these opportunities, or the benefits of getting involved in their local professional organization.

The importance of becoming an active student member of your local professional organization includes not only the advantages of membership, but also what you can contribute to your professional community as a result (which, in turn, is also a benefit!). On a basic level, when you join the organization, your student membership dues serve to support HPA's overall mission to *promote the health and wellbeing of Hawai'i and its people through the science and practice of Psychology*. HPA does this in many ways, including providing resources to the community (like a searchable online listing of local psychologists); leading political advocacy that shapes the future of our profession, here in Hawai‘i and at the national level; disseminating important news and encouraging discourse on issues that impact our field through the maintenance of a very active list serve; and offering local CE workshops, professional trainings, Annual Conventions, and yearly Diversity Conferences that bring relevant topical experts to our islands, serve to showcase the significant work and research being conducted here at home, and provide opportunities for us to network with one another. Taking it to the next level and

becoming an *actively* involved member affords one a *voice* in, and an opportunity to *contribute* to, the many important initiatives of HPA.

As I've experienced through my involvement in HPA, investing my time and energy in my local professional association offers benefits that extend far beyond the satisfaction gained by doing truly meaningful and impactful work. I have broadened my professional network exponentially, and have developed lasting and treasured relationships. These connections provide invaluable mentorship and collegiality, which will continue to be a source of support and collaboration as I build my career after graduation. Perhaps most gratifying, these experiences have invigorated, solidified, and blossomed my deep passion for the varied roles in which I will serve as a psychologist in our community.

So, as I conclude my term as student representative (but continue my commitment to serving my professional community through my work with the organization), I leave my fellow students with the strong encouragement to get *actively* involved in HPA, starting with any of the following student-specific initiatives:

- HPA Board of Directors has three voting student Board member positions, filled by elected student representatives from our local doctoral-level graduate programs (University of Hawai‘i and Argosy University). These student members attend all Board meetings with full voting rights and privileges. HPA plans to expand the number of student Board positions in 2015 to include masters program representatives from Chaminade University and Hawai‘i Pacific University.
- HPA has numerous committees and task forces dedicated to advocacy for and development of the psychology community in the state of Hawai‘i. The chairs and members of these committees strongly encourage and mentor students in becoming involved in these committees. Currently there are student members serving on and actively contributing to the CE/Convention Committee (CE workshop and Annual Convention programming and coordination); the Diversity Committee (currently planning the annual Diversity Conference); the Legislative Committee (currently working to introduce a Prescriptive Authority bill in the upcoming legislative session); and the Rural Health Task Force (currently surveying our rural psychologists to assess their needs).
- At the most recent HPA Annual Convention, HPA offered a student-specific session, planned and coordinated by the student representatives with extensive support from the Board: "Practicum, Internship, Post-Doc Symposium & Networking Hour." During this session, all local training sites offering practicum, internship, and/or post-doctoral fellowships were invited to present on their programs. These presentations were followed by a Q&A session, moderated by a student representative. The session concluded with a Networking Hour, providing an opportunity for prospective candidates to talk with training directors, staff, and current trainees of the training programs. HPA provided free food, refreshments, and a raffle prize for the Networking Hour. Nearly 50 students attended (with some even flying over from the outer islands), in large part due to 20 student scholarship registrations that HPA subsidized to foster student attendance.
- HPA offers a significant non-member student discount for convention registration, to promote attendance and involvement of all students. This registration fee is further reduced for

student members; neighbor-island registrations are offered further discounts to help offset travel costs.

- HPA Annual Convention has a poster session that highlights research of local students and professionals. This year, 13 of the 15 posters presented were authored or co-authored by students.
- HPA presents two separate student awards at every Annual Convention. The Student Research Award recognizes an outstanding student for significant scholarly contributions to graduate research in psychology and the Outstanding Student Award recognizes an outstanding local student in the field of psychology. Student award plaques are presented during the convention luncheon alongside the annual professional awards, providing an opportunity for students to be recognized by and to connect with psychologists in the community. Applications for these awards are usually accepted during the summer.
- HPA regularly offers professional trainings featuring prominent psychologist in our field, free of charge to students and ECPs. For example, HPA sponsored a seminar series over this last summer, including:
    - *Challenges and Opportunities for Psychologist in the Era of Health Care Reform;* Dr. Barry Anton
    - *Integrating Identities: Ethics and Ethical Challenges for Graduate Students and Early Career Psychologist;* Drs. Stephen Behnke & Nabil El-Ghoroury
    - *The Citizen Psychologist: Serving as Leaders and Collaborators;* Dr. Jessica Henderson Daniel
- The HPA Executive Director conducts an annual training at a Board meeting, open to all HPA members, which provides an overview of the legislative process, and serves to inspire all of the student members to pursue further involvement in leadership and advocacy.
- This legislative training prompted a HPA student initiative, under the mentorship of the Diversity Committee chair. An HPA Student Leadership Group (HPA-SLG) was recently created to increase student exposure to leadership experiences. The objectives of this group include utilizing HPA resources and support to (a) increase student involvement in HPA, (b) actively engage students in legislative advocacy, (b) involve students in planning and coordination of workshops and convention activities, (c) to promote student research and professional presentation, and (d) expand student collaboration across graduate programs. Contact Adrienne Kadooka at kadooka.chu@gmail.com if interested in joining the HPA-SLG!
- Students are welcome to submit articles on student-relevant topics and events to every newsletter.
- The current student representatives, under the mentorship of the ECP Committee chair, are working to revive the inactive HPA Facebook page, which will serve as a relevant platform from which to disseminate important information and news about our field to Hawai‘i psychology students.

If you have any questions about, suggestions for, or interest in, any of these existing initiatives or to propose new student-specific activities, please contact the author of this article at yuriet@hawaii.edu. *Any comments or inquiries.*

Scholarly Contributions of HPA Members

Thanks to David Cicero, our Training, Research, and Educational Representative, below is a listing of scholarly contributions of our HPA Community. We are listing new publications in each issue of *Hawai'i Psychologist*. If you have work you would like highlighted, please feel free to send them to dcicero@hawaii.edu.

Brad Nakamura

Nakamura, B. J., Selbo-Bruns, A., Okamura, K. H., Chang, J. P., Slavin, L., & Shimabukuro, S., (2014). Developing a systematic evaluation approach for training programs within a train-the-trainer model for youth cognitive behavior therapy. *Behaviour Research and Therapy*, 53, 10-19.

Nakamura, B. J., Mueller, C. W., Higa-McMillan, C., Okamura, K., H., Chang, J. P., Slavin, L., & Shimabukuro (2013). Engineering youth service system infrastructure: Hawaii's continued efforts at large-scale implementation through knowledge management strategies. *Journal of Clinical Child and Adolescent Psychology*.

Yurie Julie Takishima

PUBLICATIONS

Takishima-Lacasa, J. Y., Higa-McMillan, C. K., Ebesutani, C., Smith, R. L. & Chorpita, B. F. (2014). Self-consciousness and anxiety in children and adolescents: The revised self-consciousness scales for children. *Psychological Assessment*.

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PROFESSIONAL PRESENTATIONS/WORKSHOPS

Poster Presentation

Oct 25, 2014 Girl Power Hawai'i: Adaptation of an Evidence-Based STI-Prevention Intervention for Native Hawaiian, Pacific Islander, and Asian Teen Girls in Hawai'i
Hawai'i Psychological Association, Honolulu, HI
Takishima-Lacasa, J. Y., Kameoka, V. A., Stueber, K. L., Papin, J. R., & Joseph, R.

Poster Presentation
Aug 3, 2013 Local Adaptation Procedures (LAPs): Adapting Interventions for Native Hawaiian, Pacific Islander, and Asian Teen Girls in Hawai‘i
American Psychological Association, Honolulu, HI
Kameoka, V. A. & Takishima-Lacasa, J. Y.

Symposium
Aug 3, 2013 Can Psychology Accommodate Divergent Views on Size? Barriers to a Nuanced Understanding of Obesity
American Psychological Association, Honolulu, HI
Austin, A. A. & McHugh, M., Co-Presenters
Williams, J., Discussant

Paper Presentation
Oct 8, 2011 Ethnic Differences in Ideal Body Type and Related Attitudes Between Asians, Native Hawaiians, and Whites
Cross-Cultural Health Care Conference, Honolulu, HI
Kaholokula, J. K. & Townsend, C., Co-Presenters

Paper Presentation
Aug 31, 2010 Three Site Cultural Evaluation Project: Research Methods and Findings from an Evaluation of Three Culturally-Based Substance Abuse Programs
‘Imi Ke Ola Mau Annual Meeting, Honolulu, HI
Austin, A. A. & Gray, J. O., Co-Presenters

CE Workshop
Nov 9, 2009 Why Exposure? A Brief Look at the Evidence-based Theoretical Foundations of Emotion Processing Theory & How To Do Exposure
Hawai‘i Psychological Association, Honolulu, HI
Austin, A. A. & Nakamura, B., Co-Presenters

William T. Tsushima

Tsushima, W.T. & Siu, A.M. (2014).Neuropsychological test performance of Hawai‘i high school athletes: Updated Hawai‘i immediate post-concussion assessment and cognitive testing data. *Hawaii Journal of Medicine & Public Health.*

Jim Spira

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8. Bray, R., Spira, J., & Rae-Olmsted, K. (2010). The Role of Behavioral and Occupational Health in Total Fitness: Formal Instruction, commissioned by the Chairman of the Joint Chief's of Staff. 02/01/10.
9. Bray, R., Brown, J., Williams, J., Spira, J., Olmsted, K (2010). The Effectiveness of Resiliency Training for Reduced PTSD and Improved Performance in Army Recruits. Final Report for the US Army.
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David Cicero

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Brad Klontz

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Lesley Slavin

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Nancy Sidun

PUBLICATIONS (2013-2014)

Sidun, N.M. (accepted). The power of our stories: Astute listening is vital [Review of the Book *Women voicing resistance: Discursive and narrative explorations*.] *Psychology of Women Quarterly*.

Sidun, N.M. Guest Co-Editor, Special Issue on Human Trafficking of Women and Girls for *Women and Therapy* for 2015 (Ellyn Kaschak, editor, Deb Hume, guest co-editor).

Sidun, N.M. & Hume, D. Co-Chairs (2014). American Psychological Association Task Force on Trafficking of Women and Girls. Report of APA Task Force on Trafficking of Women and Girls. American Psychological Association Publication; Author.

Sidun, N.M. & Rubin, D. A. (2013). "From an International Perspective: Sex Trafficking and Slavery of Adult Women". In Denmark, F. & Sigal, J. (co-ed.) Women's Psychology Series two volume set entitled Violence Against Women Across the Lifespan: An International Perspective. Praeger Publishers

Sidun, N.M. & Bloom, J.B. (2013). "Sex Trafficking, Sexual Exploitation, and Women's Sexuality". In Castaneda, D. (ed.) Women's Psychology Series two volume set entitled An Essential Handbook of Women's Sexuality. Praeger Publishers

PRESENTATIONS/WORKSHOPS: (2013 - 2014)

Sidun, N.M. (Chair), Bufka, L., Spira, J., & Irie, I. (2014, Oct.). Telehealth: What are the issues? Hawaii Psychological Association Convention, Honolulu, Hawaii

Sidun, N.M. (Chair), Contreras, P.M., Hume, D.L., Alegano Steele, A.J., Burke, M.C., & Liss, M. (2014, August). What psychologists need to know about human trafficking: Identification, tools and resources. Continuing Education Workshop. American Psychological Association 122th Annual Convention, Washington D.C.

Sidun, N.M. & Contreras, P.M. (2014, August). Modern slavery: International sex trafficking of women and girls. In Burke, E.A. & Gopal, K. (Co-chairs), Bryant-Davis, T., Wyatt, G.E., Sigal, J.A., Walker, L.E., Sidun, N.M., & Contreras, P.M. symposium entitled *Global violence towards women: Interventions and strategies for change.* American Psychological Association 122thAnnual Convention, Washington D.C.

Sidun, N.M. (2014, March). Contemporary slavery: Who, what, when, where, and why? In Sidun, N.M. (Chair), Burke, M., Contreras, M., & Hume, D. symposium entitled *Feminist perspective on human trafficking: Clinical considerations, identifications, and prevention*. Association for Women in Psychology 39th Annual Conference, Columbus, OH

Sidun, N.M. (2013, July). Human rights epidemic: Sexual enslavement. In Sidun, N.M. (Chair), Rubin, N. S., & Bloom, J.B. symposium entitled *Crime against humanity: Gender violence and human rights*. American Psychological Association 121th Annual Convention, Honolulu, HI

Sidun, N.M. (2013, July). Sex trafficking: Contemporary sex slavery. In Bloom, J.B., (Chair), Baillie, J., & Sidun, N.M. symposium entitled *Gender violence and the violation of human rights.* XXXIV Interamerican Congress of Psychology, Brasilia, Brazil

Sidun, N.M. (2013, March). Sex trafficking: Modern day slavery. In Bloom, J.B. (Chair), Baillie, J., & Sidun, N.M. symposium entitled *Gender violence and the violation of human rights.* Association for Women in Psychology 38th Annual Conference, Salt Lake City, UT

Erchull, M. (Chair), Sinacore, A.L., Rezazadeh, M.S., Karandikar, S., Gezinski, L, Capous-Desyllas, M. & Sidun, N.M. (discussant) (2013, March). The many faces of sex work. Association for Women in Psychology 38th Annual Conference, Salt Lake City, UT

Sidun, N.M. (Chair), Williams, J., McCloskey, K., & Munoz, V. (2013, Jan.). Paradigm shifts in disabilities, sexualities, and trans-Activism. National Multicultural Conference and Summit, Houston, TX

Adrienne Kadooka

Kadooka, A., Lanza, I., Schulte, M., Li, L., & Hser, Y. (June, 2014). *Teen girls and boys of treated substance-abusing mothers*. Presented at the 76th Annual Meeting of the College on Problems of Drug Dependence, San Juan, Puerto Rico.

Weiss, D.S., Kadooka, A., & Reilly, S. (September, 2013). *Cogmed and working memory: Their relationships to ADHD, intelligence, and academic success*. Presented at the Pacific Regional Behavioral Health Summit, Honolulu, HI.



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Hawai'i Psychological Association
P.O. Box 833
Honolulu, HI 96808
Phone: (808) 521-8995
E-mail: hpaexec@gmail.com
http://www.hawaiipsychology.org

The Hawai'i Psychologist
This newsletter is a publication of the Hawai'i Psychological Association. Chartered in 1962, the Hawai'i Psychological Association is the professional association representing over 300 Hawai`i psychologists. Its mission is to advance the science and practice of psychology while supporting excellence in education, training, research, advocacy and service.
HPA works to inform the public and the Legislature about psychology to ensure that quality health services, both public and private, are available to the diverse people of Hawai'i. HPA's parent group, the American Psychological Association, is one of the largest professional associations in the United States.

Exhibit 12

Na‘i Aupuni

Q&A

December 15, 2015

Q: Why is Na‘i Aupuni proceeding with the ‘Aha and inviting all 196 Native Hawaiians who were running to be delegates to the convention?

A: Our goal has always been to create a path so that Hawaiians can gather and have a serious and much-needed discussion about self-governance.

We anticipated that the path would have twists and turns and even some significant obstacles, but we are committed to getting to the ‘Aha where this long-overdue discussion can take place.

The 196 delegate candidates have publicly indicated that they are serious about taking part in such a gathering and dialogue. They have campaigned and stepped forward to let the community know who they are. Community groups have also sponsored events and forums to further provide access to the candidates. Both the candidates and most of the Native Hawaiian community want to have this discussion and we intend to support them by moving forward with the ‘Aha.

Consistent with offering to seat all candidates, Na‘i Aupuni has decided that the election votes will never be counted. Thus, the Akina litigation, which seeks to stop the counting of the votes, is moot, and Na‘i Aupuni will take steps to dismiss the lawsuit. To be clear, Na‘i Aupuni does not know and will never learn election results.

Q: Will the ‘Aha still start with an instruction section?

A: Yes, a key component of the ‘Aha is the education and information the delegates will receive during the first week regarding constitution building, federal Indian law, international law regarding de-occupation, decolonization and the rights of indigenous people, U.S. Constitution issues that relate to Native Hawaii self-governance, the ceded lands claim, background on Hawaiian Home Lands, Kingdom Law and constitutions drafted by sovereignty groups.

Q: You have changed the ‘Aha from convening over eight weeks for 40 delegates to convening for only four weeks with 196 candidates. Why was that change made?

A: This is not a convening of elected delegates. By convening the candidates we are supporting their desire and the community’s desire to have this much-needed, long-overdue discussion about the future of Native Hawaiians.

This ‘Aha will provide the candidates with information of the main issues relating to sovereignty including the various forms of self-governance. Our goal always has been to create a path so that Hawaiians can gather and have a serious much-needed discussion about the future of Native Hawaiians.

Given the delays caused by the ongoing litigation – that could continue for years – we decided that the most effective route at this point would be to offer to convene all of the remaining delegate candidates and allow them to meet, learn, debate and hopefully reach a consensus on a process to achieve self-governance.

Q: If the meeting of the delegate candidates does not result in a proposed reorganized governing document or constitution that can be ratified by Hawaiian voters, what is the point of the meeting?

A: Whatever is discussed and proposed will be up to the delegates, not Na‘i Aupuni. However, Na‘i Aupuni believes that the convening of this leadership group will be the first step toward reorganizing a government that the majority of Hawaiians support.

Q: What will be Na‘i Aupuni’s role in the ‘Aha?

A: Na‘i Aupuni will manage the process of the ‘Aha but not the substance of the discussions. Na‘i Aupuni has retained Peter Adler and Linda Colburn of The Mediation Center of the Pacific to serve as facilitators to lead the instruction week and to thereafter assist in organizing the delegates. Linda and Peter will be in contact with the candidates who decide to participate in the ‘Aha shortly after the confirmation deadline of Dec. 22, 2015. An email that was sent to the delegates offering details and financial assistance to attend the ‘Aha can be found on our website. The email requests that the delegates confirm by Dec. 22, 2015 whether they intend to accept the terms and attend the ‘Aha that runs the month of February 2016 at a meeting facility in Kailua, Oahu. On Dec. 23, 2015, we will post the list of delegates on our website.

Q: OHA provided a grant to the Akamai Foundation for the benefit and use by Na‘i Aupuni to organize an election and convention for Native Hawaiians. Are there any legal consequences to Na‘i Aupuni cancelling the actual election?

A: The Grant Agreement, which is on our website, states that OHA will not control or affect Na‘i Aupuni’s decisions and that Na‘i Aupuni has no obligation to consult with OHA. Thus, OHA is learning about this announcement along with the rest of the community at this time. Na‘i Aupuni did not consult with OHA about this change of plans, and Na‘i Aupuni believes that it is authorized under the Grant Agreement to proceed in this fashion. The Akina plaintiffs and perhaps others may sue to obstruct the convening of the candidates, but Na‘i Aupuni believes that that case would be without merit because: (1) the current process does not involve an election, (2) conducting this ‘Aha does not constitute state action, and (3) use of OHA’s public land trust funds in this manner is consistent with the Admission Act, the Hawaii Constitution and Ninth Circuit law.

Q: You extended the deadline to vote until Dec. 21. Is there any reason for people to continue voting if all 196 candidates will be invited to the ‘Aha?

A: No, Na‘i Aupuni has terminated the election process and thus there is no need to continue to vote. Na‘i Aupuni has informed Election America to stop the receipt of ballots, to seal ballots that have already been received, and to prevent anyone from counting the votes.

Exhibit 13

JUSTIA

View the 2017 Hawaii Revised Statutes | View Previous Versions of the Hawaii Revised Statutes

2012 Hawaii Revised Statutes
TITLE 9. PUBLIC PROPERTY, PURCHASING AND CONTRACTING
103D. Hawaii Public Procurement Code
103D-303 Competitive sealed proposals.

Universal Citation: HI Rev Stat § 103D-303 (2012)

§103D-303 Competitive sealed proposals. (a) Competitive sealed proposals may be used to procure goods, services, or construction that are either not practicable or not advantageous to the State to procure by competitive sealed bidding.

(b) Proposals shall be solicited through a request for proposals.

(c) Notice of the request for proposals shall be given in the same manner as provided in section 103D-302(c).

(d) Proposals shall be opened so as to avoid disclosure of contents to competing offerors during the process of evaluation. A register of proposals shall be prepared and shall be open for public inspection after contract award.

(e) The request for proposals shall state the relative importance of price and other evaluation factors.

(f) Discussions may be conducted with responsible offerors who submit proposals determined to be reasonably likely to be selected for a contract award for the purpose of clarification to assure full understanding of, and responsiveness to, the solicitation requirements. Offerors shall be accorded fair and equal treatment with respect to any

opportunity for discussion and revision of proposals, and revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of any information derived from proposals submitted by competing offerors.

(g) Award shall be made to the responsible offeror whose proposal is determined in writing to be the most advantageous, taking into consideration price and the evaluation factors set forth in the request for proposals. No other factors or criteria shall be used in the evaluation. The contract file shall contain the basis on which the award is made.

(h) In cases of awards made under this section, non-selected offerors may submit a written request for debriefing to the procurement officer within three working days after the posting of the award of the contract. Thereafter, the procurement officer shall provide the non-selected offeror a prompt debriefing. Any protest by the non-selected offeror pursuant to section 103D-701 following debriefing shall be filed in writing with the procurement officer within five working days after the date upon which the debriefing is completed.

(i) In addition to any other provisions of this section, construction projects may be solicited through a request for proposals to use the design-build method; provided that:

(1) A request for proposals is issued to prequalify offerors to select a short list of no more than three responsible offerors, prior to the submittal of proposals; provided that the number of offerors to be selected for the short list shall be stated in the request for proposals and prompt notice is given to all offerors as to which offerors have been short-listed;

(2) A conceptual design fee may be paid to non-selected offerors that submit a technically responsive proposal; provided that the cost of the entire project is greater than $1,000,000; and

(3) The criteria for pre-qualification of offerors, design requirements, development documents, proposal evaluation criteria, terms of the payment of a conceptual design fee, or any other pertinent information shall be stated in the request for proposals. [L Sp 1993, c 8, pt of §2; am L 1995, c 178, §§8, 9; am L 1997, c 352, §23; am L 2003, c 52, §4; am L 2011, c 211, §3]

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Exhibit 14

JUSTIA

View the 2017 Hawaii Revised Statutes | View Previous Versions of the Hawaii Revised Statutes

2012 Hawaii Revised Statutes
TITLE 9. PUBLIC PROPERTY, PURCHASING AND CONTRACTING
103D. Hawaii Public Procurement Code
103D-304 Procurement of professional services.

Universal Citation: HI Rev Stat § 103D-304 (2012)

§103D-304 Procurement of professional services. (a) Professional services shall be procured in accordance with sections 103D-302, 103D-303, 103D-305, 103D-306, or 103D-307, or this section; provided that design professional services furnished by licensees under chapter 464 shall be procured pursuant to this section or section 103D-307. Contracts for professional services shall be awarded on the basis of demonstrated competence and qualification for the type of services required, and at fair and reasonable prices.

(b) At a minimum, before the beginning of each fiscal year, the head of each purchasing agency shall publish a notice inviting persons engaged in providing professional services which the agency anticipates needing in the next fiscal year, to submit current statements of qualifications and expressions of interest to the agency. Additional notices shall be given if:

(1) The response to the initial notice is inadequate;

(2) The response to the initial notice does not result in adequate representation of available sources;

(3) New needs for professional services arise; or

(4) Rules adopted by the policy board so specify.

The chief procurement officer may specify a uniform format for statements of qualifications. Persons may amend these statements by filing a new statement prior to the date designated for submission.

(c) The head of the purchasing agency shall designate a review committee consisting of a minimum of three persons with sufficient education, training, and licenses or credentials for each type of professional service which may be required. In designating the members of the review committee, the head of the purchasing agency shall ensure the impartiality and independence of committee members. The names of the members of the review committee established under this section shall be placed in the contract file.

The committee shall review and evaluate all submissions and other pertinent information, including references and reports, and prepare a list of qualified persons to provide these services. Persons included on the list of qualified persons may amend their statements of qualifications as necessary or appropriate. Persons shall immediately inform the head of the purchasing agency of any change in information furnished which would disqualify the person from being considered for a contract award.

(d) Whenever during the course of the fiscal year the agency needs a particular professional service, the head of the purchasing agency shall designate a selection committee to evaluate the statements of qualification and performance data of those persons on the list prepared pursuant to subsection (c) along with any other pertinent information, including references and reports. The selection committee shall be comprised of a minimum of three persons with sufficient education, training, and licenses or credentials in the area of the services required. In designating the members of the selection committee, the head of the purchasing agency shall ensure the impartiality and independence of committee members. The names of the members of a selection committee established under this section shall be placed in the contract file.

(e) The selection criteria employed in descending order of importance shall be:

(1) Experience and professional qualifications relevant to the project type;

(2) Past performance on projects of similar scope for public agencies or private industry, including corrective actions and other responses to notices of deficiencies;

(3) Capacity to accomplish the work in the required time; and

(4) Any additional criteria determined in writing by the selection committee to be relevant to the purchasing agency's needs or necessary and appropriate to ensure full, open, and fair competition for professional services contracts.

(f) The selection committee shall evaluate the submissions of persons on the list prepared pursuant to subsection (c) and any other pertinent information which may be available to the agency, against the selection criteria. The committee may conduct confidential discussions with any person who is included on the list prepared pursuant to subsection (c) regarding the services which are required and the services they are able to provide. In conducting discussions, there shall be no disclosure of any information derived from the competing professional service offerors.

(g) The selection committee shall rank a minimum of three persons based on the selection criteria and send the ranking to the head of the purchasing agency. The contract file shall contain a copy of the summary of qualifications for the ranking of each of the persons provided to the head of the purchasing agency for contract negotiations. If more than one person holds the same qualifications under this section, the selection committee shall rank the persons in a manner that ensures equal distribution of contracts among the persons holding the same qualifications. The recommendations of the selection committee shall not be overturned without due cause.

(h) The head of the purchasing agency or designee shall negotiate a contract with the first ranked person, including a rate of compensation which is fair and reasonable, established in writing, and based upon the estimated value, scope, complexity, and nature of the services to be rendered. If a satisfactory contract cannot be negotiated with the first ranked person, negotiations with that person shall be formally terminated and negotiations with the second ranked person on the list shall commence. The contract file shall include documentation from the head of the purchasing agency, or designee, to support selection of other than the first ranked or next ranked person. Failing accord with the second ranked person, negotiations with the next ranked person on the list shall commence. If a contract at a fair and reasonable price cannot be negotiated, the selection committee may be asked to submit a minimum of three additional persons for the head of the purchasing agency to resume negotiations in the same manner provided in this subsection. Negotiations shall be conducted confidentially.

(i) Contracts awarded under this section for $5,000 or more shall be posted electronically within seven days of the contract award by the chief procurement officer or designee and shall remain posted for at least one year. Information to be posted shall include, but not be limited to:

(1) The names of the persons submitted under subsection (g);

(2) The name of the person or organization receiving the award;

(3) The dollar amount of the contract;

(4) The name of the head of the purchasing agency or designee making the selection; and

(5) Any relationship of the principals to the official making the award.

(j) Contracts for professional services of less than the limits in section 103D-305, may be negotiated by the head of the purchasing agency, or designee, with at least any two persons on the list of qualified persons established pursuant to subsection (c). Negotiations shall be conducted in the manner set forth in subsection (h), with ranking based on the selection criteria of subsection (e) as determined by the head of the agency.

(k) In cases of awards made under this section, nonselected professional service providers may submit a written request for debriefing to the chief procurement officer or designee within three working days after the posting of the award of the contract. Thereafter, the head of the purchasing agency shall provide the requester a prompt debriefing in accordance with rules adopted by the policy board. Any protest by the requester pursuant to section 103D-701 following debriefing shall be filed in writing with the chief procurement officer or designee within five working days after the date that the debriefing is completed. [L Sp 1993, c 8, pt of §2; am L 1995, c 178, §10; am L 1997, c 21, §1 and c 352, §7; am L 2000, c 141, §1; am L 2003, c 52, §5; am L 2004, c 216, §1]

Note

L 1997, c 352, §23 purports to amend this section.

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Exhibit 15

PHONE (808) 594-1888

STATE OF HAWAI'I
OFFICE OF HAWAIIAN AFFAIRS
560 N. NIMITZ HIGHWAY, SUITE 200
HONOLULU, HAWAI'I 96817

LIEUTENANT GOVERNOR'S OFFICE

FAX (808) 594-1868

'16 AUG 18 A10 :16

Committee on Beneficiary Advocacy and Empowerment
Trustee John Waihe'e, IV, At-Large, *Chair*
Trustee Peter Apo, O'ahu, *Vice-Chair*
Members
Trustee Lei Ahu Isa, At-Large
Trustee Dan Ahuna, Kaua'i / Ni'ihau
Trustee Rowena Akana, At-Large
Trustee S. Haunani Apoliona, At-Large
Trustee Carmen Hulu Lindsey, Maui
Trustee Robert K. Lindsey, Jr., Hawai'i
Trustee Colette Y. Machado, Moloka'i / Lāna'i

MEETING OF THE
COMMITTEE ON BENEFICIARY ADVOCACY AND EMPOWERMENT

DATE: Wednesday, August 24, 2016
TIME: 1:30 p.m.
PLACE: Mauli Ola Boardroom
Nā Lama Kukui
560 N. Nimitz Highway
Honolulu, Hawai'i 96817

AGENDA

I. Call to Order

II. Approval of Minutes
  A. July 27, 2016

III. Community Concerns*

IV. New Business
  A. ACTION ITEM BAE 16-02 : To approve an OHA Board of Trustees Executive Communications Policy Plan called *One Voice, One Message*
  B. 2016 Legislative Session Review
  C. Briefing : Updates on OHA's Washington D.C. Bureau

V. Unfinished Business

VI. Beneficiary Comments*

VII. Announcements

VIII. Adjournment

*Notice: Persons wishing to provide written testimony are requested to submit ten (10) copies of their testimony to the OHA Pouhana / CEO at 560 N. Nimitz Highway, Suite 200, Honolulu, HI 96817 or fax to 594-1938, 48 hours prior to the scheduled meeting. Persons wishing to testify orally at the meeting may do so within a five (5) minute limit.

Trustee John Waihe'e, IV, Chair
Committee on Beneficiary Advocacy and Empowerment

08-18-16
Date

STATE OF HAWAI'I
OFFICE OF HAWAIIAN AFFAIRS
560 N. NIMITZ HIGHWAY, SUITE 200

COMMITTEE ON BENEFICIARY ADVOCACY AND EMPOWERMENT
MINUTES

August 24, 2016 1:30 p.m.

ATTENDANCE:
Chairperson John Waihe'e, IV
Vice-Chairperson Peter Apo
Trustee Dan Ahuna
Trustee Haunani Apoliona
Trustee Carmen Hulu Lindsey
Trustee Robert Lindsey
Trustee Colette Machado

EXCUSED:
Trustee Lei Ahu Isa
Trustee Rowena Akana

BOT STAFF:
A. U'ilani Tanigawa
Claudine Calpito
Crayn Akina
Harold Nedd
Kama Hopkins
Lady Elizabeth Garrett
Lehua Itokazu
Liana Pang
Louise Yee Hoy
Makana Chai
Melissa Wennihan
Reynold Freitas

ADMINISTRATION STAFF:
Kamana'opono Crabbe, Ph.D., Pouhana / CEO
Lisa Victor, Pou Nui / COO
Anuhea Patoc, PUBL
Coti Haia, DC (via Phone)
Derek Kauanoe, ADV-GOV
Ernest Kimoto, CC
Jessica Freedman, PUBL
Jim McMahon, ADV
Jocelyn Doane, PUBL
Jonathan L. Ching, PUBL
Kawika Riley, ADV
Keala Carter, DC
Keala Nichols, ADV
Kuulei Stockman, DC
Leona Kalima, CULTU
Mehana Hind, CMTY ENGMT
Momilani Lazo, CEO
Monica Morris, ADV
Raina Gushiken, CC
Sterling Wong, PUBL

GUESTS:
Neal Yokota
Keali'i Makekau
Joseph Iokepa

I. CALL TO ORDER

Chair Waihe'e calls the Committee on Beneficiary Advocacy and Empowerment meeting for Wednesday, August 24, 2016 to order at **1:30 p.m.**

Chair Waihe'e notes for the record that **PRESENT** are:

MEMBERS			AT CALL TO ORDER (1:30 p.m.)	TIME ARRIVED
CHAIR	JOHN	**WAIHE'E, IV**	**PRESENT**	
VICE-CHAIR	PETER	**APO**	**PRESENT**	
TRUSTEE	DAN	**AHUNA**	**PRESENT**	
TRUSTEE	HAUNANI	**APOLIONA**	**PRESENT**	
TRUSTEE	CARMEN "HULU"	**LINDSEY**	**PRESENT**	
TRUSTEE	COLETTE	**MACHADO**	**PRESENT**	
TRUSTEE	ROBERT	**LINDSEY**	**PRESENT**	Arrived at 1:34pm

At the Call to Order, **SIX (6) Trustees are PRESENT**, thereby constituting a quorum.

EXCUSED from the BAE Meeting are:

MEMBERS			COMMENT
TRUSTEE	LEI	**AHU ISA**	MEMO – REQUESTING TO BE EXCUSED
TRUSTEE	ROWENA	**AKANA**	MEMO – REQUESTING TO BE EXCUSED

II. APPROVAL OF MINUTES

A. July 27, 2016

Trustee Ahuna moves to approve the minutes of July 27, 2016.

Trustee Apoliona seconds the motion.

Chair Waihe'e asks if there is any discussion. There is none.

Chair Waihe'e asks if anyone votes NO or ABSTAINS. There are no replies.

							1:30 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEI	**AHU ISA**						**EXCUSED**
DAN	**AHUNA**	1		X			
ROWENA	**AKANA**						**EXCUSED**
VICE-CHAIR PETER	**APO**			X			
HAUNANI	**APOLIONA**		2	X			
CARMEN HULU	**LINDSEY**			X			
ROBERT	**LINDSEY**						Arrived at 1:34pm
COLETTE	**MACHADO**			X			
CHAIR JOHN	**WAIHE'E**			X			
TOTAL VOTE COUNT				6	0	0	3

MOTION: [X] UNANIMOUS [ ] PASSED [ ] DEFERRED [ ] FAILED

Chair Waihe'e notes for the record that all members present vote 'AE (YES) and the **MOTION CARRIES.**

III. COMMUNITY CONCERNS*

None

IV. NEW BUSINESS

A. BAE 16-02: To approve an OHA Board of Trustees Executive Communications Policy Plan called One Voice, One Message

Chair Waihe'e turns it over to Ka Pouhana Kamana'opono Crabbe.

Pouhana Crabbe: Thank you Chair Waihe'e and Good Afternoon Trustees. Before you is the Action Item to approve the Board of Trustees Executive Communications Policy plan called ***"One Voice, One Message"*** – We propose that a policy would help to provide (a). A greater level of consistency and continuity of messages and communication that would alleviate some of the confusion and misperceptions of our organization, (b) be an opportunity for a focused effort to raise awareness of all OHA programs for the benefit of the community; and (c) create a proactive, unified approach that evaluates using appropriate media channels to improve strategic positions while balancing the image of the Office of Hawaiian Affairs. I will call on Neal Yokota from Stryker, Weiner & Yokota Public Relations, Inc. to help provide some background information.

Trustee Machado: Before you introduce Mr. Yokota can you please provide us a little history of how this was established.

Pouhana Crabbe: Yes, for several years and especially after the Nation Building effort a number of media requests have gone out both at the Board level and at the Administrative level – we wanted to look at how we handle our image of what is communicated as OHA's message to the broader public, as well as how we handle messaging internally. We have a communication's plan in place, but the greater issue really was how we unite Board and Administration on consistent messaging. So we hired Stryker, Weiner & Yokota to assist us.

Neal Yokota: Good Afternoon Trustees, this was a process where we took a look at some of the issues that OHA has faced in terms of communication, we worked closely with the OHA Communications staff to come up with a policy, which really is a structure to allow for consistency in messaging. It allows for a clear structure in terms of getting messaging reviewed through the Board and Administration; we also identified that one of the areas of difficulty in terms of maintaining that consistency was internally making sure that prior positions and communications that have been put out are recorded, researched and followed.

Trustee Hulu Lindsey: What is the jurisdiction of this policy; who does it affect?

Pouhana Crabbe: It affects the entire organization.

Trustee Hulu Lindsey: Including the Trustees?

Pouhana Crabbe: Yes.

Trustee Hulu Lindsey: I disagree with this. I think there should be two levels, one for the administration and one for the elected officials. Mainly I don't think that we can be told not to speak our minds as elected officials, this is what makes this Board different from all the other Hawaiian

Organizations, the others are all appointed. Nobody tells the legislators that they cannot speak and say what's on their minds.

Pouhana Crabbe: This was to provide guidelines trustee; we are not saying you cannot speak as an individual, what we're saying is as long as it's within the guidelines consistent with the Board position.

Trustee Hulu Lindsey: I have an example, let's say Peter disagreed with us on Papahānaumokuākea, he has a right to disagree with us. I disagreed with the Board on TMT; I have that right, but I respected the Board's decision. You cannot tell me that I cannot speak my feelings outside, I'm an elected official and I need to address the people that voted for me. I don't think our hands can be tied as elected officials, I know that I as a trustee have respected it, any communication that I've done like expressing my feelings about the water issue on Maui, I've made sure to check with Administration to be sure that I'm consistent with how the Board is moving, but I need to Support my people personally.

Pouhana Crabbe: I agree with you that trustees have an obligation to your stakeholders, constituents and beneficiaries; I think what this policy strives to do is to improve the image and a more consistent message going out in to the Community. You have right here the opportunity to express your personal feelings, before you go to an official vote. When the vote is taken that is the Board's position.

Trustee Apoliona: Being a previous Chairperson of the Board, I know how important it is to have a consistent message and I would agree that Trustees should debate the issues vigorously when it's time to debate, but I think it's a little different as a Board of Trustees that once a position is made by the Board not just by one person or by the Chair, it should stand as a majority position of the Board. We can still have how we feel as individual trustees, but to go out and fan it and create more dissention or confusion is something to pay attention to. That's not saying that points of view should not be heard, they should be; but there's a time and place and the policy by virtue of decision and vote by the Board is executed. I've gone back to the original by-laws, and if you looked at the by-laws while it may not be as distinctive and strong as what is being proposed, it's focused and there are a few points in it that we all should have because it is the founding document.

Trustee Ahuna: I can agree with that, when a Board decision is made anything that you say against it is a "code of conduct". Whether I think this is good or bad, I just want us to try to create an operational framework for consistency for all of us.

Trustee Apo: I have amendments that I would like to suggest if we get that far in the discussion. The policy that we're thinking of is Unconstitutional; it's a violation of The First Amendment, every way you look at it. Rice v. Cayetano ruled that OHA is a State agency, so we're bound by all the rules that govern elected officials, we are not a Trust. In Bond v. Floyd, *legislators have an obligation to take positions on controversial political questions so that their constituents can be fully informed by them and be better able to assess their qualifications for office, also so they may be represented in governmental debates by the person they have elected to represent them;* That is so fundamental to an elected body. In another Federal Court ruling, Jenevein v. Willing; *the public is obliged to inform itself about an elected official and as a practical matter this is fundamental about who we are responsible to, the Public itself is the employer with power to hire and fire, so an elected official is not beholding to the institution or to its leaders, we're beholding to those people who elect us.*

Trustee Robert Lindsey: I would like to speak in Support of the Action Item and like Trustee Apoliona; I come at this with the principle of Majority Rules, the time to debate and discourse any issue is at this table. We cannot have a situation where the majority is subject to tyranny by the minority, which makes us look ridiculous in the eyes of our stakeholders and beneficiaries. I think we definitely need this policy to keep us on a straight and narrow, and this policy should apply to the staff and leaders in the organization. I remember when I was a student at the University of Hawaii – Mānoa, there was an arch and on that arch it said "Above the individual is the Nation" and I think that so appropriately applies here.

Trustee Hulu Lindsey: I would like to say that I agree with Trustee Apo, I believe that we are elected officials and that we owe our decisions to the people that elected us. Another thing that bothers me about this One Voice, One Message Action Item is that we have been putting out two messages a lot, one from the Administration and the other from the Office of Hawaiian Affairs; this was very clear just last week with the Water Commission. The testimony made by OHA said at the very beginning "The Administration's position is…", so we need a process where the Administration can get a sensor for the Board of Trustees so that they can go out to an important commission like that and say "The Office of Hawaiian Affairs' position is…" because I'm sure that the Board would've been fine with the statement made, it was excellent. It shouldn't be "The Administration" or "The Board of Trustees" it should be "The Office of Hawaiian Affairs"; One Voice, One Message.

Trustee Apoliona: That's correct.

Pouhana Crabbe: Yes, the reason why is it's usually consistent with what we have already researched. Because that issue that you're talking about Trustee Lindsey has not had a Board position, usually Administration on behalf of OHA is stating it. For official Board position we need to come to the Board for Approval.

Trustee Hulu Lindsey: I know that's why you do it that way, but there should be a way that we can get a consensus.

Chair Waihe'e: that does bring up an interesting question; Ka Pouhana how would this affect a trustee trying to do something similar? In other words, if Trustee Lindsey had given that same message and the Board hadn't taken a position, would she be violating the policy?

Pouhana Crabbe: We're trying to propose a much more structured process so expectations on the Board as well as Administration we have a better understanding of what the process is moving forward, especially in testimony. In the action item it sets up what you can do, if the position is consistent with the Board position and goes through the process of seeing the Board Chair. Right now we've allowed some flexibility for the Chairperson to make a determination.

Trustee Apoliona: The Chair ultimately is responsible for approving all press releases and public announcements which state the official position of the Board.

Trustee Machado: I'm curious why that document (the old by-laws) wasn't incorporated in this Action Item as background information? I'm always asking for background information.

Trustee Apo: The number one governing document in the United States of America is the U.S. Constitution. This violates the United States Constitution period. If you were to take this proposal to

the State Legislature or to City Councils, or the Board of Education, what do you think the response would be? This Board gets more votes than any other elected official except the Governor and Lt. Governor, that's a huge standard to meet.

Trustee Ahuna: For me it's not about what we want to say or what they want to say, it's just we want to tighten up the Board and how we communicate things and improve on us and make OHA a better place, how are we going to do that if we don't even want to try.

Trustee Robert Lindsey: Kamana'o, what is driving from the administration stand point the need for this policy? Can you site examples?

Pouhana Crabbe: Let me start by saying that this policy is not directed at any certain trustee. There are multiple situations where trustees have had their own opinions and have gone out and sent a different message out from what the OHA Board voted on, through media, Facebook, social media, etc. and it's not meant to gag you, this was meant to unify us. One of the purpose behind this was to unify us as an organization on how we communicate not just Board positions, but also how we communicate what's going on, for example there have been multiple situations that individual trustees have posted on Facebook that have triggered responses from our Community that we get tasked trying to deal with, and that puts pressure on Administration regarding what individual trustees are saying even when there is not a Board position. Mauna Kea was a neutral position, but different Trustees going out and saying different things puts pressure on Administration as well, so that's an example that we're looking at; if the Board's position is neutral we should have different talking points both for administration and trustees so that we don't confuse our beneficiaries or stakeholders. Another example would be when there is a majority position taken, but some trustees are speaking to the minority decision, it then creates problems for our Public Policy staff to discuss, negotiate and clarify with legislators; it's a mixed message going out to legislators and other key holders that may influence initiatives and we are involved in. We believe a policy like this would really help align our organization to achieve greater integrity and credibility.

Chair Waihe'e: I wanted to clarify a couple of things, I can say assuredly with the utmost confidence that this policy proposal was not at all directed at Trustee Apo, it was a long time in the making and up until very recently it wouldn't even have been on the radar. Secondly, we are a State agency, however we are not legislators because that has to do with passing laws and we don't have that power, we're trustees and under trust law we have some similar but also a lot of different obligations to beneficiaries than a legislator would have to his constituency; and first and foremost it's protecting the Native Hawaiian Trust and our beneficiaries proprietary interest in that Trust.

Trustee Apo: I would say this, not only are we not legislators or councilman but I think we have a higher responsibility.

Chair Waihe'e: I agree.

Trustee Apo: Hawaii will not be one people until Hawaiians can restore our dignity and nation. So our responsibility and the standard to which we should rise, is even higher than legislators and council persons. If one of the things we do is cut the leg of the number one rule of the Constitution, Freedom of Speech then that takes us below legislators, that is a step backwards.

Trustee Machado: I think they should withdraw their proposal and come back another day with more details and try to incorporate what was discussed here.

Pouhana Crabbe: I think the discussion has raised a legal issue regarding the Constitutionality which we did not look at, and we will get a legal perspective on it and look to revising this.

Trustee Machado: I would advise that you also speak with our Board attorney in addition to in house.

Pouhana Crabbe: We will do that. What I'm hearing is that there are many issues that have been discussed, so perhaps administration should reconvene and conduct greater due diligence and discuss with Corporation and Board Counsel. Then we will bring this back to the BAE for consideration.

Trustee Machado: I would greatly appreciate that.

Chair Waihe'e: That's correct Ka Pouhana.

Trustee Apoliona: Sooner than later, so that we have the One Voice moving in One Direction.

Chair Waihe'e: Thank you.

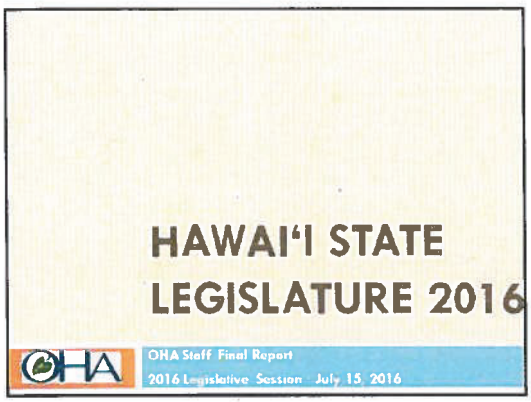
IV. NEW BUSINESS

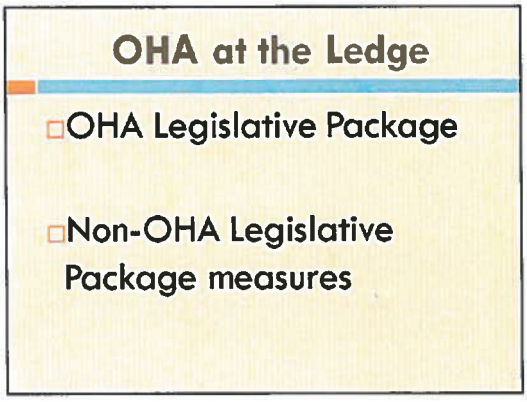
B. 2016 Legislation Session Review

Chair Waihe'e once again turns it over to Ka Pouhana Kamana'opono Crabbe.

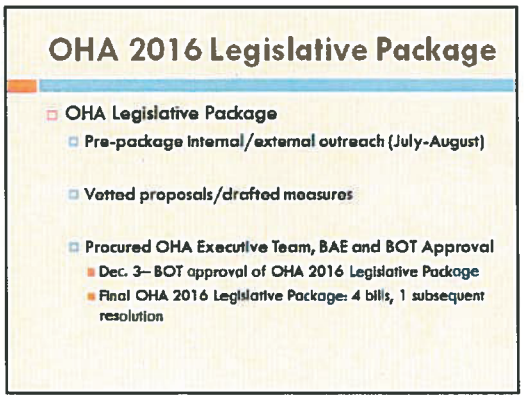
Pouhana Crabbe: Thank you Chair Waihe'e, I'd like to call upon our Public Policy Manager Sterling Wong and Senior Public Policy Advocate Jocelyn Doane to present the legislative review.

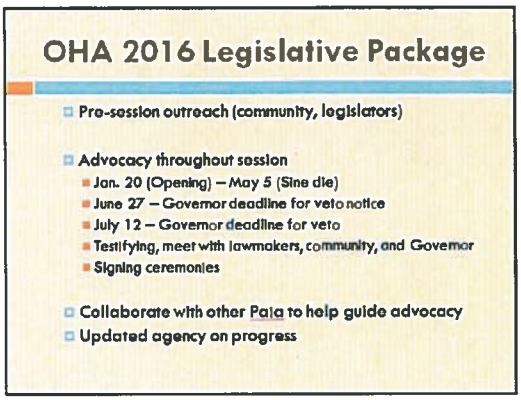
Public Policy Manager Wong: Aloha Chair, Vice-Chair and members of the BAE Committee, we're just going to give you a quick overview of the 2016 Legislative Session and also begin discussion regarding the upcoming 2017 Session with slides at the end of our Power Point Presentation.





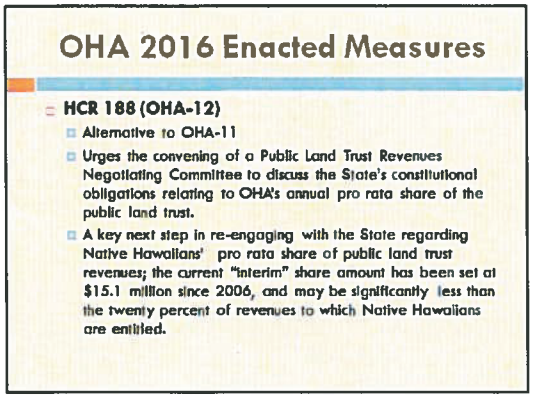
Public Policy Manager Wong: As you know we have two primary responsibilities at the Legislature, Advocacy on our legislative package and secondly non-OHA legislative package measures. Jocelyn will be going over the Non-OHA measures with you.

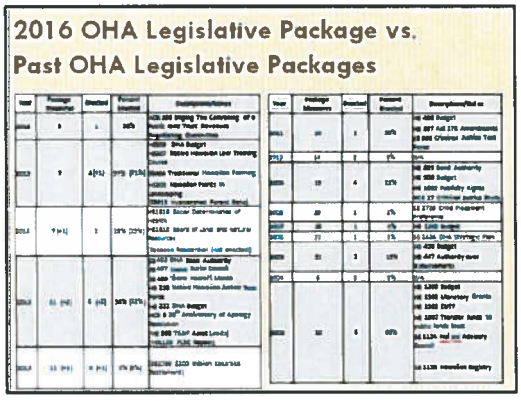




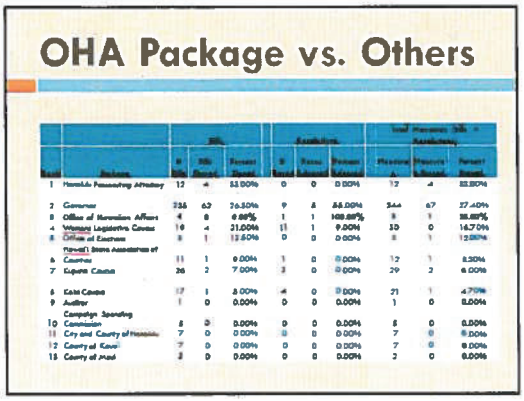
Public Policy Manager Wong: Every year we do internal and external outreach to get conceptual ideas during July and August, our staff during this period vets all the measures and draft proposals, we presented to the OHA Executive Team, BAE and BOT and received approval for the package on December 3, 2015. Our package included 4 bills, this was the second year of a biennium and ultimately a subsequent resolution was included after that initial approval in December.

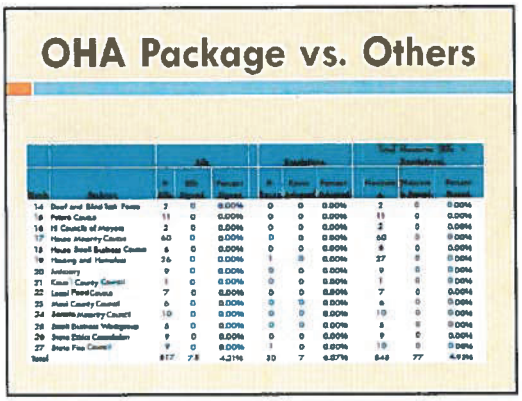
We did a lot of Community Outreach this past session because our Public Land Trust Revenue bill was in our package, so we did a lot of outreach for that. This bill had a lot of Support from both Senate and House leadership, but for various reasons legislators decided not to move our PLT bill and instead went with a Resolution (HCR 188) that urged the Administration to convene a Negotiating Committee to discuss our Public Land Trust issues. This resolution was ultimately adopted by the legislature; we've had some meetings with Senate Leadership and are trying to meet with House Leadership, Ka Pouhana has been in discussion with the Governor's office and we've also had some meetings with the AG's office and Budget and Finance because we are trying to work on a new financial review to update the old one, we have a review from the FY12 PLT. However as we get into more formal negotiations with the State on our PLT we wanted to have the most up to date data, so we've been working with B&F and the AG's office to get us another round of meetings and do a financial review with the rest of the State agencies. So at this point our main priority is to get the Negotiating Committee to meet.



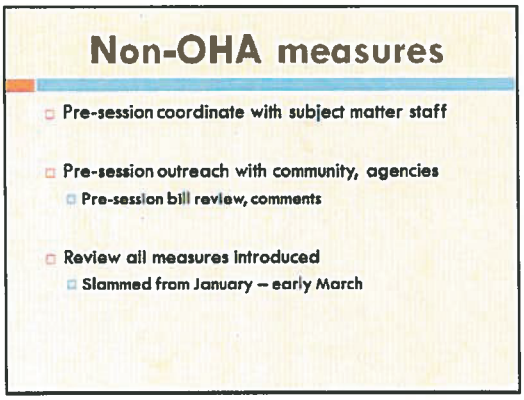


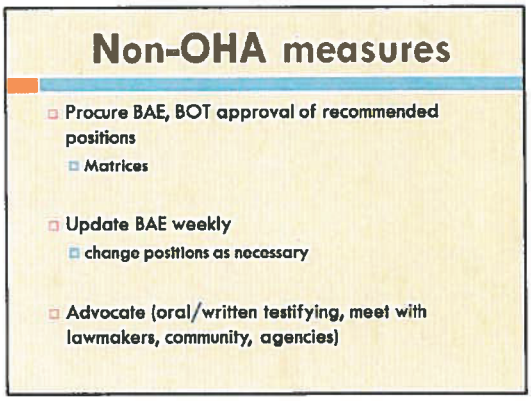
Public Policy Manager Wong: As we do every year we compare our package to our past packages and other packages, so you can see how we did. This year we would one resolution of five measures pass, it was a rough year but still successful particularly when you compare it to other packages.



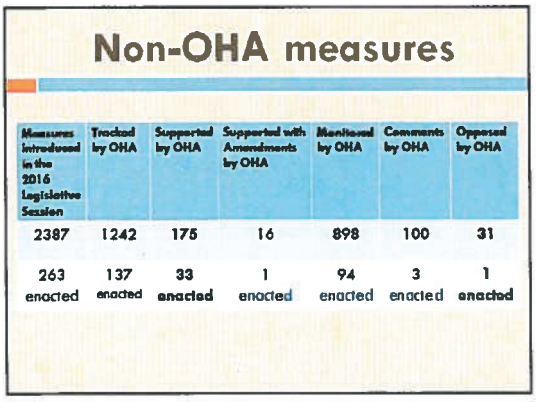


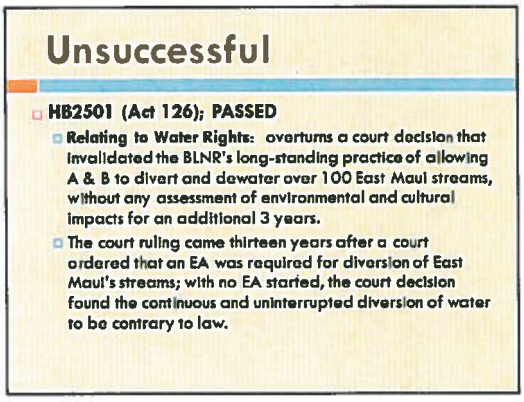
Public Policy Manager Wong: I'll turn it over to Jocelyn.





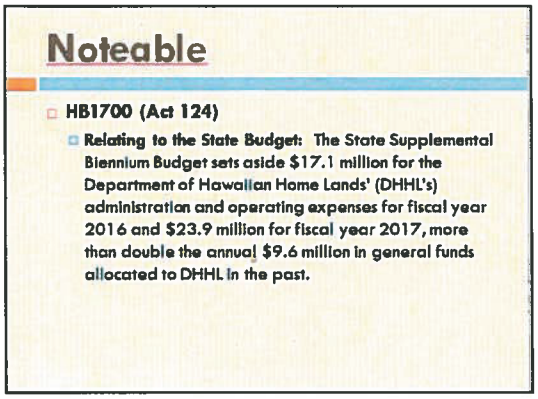
Senior Public Policy Advocate Doane: Aloha Trustee, as you know during session we monitor over a thousand different measures that affect Native Hawaiians in different areas from Health, Housing and Income. We coordinate with our subject matter expert staff in our division as well as other divisions before session starts to get a sense of what we think is coming down the pipeline.

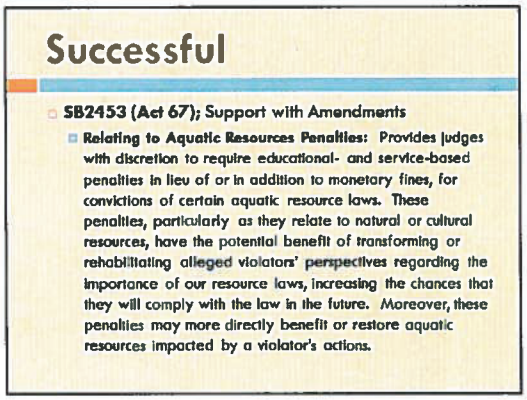




Senior Public Policy Advocate Doane: In 2016 there were 2,387 measures introduced and 263 of them were enacted. We tracked about half of the measures 1,242 and of those 137 were enacted. We Supported about 190 combined with Amendments and 34 of those were enacted. The bulk of the measures we monitored, we commented on about 100 and Opposed 31 Bills of which unfortunately one passed.

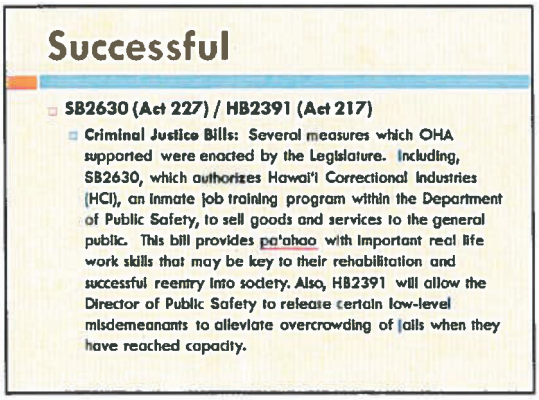
HB2501- the Water bill (Act 126) is the bill that we opposed but was enacted, ultimately the version that passed was better than what was originally introduced, essentially after the Court determined that BLNR couldn't just continue to issue revocable permits for the 33,000 watershed acres in East Maui to A&B anymore without voting and considering the impacts of those permits. After a lot of back and forth with OHA and other advocates what ended up coming out was what the legislators considered to be a compromise; the law was changed so that the BLNR can continue to issue these holdover revocable permits for up to three years, one of the things they're required to do is to come up with a different process.

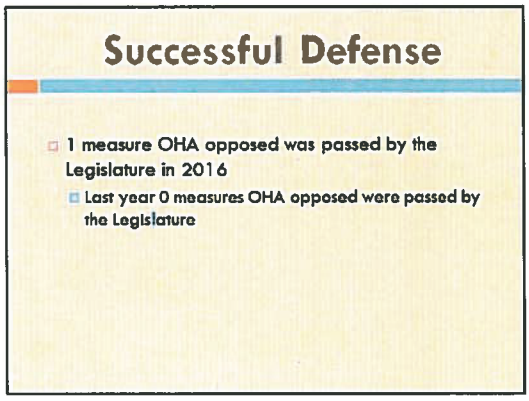




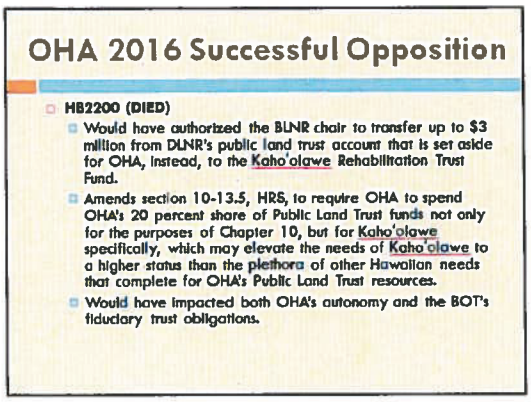
Senior Public Policy Advocate Doane: HB1700 (Act 124) is a notable victory for the Department of Hawaiian Home Lands; they went from 9 million the last couple of years to 17 million for FY16 and 23 million for FY17.

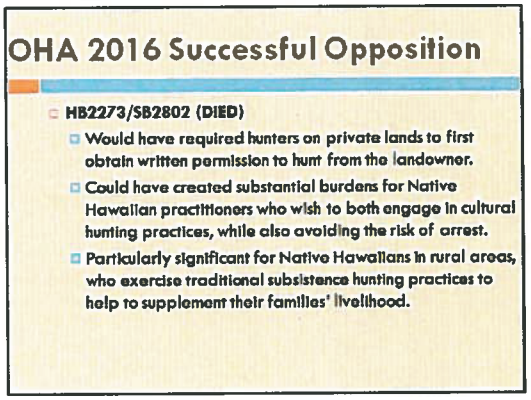
SB2453 (Act 67) is related to Aquatic Resource Penalties, basically all fishing infractions either go to BLNR for civil penalty or the Courts for criminal penalty; but our judges don't take these cases very seriously, so this would allow the judges to issue more education and service based penalties instead of dollar figures, which will have direct benefits on the resources.



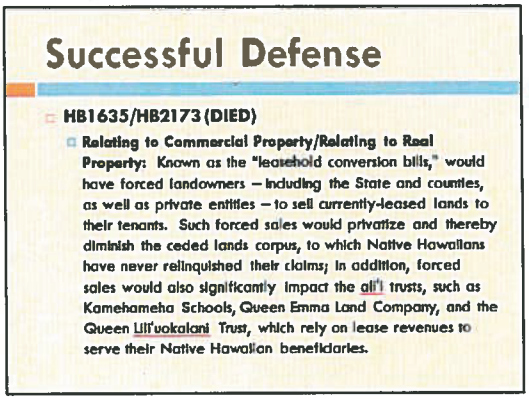


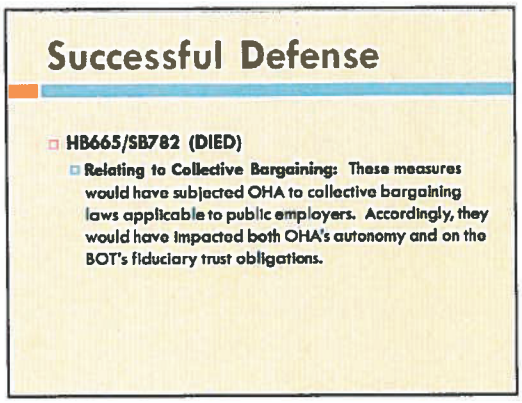
Senior Public Policy Advocate Doane: SB2630 (Act 227) and HB2391 (Act 217) were a couple of Criminal Justice Bills that passed, SB2630 would allow the Hawaii Correctional Industries to create a job training program to help build skills for pa'ahao with the intent of having more job opportunities after being released. HB2391 would allow the Director of Public safety to release low level misdemeanants to alleviate overcrowding of our jails.

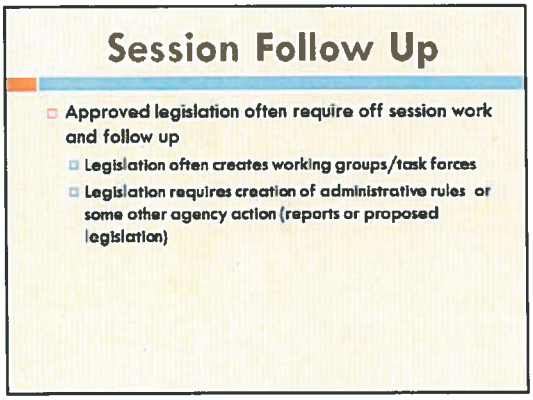




Senior Public Policy Advocate Doane: We were successful in killing a few bills as listed on the Power Point slides.



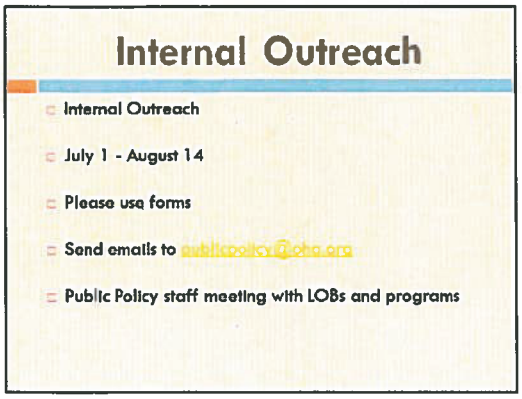


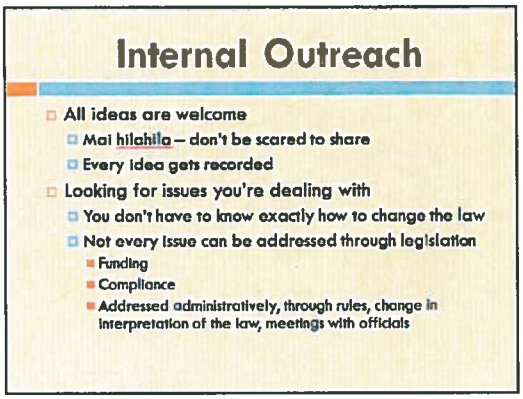


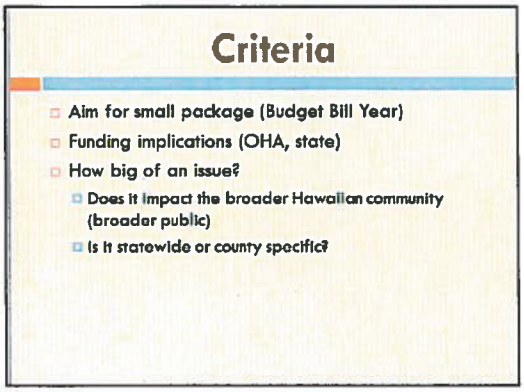


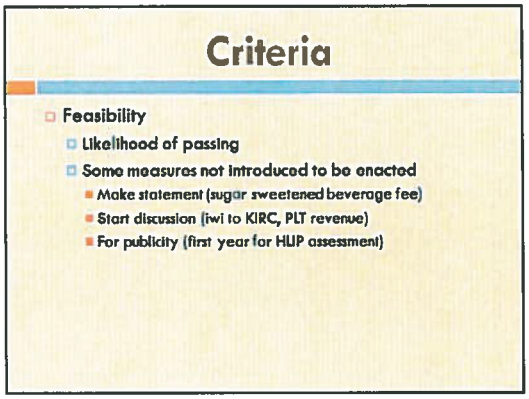
Senior Public Policy Advocate Doane: While there's a lot of work during session, it also provides for work after with following up and preparing to be responsive the following year, some that come to mind are the Negotiating Committee for the Public Land Trust and the Galbraith Estate Resolution.

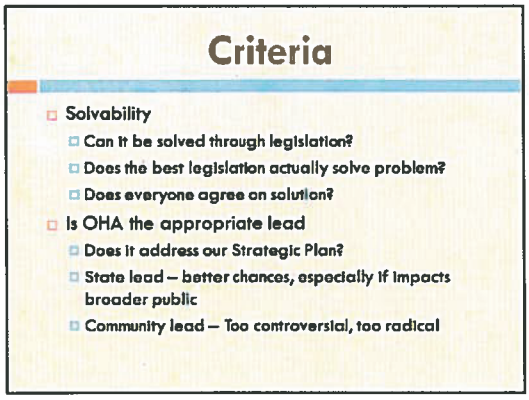
Public Policy Manager Wong: Just to wrap things up, we have some dates of what we're looking at for our schedule; we'll be bringing a conceptual package to the BAE in September, and get input then come back in Mid-October to get final approval from both BAE and BOT. It's an election year so everything is expedited, and we may come in after election for additional clean up.

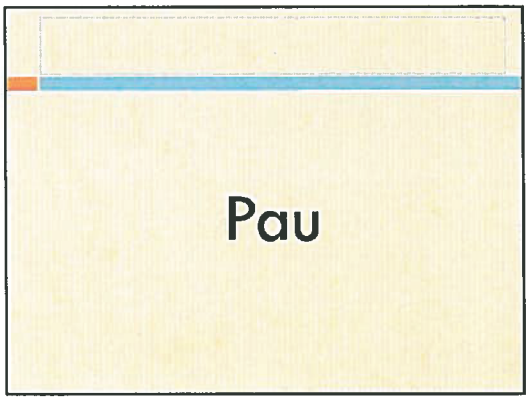












Trustee Hulu Lindsey: I really want to thank Sterling and Jocelyn and the rest of the advocacy staff for all of their work at the Legislature. They work very hard and are respected there.

The BAE Committee concurs.

Public Policy Manager Wong: Thank you, we'll be back on September 21st (date on slide is inaccurate) to bring the conceptual package to you and have a discussion about it.

IV. NEW BUSINESS

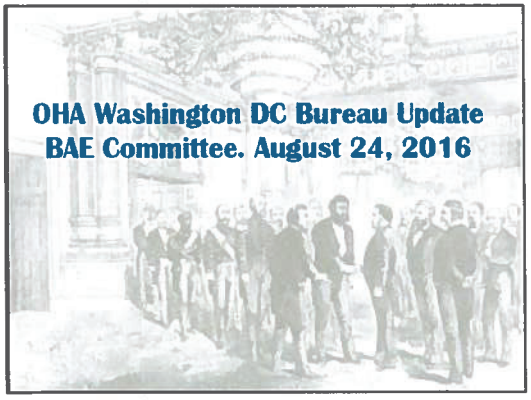
C. Briefing: Updates on OHA's Washington D.C. Bureau

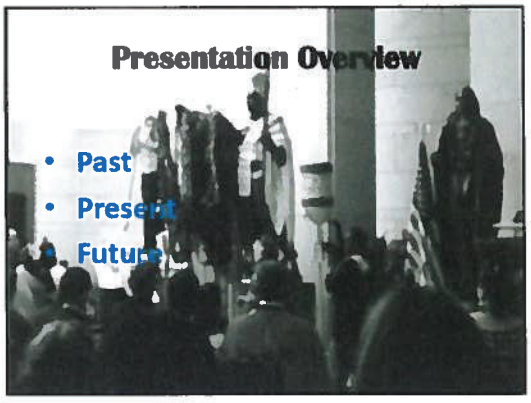
Chair Waihe'e: We have one last briefing, an update from our Washington D.C. Bureau.

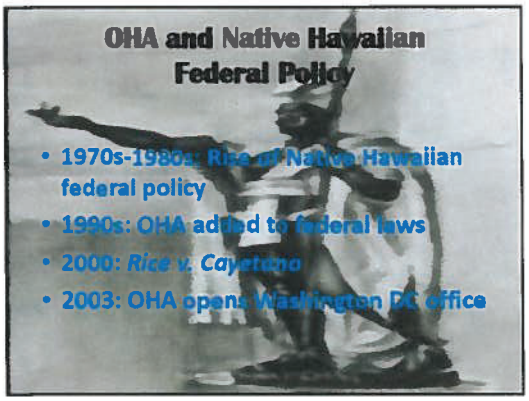
Pouhana Crabbe: Yes, I'd like to call upon Chief Advocate Kawika Riley to present this update, and we'll have our Washington D.C. Bureau Chief Coti Haia with us via telephone.

Chief Advocate Riley: Aloha mai kakou, thank you everyone for this opportunity to provide an update, we appreciate your time. We do have Coti Haia who started as our Washington D.C. Bureau Chief in January with us via phone – she's on vacation so we do appreciate her joining us remotely. Also here with us today are Keala Carter, Federal Policy Advocate and Ku'ulei Stockman, Administrative Assistant who are in town for training.

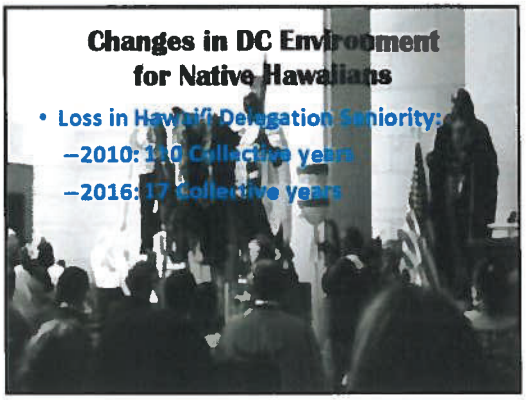
Some of you may recognize the picture in our first slide of our presentation; it's an image of King Kalākaua shaking hands and meeting President Ulysses S. Grant at The White House, and I like to start with this because, I like to talk about the way that some of us who have the privilege of working for OHA and doing Federal Advocacy, the way we sort of contextualize what we're trying to do for our people. We understand that in fact Native Hawaiian History is a rich part of American History; our King, David Kalākaua was the first foreign Head of State to address a Joint session of Congress, he engaged in a Government to Government relationship with The President of the United States. The advocacy and understanding the importance of representing our people and engaging with Washington D.C. goes back to our kingdom and continues through our more recent history, From Wilcox to Kūhio and into the present. We understand that we have a burden and follow footsteps of Giants, and we're grateful for that privilege.

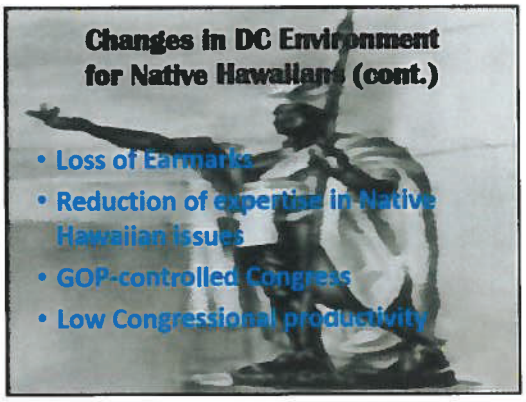




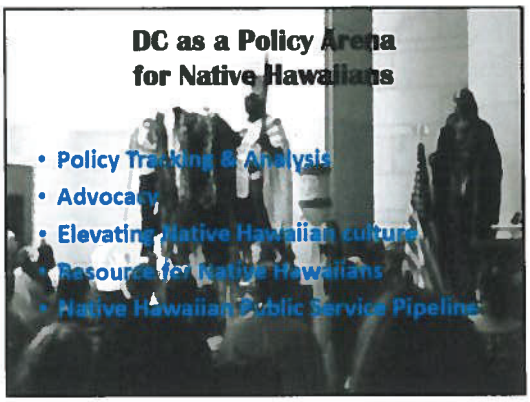










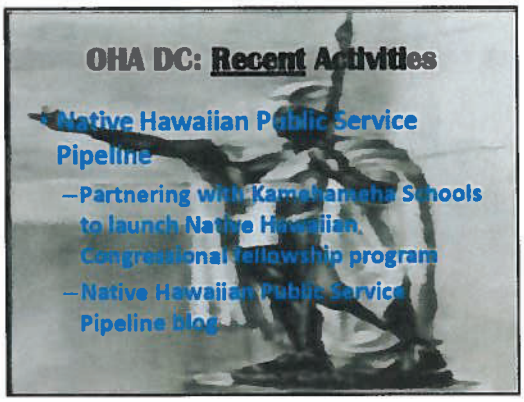


Chief Advocate Riley: One way to look at D.C. is as a training ground for Native Hawaiians, one of the things that we've tried to do through the Bureau is have a steady flow of internships and fellowships, we're a small office so we can only provide a small number of these, but we're very proud of the interns and fellows who have come through our doors; the Executive Director of the U.S. Congressional Asian Pacific American Caucus Krystal Ka'ai was one of our interns and then later a fellow, as well as Representative Kaniela Ing also benefited from an internship provided by OHA at the Federal level. It's a small program but we try to be there to help and promote Public Service.

We also partner with D.C. based internship programs; George Washington University and American University's programs, a number of years ago our focus was just getting Hawaiians in the door, getting them to let Native Hawaiians apply, now we have partnerships with them where we help spread the word and we can get Hawaiians to go out and take advantage of these scholarships.

D.C. of course is also a Policy Arena and our bureau focuses significantly on Policy tracking and analysis, they on a weekly basis track pending legislation in Congress, they also have more recently began tracking pending Federal regulations, and more recently per Ka Pouhana's direction started to track Federal grants which is new for us but we're trying to build our expertise there. When the Board/Leadership takes positions we do conduct Federal Advocacy, we also see ourselves as a resource for Native Hawaiians when they conduct Advocacy.

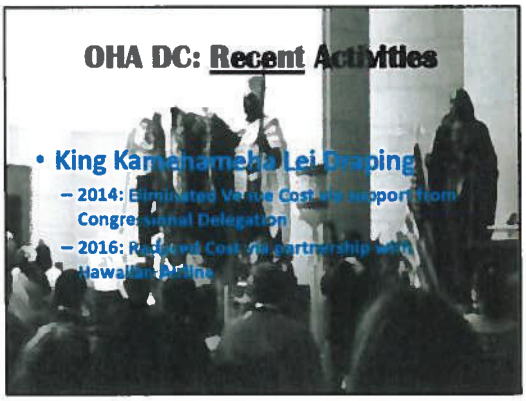




Chief Advocate Riley: D.C. is also a National and International platform for us and for other peoples; we try to operate at an Indigenous Embassy level. We also work with foreign embassies in the Pacific Island region, and OHA is the only non-foreign embassy to participate at a leadership and management level in activities such as the Pacific Day Symposium or the Pacific Night Celebration of Pacific Culture, it's a really nice way to promote our people and culture. I also want to emphasize that there's an active Native Hawaiian Community in D.C.

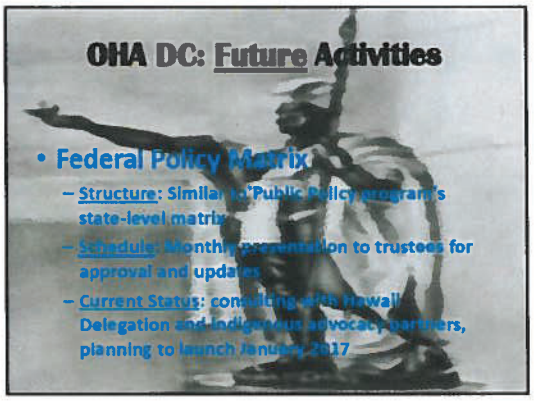
We have internships at the undergraduate and graduate levels, and the next step that we wanted to branch out into was to work with the Congressional delegation and come up with a competitive process where we get highly qualified Native Hawaiians and place them in each of the Hawaii delegation congressional offices for a 9 month experience, not a short term summer internship. We struggled a little because we are in a belt tightening stage as an agency, so we reached out to Kamehameha Schools and proposed a leveraging opportunity where we asked them to match $4 for every $1 we would spend on this fellowship, and that our value added was that though we can't pay for the bulk of it, we have a bureau in D.C. and have expertise in relationships with these offices; so we submitted a proposal to KS and they accepted it. We went through the application process and got a large number of wonderful candidates and we've selected the awardees and are working with the Congressional offices to match them. I think that's a great example of OHA trying to do more with the limited resources that we have.





Chief Advocate Riley: We've been working on Securing Federal Funding for Native Hawaiian Programs, since 2012 we've partnered with National Congress of American Indians and a number of other groups to try to make our Federal Trust Funding also their priority and to work with them, in 2016 with Coti Haia coming on board and her expertise in the Appropriations process we're actually strengthening the work that we're doing and becoming somewhat of a resource for the Hawaii Congressional Delegation on how to navigate the appropriations process.

The Lei draping is another example of recent activities, it's one of the most significant demonstrations of Native Hawaiian culture outside of the Hawaiian Archipelago, it happens every year in Washington D.C., it is also one of the most expensive items in the bureau budget, so we've been looking for ways to try to be just as effective, without as much funding. In 2014 we actually cut the cost by almost 50% by eliminating the venue cost, we were able to work with Congressional Delegation and they sponsored us to use the U.S. Botanical Gardens. This year we partnered with Hawaiian Airlines which recently established a D.C. office as well which allowed us to cut costs again by about 1/3.

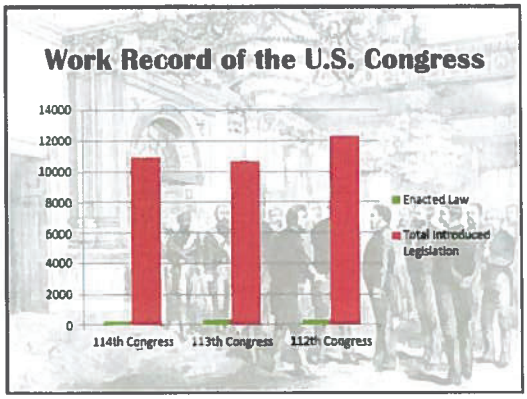


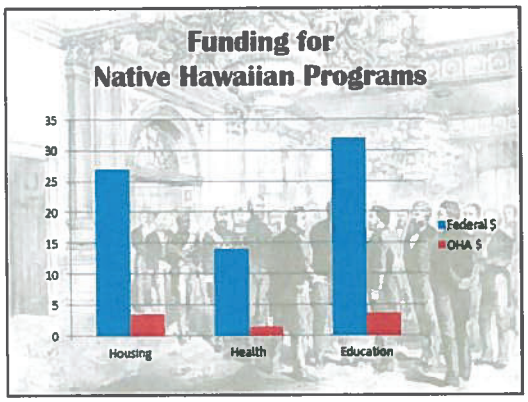


Chief Advocate Riley: We've mentioned earlier that we want to bring forth a Federal Policy Matrix, similar to what the Trustees are accustomed to from the Public Policy team during the legislative session. We propose monthly presentations and we are planning to start this is January 2017. Congress works in two year cycles and right now they're campaigning, so there's not a lot of activity and we want to hit the ground running and launch when the new congress starts in January. Right now we're consulting with the Hawaii Delegation to get a strong sense of where they're going and what their priorities are and we're talking with other indigenous groups. We're also working on an E-bulletin as outlined in the power point.









Chief Advocate Riley: Thank you for this time to present we really appreciate it.

Chair Waihe'e: Thank you Kawika, are there any questions?

Trustee Apoliona: Can we hear a little from Coti?

Washington D.C. Bureau Chief Haia (via phone) reiterated some of what Chief Advocate Riley shared and expressed that she is excited about the fellowship program and many of the relationships that she is assisting with in D.C.

Chair Waihe'e: Thank you Coti.

V. UNFINISHED BUSINESS

None

VI. BENEFICIARY COMMENTS*

None

VII. ANNOUNCEMENTS

None

VIII. ADJOURNMENT

Trustee Apoliona moves to adjourn the BAE meeting.

Vice-Chair Apo seconds the motion.

Chair Waihe'e asks if there is any discussion. There is none.

Chair Waihe'e asks if any members vote NO or ABSTAIN. There are no dissenting votes.

							3:21 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEI	**AHU ISA**						**EXCUSED**
DAN	**AHUNA**						Departed at 2:24 p.m.
ROWENA	**AKANA**						**EXCUSED**
VICE-CHAIR PETER	**APO**		2	X			
HAUNANI	**APOLIONA**	1		X			
CARMEN HULU	**LINDSEY**			X			
ROBERT	**LINDSEY**			X			
COLETTE	**MACHADO**						Departed at 3:10 p.m.
CHAIR JOHN	**WAIHE'E**			X			
TOTAL VOTE COUNT				5	0	0	4

MOTION: [X] UNANIMOUS [ ] PASSED [ ] DEFERRED [ ] FAILED

Chair Waihe'e adjourns the BAE meeting at 3:21 p.m.

Respectfully submitted,

Melissa Wennihan
Trustee Aide
Committee on Beneficiary Advocacy and Empowerment

As approved by the Committee on Beneficiary Advocacy and Empowerment on September 21, 2016.

Trustee John Waihe'e, IV
Chair
Committee on Beneficiary Advocacy and Empowerment

ATTACHMENT(s):

- Notice of Excused Absence (2)

Exhibit 16

JUSTIA

View the 2017 Hawaii Revised Statutes | View Previous Versions of the Hawaii Revised Statutes

2012 Hawaii Revised Statutes
TITLE 9. PUBLIC PROPERTY, PURCHASING AND CONTRACTING
103D. Hawaii Public Procurement Code
103D-305 Small purchases; prohibition against parceling.

Universal Citation: HI Rev Stat § 103D-305 (2012)

§103D-305 Small purchases; prohibition against parceling. (a) Procurements of less than $100,000 for goods or services, or $250,000 for construction shall be made in accordance with procedures set forth in rules adopted by the policy board that are designed to ensure administrative simplicity and as much competition as is practicable; provided that multiple expenditures shall not be created at the inception of a transaction or project so as to evade the requirements of this chapter; and provided further that procurement requirements shall not be artificially divided or parceled so as to constitute a small purchase under this section.

(b) Procurements greater than $50,000 for construction under subsection (a) shall require security by performance and payment bonds, pursuant to section 103D-324, delivered to the procurement officer, that are:

(1) In a form prescribed by the rules of the policy board;

(2) Executed by a surety company authorized to do business in this State; and

(3) In an amount equal to one hundred per cent of the price specified in the contract,

or shall otherwise be secured by a performance bond in a manner satisfactory to the procurement officer.

(c) Procurements of $25,000 to less than $250,000 shall be made in accordance with small purchase procedures; provided that such small purchase procurements through an electronic system shall be required. [L Sp 1993, c 8, pt of §2; am L 1994, c 186, §10; am L 1995, c 178, §11; am L 1997, c 352, §8; am L 2006, c 283, §2; am L 2009, c 175, §§2, 14(1); am L 2010, c 107, §1; am L 2012, c 173, §§2, 5]

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Exhibit 17

JUSTIA

View the 2018 Hawaii Revised Statutes | View Previous Versions of the Hawaii Revised Statutes

2012 Hawaii Revised Statutes
TITLE 9. PUBLIC PROPERTY, PURCHASING AND CONTRACTING
103D. Hawaii Public Procurement Code
103D-102 Application of this chapter.

Universal Citation: HI Rev Stat § 103D-102 (2012)

§103D-102 Application of this chapter. (a) This chapter shall apply to all procurement contracts made by governmental bodies whether the consideration for the contract is cash, revenues, realizations, receipts, or earnings, any of which the State receives or is owed; in-kind benefits; or forbearance; provided that nothing in this chapter or rules adopted hereunder shall prevent any governmental body from complying with the terms and conditions of any other grant, gift, bequest, or cooperative agreement.

(b) Notwithstanding subsection (a), this chapter shall not apply to contracts by governmental bodies:

(1) Solicited or entered into before July 1, 1994, unless the parties agree to its application to a contract solicited or entered into prior to July 1, 1994;

(2) To disburse funds, irrespective of their source:

(A) For grants or subsidies as those terms are defined in section 42F-101, made by the State in accordance with standards provided by law as required by article VII, section 4, of the state constitution; or by the counties pursuant to their respective charters or ordinances;

(B) To make payments to or on behalf of public officers and employees for salaries, fringe benefits, professional fees, or reimbursements;

(C) To satisfy obligations that the State is required to pay by law, including paying fees, permanent settlements, subsidies, or other claims, making refunds, and returning funds held by the State as trustee, custodian, or bailee;

(D) For entitlement programs, including public assistance, unemployment, and workers' compensation programs, established by state or federal law;

(E) For dues and fees of organizations of which the State or its officers and employees are members, including the National Association of Governors, the National Association of State and County Governments, and the Multi-State Tax Commission;

(F) For deposit, investment, or safekeeping, including expenses related to their deposit, investment, or safekeeping;

(G) To governmental bodies of the State;

(H) As loans, under loan programs administered by a governmental body; and

(I) For contracts awarded in accordance with chapter 103F;

(3) To procure goods, services, or construction from a governmental body other than the University of Hawaii bookstores, from the federal government, or from another state or its political subdivision;

(4) To procure the following goods or services which are available from multiple sources but for which procurement by competitive means is either not practicable or not advantageous to the State:

(A) Services of expert witnesses for potential and actual litigation of legal matters involving the State, its agencies, and its officers and employees, including administrative quasi-judicial proceedings;

(B) Works of art for museum or public display;

(C) Research and reference materials including books, maps, periodicals, and pamphlets, which are published in print, video, audio, magnetic, or electronic form;

(D) Meats and foodstuffs for the Kalaupapa settlement;

(E) Opponents for athletic contests;

(F) Utility services whose rates or prices are fixed by regulatory processes or agencies;

(G) Performances, including entertainment, speeches, and cultural and artistic presentations;

(H) Goods and services for commercial resale by the State;

(I) Services of printers, rating agencies, support facilities, fiscal and paying agents, and registrars for the issuance and sale of the State's or counties' bonds;

(J) Services of attorneys employed or retained to advise, represent, or provide any other legal service to the State or any of its agencies, on matters arising under laws of another state or foreign country, or in an action brought in another state, federal, or foreign jurisdiction, when substantially all legal services are expected to be performed outside this State;

(K) Financing agreements under chapter 37D; and

(L) Any other goods or services which the policy board determines by rules or the chief procurement officer determines in writing is available from multiple sources but for which procurement by competitive means is either not practicable or not advantageous to the State; and

(5) Which are specific procurements expressly exempt from any or all of the requirements of this chapter by:

(A) References in state or federal law to provisions of this chapter or a section of this chapter, or references to a particular requirement of this chapter; and

(B) Trade agreements, including the Uruguay Round General Agreement on Tariffs and Trade (GATT) which require certain non-construction and non-software development procurements by the comptroller to be conducted in accordance with its terms.

(c) Notwithstanding subsection (a), this chapter shall not apply to contracts made by:

(1) Any regional system board of the Hawaii health systems corporation; or

(2) The Kahoʻolawe island reserve commission, except as provided by section 6K-4.5.

(d) Governmental bodies making procurements which are exempt from this chapter are nevertheless encouraged to adopt and use provisions of this chapter and its implementing rules as appropriate; provided that the use of one or more provisions shall not constitute a waiver of the exemption conferred and subject the procurement or the governmental body to any other provision of this chapter. [L Sp 1993, c 8, pt of §2; am L 1994, c 186, §6; am L

1995, c 16, §1 and c 178, §3; am L 1996, c 13, §3; am L 1997, c 186, §§2, 5 and c 352, §23; am L 1999, c 149, §12; am L 2001, c 200, §4; am L 2002, c 182, §4; am L 2003, c 9, §3; am L 2007, c 290, §16; am L 2009, c 175, §§1, 14(1); am L 2010, c 82, §§2, 8, c 107, §1, and c 159, §2]

Note

The amendment made by L 1997, c 190, §6 is not included in this section.

Cross References

University of Hawaii construction projects, etc., see §§304A-2690 to 2693.

Attorney General Opinions

The Code did not apply to board of trustees of deferred compensation plan's existing administrator or investment-product-provider contracts because they were entered into prior to July 1, 1994 applicability date in subsection (a) (Comp. 1993). Att. Gen. Op. 94-4.

Case Notes

Subsection (b) precludes administrative review of a chief procurement officer's exemption determination; hearings officer correctly concluded that officer did not have jurisdiction to review chief procurement officer's determination that the interim library automation services contract at issue was exempt from the requirements of the procurement code. 93 H. 155, 997 P.2d 567.

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Exhibit 18

Kamana Beamer

- *Associate Professor of Hawaiian Studies*

Biography

Dr. Kamanamaikalani Beamer is an associate professor at the Center for Hawaiian Studies in the Hui ʻĀina Momona Program at the University of Hawaiʻi at Mānoa with a joint appointment in the Richardson School of Law and the Hawaiʻinuiākea School of Hawaiian Knowledge. Previous to this role Dr. Beamer was the president and chief executive officer of The Kohala Center. Beamer's research on governance, land tenure, and Hawaiian resource management, as well as his prior work as the director of ʻĀina-Based Education at Kamehameha Schools, prepared him for his continuing service as a director of Stanford University's First Nations Futures Institute, a resource management development program for indigenous leaders developed by Stanford, Kamehameha Schools, and Te Rūnanga o Ngāi Tahu in New Zealand. Beamer has revitalized and maintained loʻi kalo (taro ponds), providing him and his children opportunities to mālama ʻāina, deepen connections with cultural traditions and derive leadership lessons from the land. In 2013 he was nominated and confirmed to a four-year appointment on Hawaiʻi's State Commission on Water Resource Management and was reconfirmed in 2017 for an additional four-year term. In addition to numerous academic publications, in 2014 Beamer published No Mākou ka Mana: Liberating the Nation, which received multiple awards including the Samuel M. Kamakau Book of the Year Award from the Hawaiʻi Book Publishing Association.

Publications

Book Publications

- K. Beamer, M. Corry, ***Waiwai--Water and the Future of Hawai'i*** (currently being placed into manuscript form).

- K. Beamer, ***No Mākou Ka Mana—Liberating the Nation***, Kamehameha Publishing (2014).

International and National Peer Reviewed Journals

- K. Beamer, Kawika Winter, Et. Al. **The Moku System: Managing biocultural resources for abundance within social-ecological regions**. Sustainability, Sustainable Use of the Environment and Resources, Special Issue on Biocultural Restoration in Hawai'i. (2018)

- K. Beamer, J Osorio, **Sullying the Scholar's Craft: An Essay and Criticism of Judge James Burns' *Crown Lands Trust Article,*** *University of Hawai'i Law Review*, vol. 39 No. 2 (2017).

- K. Beamer, W. Tong, **The Mahele Did What?** *Hulili Multidisciplinary Research on Native Hawaiian Well Being,* vol. 10 (2016).

- K. Beamer, L. Gonschor, **Toward an inventory of ahupua'a in the Hawaiian Kingdom: A survey of nineteenth- and early twentieth-century cartographic and archival records of the island of Hawai'i,** *The Hawaiian Journal of History*, vol. 48 (2014).

- K. Beamer, **Ke ao na'auao maoli**, *Aboriginal Education World*, No. 47. (2012).

- K. Beamer, **Ali'i Selective Appropriation of Modernity—Examining Colonial Assumptions In Hawai'i**

Prior to 1893, *Alter*Native *An International Journal of Indigenous Peoples* (5) pp. 138-155. (2009).

- B.K. Beamer, T.K. Duarte, **I palapala no ia aina—Documenting the Hawaiian Kingdom, A Colonial Venture?** *The Journal of Historical Geography* (35) pp. 66-86. (2009).

Book Chapters

- Kamanamaikalani Beamer, "**The Kingdom of Hawai'i**," in Voting and Political Representation in America: Issues and Trends, Edited by Mark P. Jones. Santa Barbara, CA: ABC-CLIO (Forthcoming 2019).

- Kamanamaikalani Beamer, "**Only 20 Ahupua'a Away**," In Detours: A Decolonial Guide to Hawai'i Aikau, Hokulani K. and Vernadette V. Gonzalez, editors. (Duke University Press, forthcoming Fall 2019).

- Kamanamaikalani Beamer, "**Tūtū's aloha 'āina grace**" in, *The Value of Hawai'i 2: Ancestral Roots, Oceanic Visions*. University of Hawaii Press, Honolulu: (Goodyear-Ka'opua &Yamashiro eds., 2014).

- Kamanamaikalani B. Beamer, "'***Ōiwi Leadership and 'Āina***" in, *I Ulu I Ka 'Āina: The Hawai'inuiākea Monograph Series Vol II*, University of Hawai'i Press & HSHK, Honolulu: (Osorio, Andrews, & Benham eds., December 2013).

- Kamanamaikalani B. Beamer and Peter Vitousek, "**Traditional Ecological Values, Knowledge, and Practices in Twenty-First Century Hawai'i**" in, *Linking Ecology and Ethics for a Changing World,* Cary Conference Proceedings, Springer Press, New York: (Rozzi, Pickett, & Palmer eds., December 2013).

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University of Hawai‘i at Mānoa William S. Richardson School of Law

2515 Dole Street [map]
Honolulu, HI, 96822-2350 USA
(808) 956-7966

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Exhibit 19

DAVID Y. IGE
GOVERNOR

SARAH ALLEN
ADMINISTRATOR

MARA SMITH
ASSISTANT ADMINISTRATOR

STATE OF HAWAII
STATE PROCUREMENT OFFICE
P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 586-0554
email: state.procurement.office@hawaii.gov
http://spo.hawaii.gov
Twitter: @hawaiispo

SPO 17-257

May 1, 2017

[redacted]

SUBJECT: Office of Hawaiian Affairs' (OHA) Contract with Kuauli `Aina-Based Insights LLC
Contract No. 2879

Dear [redacted]

Thank you for submitting the documentation related to the subject procurement. This review is a result of your email received on September 30, 2016 requesting a review of the Office of Hawaiian Affairs' (OHA) award to Kuauli 'Aina-Based Insights LLC for the subject contract. The State Procurement Office's (SPO) review is to determine if the subject services were procured in accordance with Hawaii Revised Statutes (HRS) Chapter 103D, the Hawaii Public Procurement Code, and its administrative rules.

PROCUREMENT REVIEW REQUEST

The written correspondence cited the following concerns:

1. Awardee, Kuauli `Aina-Based Insights LLC was paid $200,000 for a Report on land, in $25,000 increments to avoid procuring these services via Competitive Sealed Proposals (RFP) process.

2. OHA Trustees delegated Procurement Authority to OHA Chief Executive Officer (CEO), Kamana`opono M. Crabbe, Ph.D., as the Procurement Officer as well as the authority to approve any contract or award of $25,000 or under so there's no legal requirement for Trustee approval or posting an RFP for competitive bidding.

SUMMARY OF FINDINGS

From documents received, OHA made the determination that the subject contract's services were exempt from Chapter 103D, Hawaii Revised Statutes (HRS) pursuant to Hawaii Administrative Rules (HAR) 3-120 (1) for research, reference, and education materials. As a result, these services were

procured on May 23, 2013 and OHA's Corporate Counsel approved the exemption procurement on May 24, 2013.

Contract No. 2879 and Supplemental Contract Nos. 2879.01, 2879.02, 2879.03, 2879.04

On June 7, 2013, OHA executed Contract No. 2879 with Kuauli 'Aina-Based Insights LLC for the period June 1, 2013 to May 31, 2014 to render the following scope of services required for the Report on Land, paid to Kuauli 'Aina-Based Insights, which included :

1. Documenting each sale of former Hawaiian Kingdom Government and Crown Lands sold during the years 1893 through 1959 to provide quantitative data to support Kanaka Maoli claims to land;
2. Quantifying the acreage of lands sold between 1893 through 1959;
3. Developing a Geographic Information System (GIS) database representing all lands sold during the period of 1893 through 1959; and
4. Providing a report that explains the methodology for the data collection, compilation, and presentation of the information as well as an analysis of data gaps and an explanation of the implementation of inventory.

OHA's intent was for the contractor to conduct research that would examine and compile original source deeds of former Hawaiian Kingdom Government and Crown lands, which are available in print and electronic form to prepare a database that documented each sale of Government and Crown lands. OHA then intended to publish this research in its *Native Hawaiian Data Book*, and also on its publicly accessible database websites, *Papakilo* and *Kipuka*.

During this one-year period, there was one purchase order (PO) 130498 listing six payments totaling $150,000, for the Primary Contract No. 2879, as follows:

Contractor Deliverables	**Amount Paid**
Upon execution of this agreement	$20,000
Upon completion of services for years 1893 through 1909	$25,000
Upon completion of services for years 1910 through 1926	$25,000
Upon completion of services for years 1927 through 1943	$25,000
Upon completion of services for years 1944 through 1959	$25,000
Upon completion and OHA's approval of all services	$30,000
Total Amount Paid for Contract No. 2879 via PO 130498	**$150,000**

The Contractor's fees were payable based on invoices specifying to the satisfaction of OHA's Coordinator (the Research Director or Designee) that the services rendered were satisfactorily performed in conformance to this agreement. These invoices were to include a detailed breakdown of the Contractor's time charges attributable to the particular billing period and accompanied by a verbal and/or written activity report as required by OHA that identified the type of work activities, tasks, and/or work product completed.

No supporting documents were submitted showing that OHA validated the Contractor's invoices.

Supplemental Contract No. 2879.01 added $250,000 to the original contract of $150,000 and extended the contract from June 1, 2014 through May 31, 2015. Supplemental Contract No. 2879.02 extended the contract from June 1, 2015 through January 31, 2016. Supplemental Contract No.

2879.03 extended the contract from February 1, 2016 through June 30, 2016. Supplemental Contract No. 2879.04 added $35,000 for services performed during February 1, 2016 through June 30, 2016, for a total contact amount of $435,000.

As of June 30, 2016 this contract has expired and no further work has been submitted or completed.

Award Posting for Contract No. 2879

As stated by OHA Trustee Robert K. Lindsey's letter dated November 7, 2016, "In compliance with OHA's Procedures Manual dated June 2008 for exempt purchase procedure, posting is not required." While there is no HRS or HAR requiring CPO Jurisdictions to post exemption awards, HAR §3-120-4(f) states:

> "Purchasing agencies making procurements which are exempt from Chapter 103D, HRS, are nevertheless encouraged to adopt and use provisions of the chapter and its implementing rules as appropriate..."

An incomplete copy of OHA's Fiscal Procedures Manual, was submitted. Therefore, while OHA has developed its own internal policies and procedures for exemptions, the SPO was unable to find any supporting documentation stating that award posting is not required for OHA's exempt purchases.

Purchase Order No. 130498

According to OHA's Purchasing and Procurement Procedures Manual, the purchaser determines if the purchase is exempt from HRS Chapter 103D and will prepare a Purchase Requisition. If the goods or service is over $1,000 the purchaser completes the Procurement Check List (PCL), indicating the appropriate statutory or rule exemption. Once the review process is completed, the item(s) is purchased or in the case of a service, a contract is prepared.

Pursuant to HAR §3-120-4(g), "Purchasing agencies shall cite on the purchase order or on the contract, the authority waiver as "Exempt From Chapter 103D, HRS, pursuant to section 3-120-4(b) (cite exemption number from Exhibit A titled "Procurement Exempt from Chapter 103D, HRS" dated 03/17/2011, located at the end of this chapter), Hawaii Administrative Rules.""

Upon SPO's review of OHA's Purchase Order No. 130498, OHA failed to reference the authority waiver as "**Exempt from Chapter 103D, HRS, pursuant to section 3-120-4(b) exemption 1**" anywhere on Purchase Order No. 130498. As a result, OHA did not comply with its own exemption purchase procedures or HAR §3-120-4(g).

Exemption - Method of Procurement

From the OHA responses received, OHA procured the subject contract as an exemption based on HAR Chapter 3-120's Exhibit A – Exemption 1, which states:

"Research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases;"

The SPO notified OHA, on December 16, 2016, that Exemption #1 is used for **already published** research material and not for contracting a vendor to conduct research and create a report, which is a service. The subject contract's scope of work did not fit within the confines of this exemption and therefore the subject contract's award to Kuauli 'Aina-Based Insights does not comply with the Procurement Code.

In response to the SPO's emailed determination, OHA's letter dated January 5, 2017, stated "we did not find that the referenced exemption applied only to "already published research material." Accordingly, our staff interpreted the statute to include research materials that would be published and made available in print and electronic form qualified as procurement under HAR ch. 3-120 Exhibit A, Exemption no. 1."

HAR §3-120-5 Procedures for Requesting an Exemption and Amendment

When goods or services are not exempt pursuant to HRS Chapter 103D and whereby procurement by competitive means would be either not practicable or not advantageous to the State, there are procedures through which a request for exemption and amendment may be submitted to the chief procurement officer.

HAR §3-120-5 states these procedures for requesting exemption and amendment that include:

- Prior to procurement, heads of the purchasing agencies shall submit a written request to the chief procurement officer and certify to the best of their knowledge that the information provided is true and correct; and
- The chief procurement officer shall post a copy of the request on an internet site accessible to the public for seven days to allow any objections to the exempted procurement request to be submitted in writing to the chief procurement officer within seven days from the date the notice was posted.

No supporting documents could be found on OHA's website for an initial exemption request or any exemption amendment requests for any of the four supplemental contracts thereafter.

OHA's Delegation of Procurement Authority and Training

Pursuant to HRS §103D-208, procurement authority is centralized to the chief procurement officer (CPO), and allows the CPO to further delegate authority to designees or to any department, agency or official within their respective jurisdictions. This procurement authority may be further delegated to personnel as designated procurement officers or authorized to conduct and participate in procurement activities in accordance with HAR §3-121-16. Participation in procurement activities includes small purchases, developing/drafting a solicitation, reviewing, approving, conducting, managing, and administering the procurement/contract.

HAR §3-120-2 states:

> "Procurement Officer" means any person with delegated authority to enter into and administer contracts and make written determination with respect thereto. The term includes an authorized representative acting within the limits of authority. The delegated authority is received from the chief procurement officer directly or through the head of the purchasing agency.

On December 16, 2016, the SPO requested OHA to provide the names of the individuals who participated in the subject contract's procurement, their roles and responsibilities, and documentation showing their delegation and training. OHA responded to the SPO's request on January 5, 2017 stating that 1) delegation and training documentation for the three individuals involved were not on file; and 2) all staff involved with the subject procurement are no longer employees of OHA.

Based on the documents submitted, Mr. Crabbe was not listed as the person who 1) conducted the procurement; 2) reviewed the method of procurement; or 3) approved the method of procurement. Additionally, on the executed contract, it shows that OHA's Chief Operating Officer signed "for" Mr. Crabbe instead of Mr. Crabbe himself. No supporting documentation was submitted regarding Mr. Crabbe's delegation authority or training for the subject contract.

In regards to training, all procurement officers and personnel of a department of the Executive Branch, with written delegated procurement authority to conduct and or participate in the procurement process are required to attend applicable State Procurement Officer (SPO) training workshops to comply with HRS §103D-110(c). Applicable training ensures delegated procurement personnel receive the appropriate training to fulfill their responsibilities, and are in compliance with HRS §103D-110, as amended by Act 194, SLH 2008 for goods, services, and construction.

While the SPO has developed its own internal policies and procedures for delegation and training, the SPO was unable to find any documentation of OHA's internal policies and/or procedures for delegation and training.

CONCLUSION

There are concerns that OHA utilized the HAR §3-120-4(b) – Exemption 1 incorrectly by not adhering to HAR Chapter 3-120's procedures for requesting an exemption and overstepping its parameters, which ultimately limited competition in acquiring these services. In addition, there appears to be training and delegation inconsistencies.

Based on the information OHA submitted, the SPO recommends that OHA:

1. Establish and maintain internal policies and procedures for training and delegating procurement authority by OHA's chief procurement officer. Delegation of procurement authority to a procurement officer is based on their expertise, knowledge, and proficiency to carry out procurement duties, while seeking economy and efficiency to achieve program operations so careful consideration should have been taken when granting procurement authority. Since the delegation and training records for the personnel involved in this procurement were not on file, OHA should establish oversight of each personnel's delegation and training to maintain compliance with HRS Chapter 103D, the Hawaii Public Procurement Code.

2. Competitively procure these services in the future. Prior to procurement, issue a request for information to see if there are other contractors who could provide these services. It would not be in the best interest of the State to procure the services as an exemption or sole source when competition is possible.

3. Revise OHA's exemption guidelines. Prior to procurement, exemption requests are required to be submitted in writing to the chief procurement officer and the chief procurement officer is then required to post a copy of the request on the internet for any objections to the request to be submitted in writing within seven days of the date the notice is posted.

4. In the future, to prevent similar occurrences, consult with the SPO to assist in determining the applicable exemption limits to HAR Chapter 3-120, Procurement Exempt from Chapter 103D, HRS.

If you have any questions, please contact me at (808)587-4700 or sarah.allen@hawaii.gov, or your staff may contact Mara Smith at (808) 586-0554 or mara.smith@hawaii.gov.

Sincerely,

Sarah Allen
Administrator

Exhibit 20

STATE PROCUREMENT OFFICE

NOTICE & REQUEST FOR SOLE SOURCE

TO: Chief Procurement Officer

FROM: Office of Hawaiian Affairs
Name of Requesting Department

Pursuant to HRS §103D-306 and HAR chapter 3-122, Subchapter 9, the Department requests sole source approval to purchase the following:

1. Describe the goods, services, or construction to be procured.
Provide user management and website support, maintenance, and upgrades to the Papakilo database, upgrade legacy PHP code, and add Hawaiian Mission Houses and the Hawaii State Archives as a searchable collection. Must be able to intergrate with the Papakilo Database system.

2. Vendor/Contractor/Service Provider Name:	3. Amount of Request:
DL Consulting, Ltd.	$75,064.50
4. Term of contract (shall not exceed 12 months), if applicable:	5. Prior SPO-001, Sole Source (SS) No.:
From: 6/1/2018 To: 6/1/2019	

6. Describe in detail the following:

a. The unique features, characteristics, or capabilities of the goods, service or construction.

User management upgrade to Papakilo Newspapers – make possible to search the users and the user's fields, and to use the search to only display a single group of users. Update display of users to be paged, so that 20 or 50 users are displayed on each page; Support, maintenance and perform upgrades to the main Papakilo site and associated Veridian newspaper site including: Papakilo web application technology upgrades. – Implement interoperability upgrade to ensure User Text Correction changes on the Papakilo Newspaper site that triggers that new text to be re-indexed in the main Papakilo search; Upgrade legacy PHP code; Add Hawaiian Mission Houses as a searchable collection; Add Hawaii State Archives as a searchable collection

b. How the unique features, characteristics or capabilities of the goods, service or construction are essential for the department

Up to date maintenance and upgrades are essential to the operation of the Papakilo database. DL Consulting created the original framework for Papakilo. There is no other database that contains the collections of data pertaining to historically and culturally significant places, events, and documents in Hawaii's history. Papakilo provides an online resource repository of data of cultural and historical information and practices that educates other agencies, OHA's Native Hawaiian beneficiaries, and the general public. The successful results of the Papakilo database is due to the OHA proprietary code that DL Consulting, Ltd. developed. DL Consulting also provides unique mass batch uploading system that can integrate with the Papakilo database system.

7. Describe the efforts and results in determining that this is the only vendor/contractor/service provider who can provide the goods, services or construction.

Please see attached

8. Alternate source. Describe the other possible sources for the goods, services, or construction that were investigated but did not meet the department's needs.

Give the complex nature of the Papakilo Database's coding and the understanding of the project's comprehensive history, there is no alternate source that meets the needs required for the upgrades, maintenance, enhancement and continued development to the Papakilo Database.

9. Identify the primary responsible staff person(s) conducting and managing this procurement. (Appropriate delegated procurement authority and completion of mandatory training required.)
*Point of contact (Place asterisk after name of person to contact for additional information).

Name	Division/Agency	Phone Number	E-mail Address
*Phyllis Ono-Evangelista**	*Procurement/OHA*	*594-1833*	*phylliso@oha.org*
Sarah Elefante	*Procurement/OHA*	*594-1913*	*sarahe@oha.org*

Department shall ensure adherence to applicable administrative and statutory requirements, including HAR chapter 3-122, Subchapter 15, Cost or Pricing Data if required.

All requirements/approvals and internal controls for this expenditure is the responsibility of the department. I certify that the information provided is to the best of my knowledge, true and correct.

Department Head Signature — Date: 5/2/18

For Chief Procurement Officer Use Only

Date Notice Posted: _____

Submit written objection to this notice to issue a sole source contract within seven calendar days or as otherwise allowed from date notice posted to:

state.procurement.office@hawaii.gov

Chief Procurement Officer (CPO) Comments:

☐ Approved ☐ Disapproved ☐ No Action Required

_____

Chief Procurement Officer Signature *Date*

Attachment to Sole Source No. 18-8 (Form SPO-001)

7. Describe the efforts and results in determining that this is the only vendor / contractor / service provider who can provide the goods, services or construction.

After an extensive procurement evaluation in 2007, DL Consulting was hired to be the primary contractor to build OHA's Papakilo Database (at that time known as the Wahi Pana Database) utilizing the open-source digital library platform, Greenstone. Greenstone was developed by DL Consulting's CEO, Stefan Boddie and appealed to OHA's needs for several reasons, including the fact that many established archiving organizations (potential partners) utilized the platform and the idea was to build a database that would easily connect to other databases. Additional benefits included no yearly licensing fees, the ability to customize the databases' infrastructure to specifically fit OHA's needs, and the ability to develop new functions that would be unique to Papakilo.

After 10 years of collaborative work, strategic design and implementation, DL Consulting has assisted OHA in developing one of the leading online resources of Hawaiian knowledge. In addition to user traffic and feedback, Papakilo's success is also demonstrated in the amount of customized unique features and functions that were implemented specifically for OHA's needs. Because of this, Papakilo's code is unique and one of a kind. Due to the complex nature of the unique coding, developed by the contractor, and the familiarity and understanding of the project's history and goals, DL Consulting is considered as a sole source contractor for the Papakilo Database.

OFFICE OF HAWAIIAN AFFAIRS

NOTICE & REQUEST FOR SOLE SOURCE

TO: OHA Chief Procurement Officer

FROM: Land, Culture and History - Research

Name of Requesting Department

Pursuant to HRS §103D-306 and HAR chapter 3-122, Subchapter 9, the Department requests sole source approval to purchase the following:

1. Describe the goods, services, or construction to be procured.

Hosting, backup, support, maintenance and upgrade of the OHA Papakilo and Kipuka databases.

Pursuant to HRS 3-122-81(d), we are also seeking approval for a multi-term contract. This request shall not exceed two years. Pursuant to HRS 3-122-149(d)(B), a multi-term contract may be considered when it is in the best interest of the State (OHA) to provide uninterrupted service over more than one fiscal period and where the contract will result in significantly more favorable contract terms and prices compared to a series of shorter term contracts for the same good or service due to: a changeover of service contractors with both high phase-in and high-phase-out costs during a transition period.

2. Vendor/Contractor/Service Provider Name:	3. Amount of Request:
DL Consulting, Ltd.	~~$105,430.00~~
4. Term of contract (shall not exceed 12 months), if applicable: From: June 12, 2019 To: June 11, 2021	5. Prior SPO/OHA-001, Sole Source No.: 18-8

6. Describe in detail the following:

a. The unique features, characteristics, or capabilities of the goods, service or construction.

The Papakilo Database is the ongoing development of a cutting edge and comprehensive "Database of Databases" consisting of varied collections of data pertaining to historically and culturally significant places, events, and documents in Hawai'i's history.

The Kipuka Database is a geographical information system (GIS) that utilizes the latest mapping technologies to link historic data sets to geographic locations reinforcing the concept of information imbedded in the 'āina and encoded in the wahi inoa.

b. How the unique features, characteristics or capabilities of the goods, service or construction are essential for the department

Papakilo's data will greatly increase OHA's ability to preserve and perpetuate cultural and historical information and practices, thus providing an invaluable resource to educate other regulatory agencies, beneficiaries, and the general public. Kipuka provides easy access to information about Hawai'i's land, culture and history and an opportunity for individuals to forge new relationships between themselves and the 'āina that is most important to them. The Land, Culture and History program within OHA's Research Department has spent countless resources on developing these databases that provide a large quantity of valuable resources and information for our beneficiaries.

7. Describe the efforts and results in determining that this is the only vendor/contractor/service provider who can provide the goods, services or construction.

DL Consulting, Ltd. is the primary consultant that developed both database platforms' unique framework, codes, and proprietary functions, which gives them access to resources needed to host, backup, support, maintain and upgrade them. Additionally, the interconnectivity between Papakilo and Kipuka and the unique coding that was developed between the two databases justifies the necessity to keep the databases housed on the same network with DL Consulting, Ltd.

8. Alternate source. Describe the other possible sources for the goods, services, or construction that were investigated but did not meet the department's needs.

Both databases have been hosted by Systemmetrics Corporation, who has provided intermittent and inadequate services, at best, for the past seven years. Therefore, we are requesting to transition to a new host for both servers, and to reestablish DL Consulting, Ltd. as the server host for both databases. DL Consulting, Ltd. developed the databases and have access to the resources needed to host them and provide all other services required with minimal lead time. These databases need secure, reliable and qualified hosting services that DL Consulting, Ltd. can provide.

9. Identify the primary responsible staff person(s) conducting and managing this procurement. (Appropriate delegated procurement authority and completion of mandatory training required.)
*Point of contact (Place asterisk after name of person to contact for additional information).

Name	Division/Agency	Phone Number	E-mail Address
Miki Cachola Lene	Procurement	808-594-1993	mikic@oha.org
Phyllis Ono-Evangelista	Procurement	808-594-1833	phylliso@oha.org

Department shall ensure adherence to applicable administrative and statutory requirements, including HAR chapter 3-122, Subchapter 15, Cost or Pricing Data if required.

All requirements/approvals and internal controls for this expenditure is the responsibility of the department. I certify that the information provided is to the best of my knowledge, true and correct.

Kamana Cebbe
Division Director

5/8/19
Date

For OHA Chief Procurement Officer Use Only

Date Notice Posted: 5/8/19

Submit written objection to this notice to issue a sole source contract within seven calendar days or as otherwise allowed from date notice posted to:

psp@oha.org

OHA Chief Procurement Officer (CPO) Comments:

☐ Approved ☐ Disapproved ☐ No Action Required

OHA Chief Procurement Officer Signature *Date*

Exhibit 21

ORIGINAL

OHA
OFFICE OF HAWAIIAN AFFAIRS

PROCUREMENT DOCUMENTATION CHECKLIST

Date: 1/28/11

Purchaser Name: Kale Hannahs	Division: Research
Name of Vendor/Contractor: DL Consulting Ltd.	
Description of purchase: Integration of Papakilo Database Phase III	

1. Check (✓) the Procurement Method Selected:	2. Check (✓) SPO Forms and Documents Used and Included in the Procurement File of this Purchase:
☑ **Exempt Purchase** (Note: Grants, subgrants, tutorial grants, scholarships, real property leases, and loans, although exempt from Chapter 103D, HRS, are not purchases so use of this checklist is not necessary for those disbursements.) Cite Exemption: HAR 3-120 #1	☐ SPO Form 7 (Request for Exemption from Chapter 103D, HRS) ☐ Copy of CPO's written determination of exemption if applicable ☑ State Accounting Form C-03 (Requisition & Purchase Order) ☐ Attach copy of action item, Board action, proposal & other supporting documents, if applicable
☐ **Price List** Price List number: _____	☐ SPO Form 5, (Request to Purchase Outside of State Procurement Office Price List) ☐ State Accounting Form C-03 (Requisition & Purchase Order) ☐ Attach copy of action item, Board action, proposal & any other supporting documents, if applicable
☐ **Small Purchase** ($2,500 to $24,999)	☐ SPO Form 10 (Record of Small Purchases) or SPO Form 10A (Small Purchase Quotations) ☐ State Accounting Form C-03 (Requisition & Purchase Order) ☐ Copy of contract if one is done for the purchase ☐ Attach copies of any other supporting documents, if applicable
☐ **Small Purchase HePS** ($25,000 to $99,999)	☐ HePS Bid Abstract ☐ HePS Award Summary ☐ Copy of contract if one is done for the purchase ☐ Attach copies of any other supporting documents, if applicable

1. Check (✓) the Procurement Method Selected:	2. Check (✓) SPO Forms and Documents Used (Forms should be included in the procurement file.)
☐ **Sole Source**	☐ SPO Form 1 (Request for Sole Source) ☐ SPO Form 1A (Notice of Sole Source) ☐ SPO Form 1B Notice of Amendment of Sole Source Contract) ☐ Copy of the contract if one was done for this purchase ☐ State Accounting Form C-03 (Requisition & Purchase Order) ☐ Attach copy of action item, Board action, proposal & any other supporting documents, if applicable
☐ **Emergency Procurement**	☐ SPO Form 2 (Request for Emergency Procurement) ☐ State Accounting Form C-03 (Requisition & Purchase Order) ☐ Attach copy of action item, Board action, proposal & any other supporting documents, if applicable
☐ **Professional Services**	☐ Approved Professional Services List ☐ Screening Committee Matrix ☐ Copy of the contract if one was done for this purchase ☐ State Accounting Form C-03 (Requisition & Purchase Order) ☐ Attach copy of action item, Board action, proposal & any other supporting documents, if applicable
☐ **Request for Proposal (RFP)**	☐ Copy of CPO or ADM written determination on use RFP Method ☐ Appointment Evaluation Committee ☐ Copy of Request for Proposal (RFP) ☐ Copy of published notice ☐ Copy of Registry of Proposals received by OHA ☐ Copies of acknowledgement of receipt of proposal ☐ Copy of Evaluation Committee recommendation to hire ☐ Copy of the contract if one was done for this purchase
☐ **Invitation for Bid (IFB)**	☐ Copy of the Invitation for Bid (IFB) ☐ Copies of Acknowledgement of Receipt ☐ Copy of Pre-bid Conference Schedule ☐ Registry of Bids Received by OHA ☐ Copies of Acknowledgement of Receipt of Bids ☐ Documentation of bid selection ☐ Copy of the contract if one was done for this purchase

PREPARER: _____ Date: 1/28/11

LEGAL: _____ Date: 2-14-11

Exhibit 22

Program Managers 07/01/2011-06/30/2016

Employee Name	Position
Clyde Namu'o	CEO
Kamanao'pono Crabbe	CEO
Richard Pezzulo	COO
Aedward Los Banos	COO
Kawika M. Burgess	COO
Lisa Victor	COO
Ernest Kimoto	Senior Legal Counsel
Tane Mosher	HR Manager
Annette Hayashi	HR Manager
Edwina Minglana	HR Manager
Esther Kia'aina	Chief Advocate
Breann Nu'uhiwa	Chief Advocate
J.Kawika Riley	Chief Advocate
Timothy Johnson	WDC Bureau Chief
J.Kawika Riley	WDC Bureau Chief
Patrick Gonzales-Rogers	WDC Bureau Chief
Coti-Lynne Haia	WDC Bureau Chief
Derek Kauanoe	Governance Manager
Breann Nu'uhiwa	Public Policy Manager
Sterling Wong	Public Policy Manager
Kai Markell	Compliance Enforcement Mgr
Keola Lindsey	Papahānaumokuākea Manager
Denise Iser-Matsubara	Community Relations Director
Garett Kememoto	Media Relations & Messaging Mgr/Communications Mgr
Communications Manager (EH)	Leiann Fountain
Kehaunani Abad	CE Director
Mehana Hind	CE Director
Dirk Soma	CO Manager
Keola Akana	CO Manager
Joseph Kuhio Lewis	CO Manager
John Rosa	Assistant CO Manager
Ryan Gonzalez	Digital & Print Media Manager
Alice Silbanuz	Digital & Print Media Manager
Kamanao'pono Crabbe	Research Director
Lisa Watkins-Victorino	Research Director
Joda Derrickson	Special Projects Research Mgr
Carla Hostetter	Special Projects Research Mgr
Kamoa Quitevis	Land, Culture & History Mgr
Mark Eshima	Demographics Research Mgr
Jim Patterson	Program Improvement
Hawley Iona	CFO/RM Director
Aedward Los Banos	Controller

John Kim	Controller
Gloria Li	Accounting Manager
Leatrice Kauahi	NHRLF Manager
Winfred Cameron Jr.	NHRLF Manager
Timmy Wailehua	NHRLF Manager
Emmit Ford Jr	Procurement Manager
Phyllis Ono-Evangelista	Procurement Manager
Keith Yabusaki	Grants Manager
Miles Nishijima	Land Assets Director
Miranda Smith	Land & Property Manager
Kaiwi Nui Yoon	Land & Property Manager
Jonathan Ching	Land & Property Manager
Kaiwi Nui Yoon	HLID Project Coordinator
Jonathan Ching	HLID Project Coordinator
Lance G.M. La Pierre	HLID Project Coordinator
Allen Kam	Commercial Property Manager
Scott Hayashi	Commercial Property Manager
Rodney Saito	Info Systems/Records Mgr
Tiger H. Li	Info Systems/Records Mgr/ IT Manager
Connie Cheng	Chief Investment Officer
David Okamoto	Investment Manager (TA)
Raymond Matsuura	Investment Manager

Program/LOB	Date	End Date
Executive Office	7/1/2001	12/30/2011
Executive Office	03/06/12	present
Executive Office	03/17/11	03/06/12
Executive Office	04/09/12	09/30/13
Executive Office	10/31/13	04/30/15
Executive Office	08/10/15	10/01/18
Executive Office	06/24/96	12/30/16
Executive Office	02/01/10	12/15/11
Executive Office	01/17/12	07/16/13
Executive Office	10/07/13	present
Advocacy	12/16/09	12/30/11
Advocacy	04/23/12	08/30/13
Advocacy	10/22/13	10/31/18
Advocacy	03/23/09	05/09/12
Advocacy	09/04/12	10/21/13
Advocacy	02/03/14	12/04/15
Advocacy	01/11/16	01/19/18
Advocacy	06/04/14	08/16/17
Advocacy	08/15/11	04/22/12
Advocacy	06/01/12	11/27/16
Advocacy	02/16/10	present
Advocacy	07/17/13	present
Community Relations	12/02/09	01/31/12
Community Relations/Community Engagement	02/16/11	08/12/16
Community Relations	03/28/11	10/20/11
Community Engagement	04/30/12	12/10/15
Community Engagement	02/08/16	present
Advocacy	02/16/10	05/31/12
Community Engagement	06/25/12	04/22/13
Community Engagement	08/09/13	05/31/18
Community Engagement	07/24/07	07/31/17
Community Engagement	08/31/12	06/14/16
Community Engagement	11/16/16	present
Research	01/04/10	03/15/12
Research	04/23/12	present
Research	09/17/12	07/10/15
Research	05/01/14	present
Research	02/16/10	02/02/16
Research *3/16/18 no longer supervises	10/18/10	03/15/18
Research	02/16/10	present
RM-Financial Assets	03/16/11	01/17/17
RM-Financial Assets	05/02/11	04/08/12

RM-Financial Assets	06/07/12	07/26/17
RM-Financial Assets	01/04/10	09/20/17
RM-Financial Assets	08/16/05	05/06/12
RM-Financial Assets	09/26/12	03/10/15
RM-Financial Assets	10/01/15	05/04/18
RM-Financial Assets	09/16/10	09/09/13
RM-Financial Assets	10/01/12	present
RM-Financial Assets	06/16/11	05/04/18
RM-Land Assets	10/20/14	present
RM	03/21/11	06/15/12
RM-Land Assets	08/01/12	02/25/14
RM-Land Assets	06/16/14	present
RM-Land Assets	11/01/07	06/17/12
RM-Land Assets	06/18/12	06/15/14
RM-Land Assets	10/20/14	01/31/19
RM-Land Assets	02/20/13	04/20/16
RM-Land Assets	09/01/16	present
RM-Financial Assets	06/04/07	06/05/12
RM/ Executive Office	11/06/13	present
RM-Financial Assets	07/01/11	11/21/12
RM-Financial Assets	08/24/12	07/17/15
RM-Financial Assets	10/01/15	present

Exhibit 23

KA HULI AO
Center for Excellence in Native Hawaiian Law

VIA EMAIL

June 29, 2013

Ernie Kimoto, Esq.
Corporate Counsel
Office of Hawaiian Affairs
711 Kapiʻolani Boulevard, Suite 1200
Honolulu, Hawaiʻi 96813
Email: erniek@oha.org

Re: Final Report And Request For Disbursement Of Funds For Cooperative Agreement 2569.01: The Aʻo Aku Aʻo Mai Initiative

Aloha Ernie:

This is the final report and update on the status of Cooperative Agreement 2569.01, which provides continued program support for Ka Huli Ao Center for Excellence in Native Hawaiian Law at the University of Hawaiʻi at Mānoa to facilitate the Aʻo Aku Aʻo Mai Initiative. As you well know, the Aʻo Aku Aʻo Mai Initiative commenced in August of 2011 with the execution of Cooperative Agreement 2569, which provided funding for the research and publication of a quiet title and partition primer as well as community outreach regarding the same.

In June of 2012, the Aʻo Aku Aʻo Mai Initiative was extended through Cooperative Agreement 2569.01, which includes two primary areas of support: (1) the drafting and publication of a legal primer on a topic to be determined as well as community outreach regarding the same, and (2) informational services for pro se defendants in quiet title and partition actions, including travel for the Native Hawaiian Rights Clinic. We have prepared a status update on each element of our agreement as well as a summary of the Aʻo Aku Aʻo Mai Initiative's overall impact. Your office has already received several boxes of E ʻOnipaʻa i Ke Kulāiwi: A Legal Primer for Quiet Title & Partition Law in Hawaiʻi, please let us know if you would like additional copies.

I. Report re: Drafting and Publication of the Quiet Title & Partition Primer

A principal objective of the Aʻo Aku Aʻo Mai Initiative was to research and draft a primer on quiet title and partition, with some discussion of adverse possession, then to hold workshops in Neighbor Island communities to distribute the primer and build

capacity regarding these issues. We published E ‘Onipa‘a i Ke Kulāiwi: A Legal Primer for Quiet Title & Partition Law in Hawai‘i in April of 2013. In May of 2013, we presented the primer to the OHA Board of Trustees. We have also completed six community outreach workshops to present and distribute the primer. Below is a bulleted list of the dates, locations, and number of participants for each of the six workshops. The April 27, 2013 Moloka‘i workshop was facilitated by the Spring 2013 Native Hawaiian Rights Clinic and is described in more detail below. A summary of each workshop is also included in Table 1.

- April 27, 2013 Kauanakakai, Moloka‘i from 2 p.m. – 4 p.m. • University of Hawai‘i Maui College, Moloka‘i Education Center, Room 107 • 16 participants

- June 4, 2013 Honolulu, O‘ahu from 6 p.m. – 8 p.m. • William S. Richardson School of Law, University of Hawai‘i at Mānoa, Classroom 3 • 18 participants

- June 8, 2013 Honolulu, O‘ahu from 10 a.m. – 12 p.m. • William S. Richardson School of Law, University of Hawai‘i at Mānoa, Classroom 3 • 13 participants

- June 15, 2013 Wailuku, Maui from 12:30 p.m. – 2:30 p.m. • Alu Like, Second Floor (mauka side) • 22 participants

- June 20, 2013 Līhu‘e, Kaua‘i from 5:30 p.m. – 7:30 p.m. • Kaua‘i Queen Lili‘uokalani Children’s Center • 34 participants

- June 27, 2013 Hilo, Hawai‘i Island from 6 p.m. – 8 p.m. • Hilo Queen Lili‘uokalani Children’s Center • 32 participants

Surveys were distributed at each workshop, and for ease of reference, the results were entered into Google Forms to generate a summary. The handwritten comments were entered into a Word document. The survey results and comments were very positive. For example, 94% of the workshop attendees who responded to the survey said that they came away from the workshop with a better understanding of quiet title, partition, and adverse possession. Further, 99% would recommend similar workshops by OHA and the William S. Richardson School of Law for Hawaiian families relating to legal issues. Finally, 100% stated that the primer and appendices contained helpful information.

A Moloka‘i workshop participant commented:

It is important because it educates us on the wrong that they do and done. It also helps in a court case that I’m in. I think we need more meetings like this. Thank you A‘o Aku A‘o Mai for coming.

An O‘ahu workshop attendee wrote:

> *The A‘o Aku A‘o Mai Initiative is important because these workshops provide tools for the Native Hawaiian communities to use to protect their ancestral lands. Because this workshop is free it allows more Native Hawaiians to participate. This kind of information is not generally known and for the community to be able to learn is a great opportunity*.

Another O‘ahu workshop participant said:

> *This workshop is super valuable. I am an attorney, but have never practiced quiet title law. I found the presentation and the materials instantly useful/helpful not just to an attorney, but to a pro se layperson. I think anyone faced with a quiet title case could immediately begin to defend themselves with the resources provided here. Mahalo*.

A Maui workshop participant explained:

> *This Initiative has been instrumental in educating our lāhui and empowering the next generation to maintain their family lands*.

A Kaua‘i workshop attendee wrote:

> *I think this Initiative is most important to better understand our rights. The information provided this evening will help me to help my ‘ohana. . . . Please, please, please bring more initiatives like this so our Native Hawaiian people are better equipped to defend themselves. More workshops are needed! Mahalo!*

Finally, a Hawai‘i Island workshop participant commented:

> *These types of workshops are important to building legal literacy in the Hawaiian community and the capacity for Hawaiians to proceed with legal processes in a well-informed manner. This was interesting, beneficial, and much needed dissemination of information.*

The survey summary and comments are attached to this report. Copies of the original handwritten surveys are available upon request.

II. Report re: Drafting and Publication of Another Legal Primer

Our most recent Cooperative Agreement 2569.01 provides for the drafting and publication of another legal primer on a topic to be determined. Due to: (1) the unforeseen delays in the publication of the quiet title and partition primer, and (2) the

importance of having Sheryl Nicholson review it, we consulted with OHA and collectively decided not to complete a second primer.

To date, we expended the funding for research assistants and Ms. Chen's salary and benefits. Our fiscal office is still processing the reimbursements for the community outreach workshops, but we are on-target to expend the funds remaining from Cooperative Agreement 2569.01. There remains, however, the monies for the additional legal primer and we will work with you to determine how best to re-program that.

III. Report re: Informational Services for Pro Se Defendants

OHA also provided miscellaneous funding, which was used to enable the A‘o Aku A‘o Mai Initiative, Ka Huli Ao Center for Excellence in Native Hawaiian Law, and legal clinics at the William S. Richardson School of Law, to provide year-round support and to facilitate community workshops for pro se defendants in the *Bartell* and *Moloa‘a Bay Ranch II* cases.

We provided year-round information and assistance to forty-eight pro se defendants in the *Bartell* case. Please note that this number does not include family members and friends who attended our workshops to provide emotional support for the pro se defendants participating in the case. We also worked with one pro se defendant (also an OHA beneficiary) in the *Moloa‘a Bay Ranch II* case. In addition to working directly with pro se defendants in the *Bartell* and *Moloa‘a Bay Ranch II* cases, we have responded to a number of inquiries from approximately four OHA beneficiaries regarding land title in Hawai‘i (often times one person asks questions on behalf of the ‘ohana). During our community workshops to present the primer, we provided assistance to a total of 135 workshop participants. The total number of people, therefore, not including family members and friends of pro se defendants, with whom we have worked since August 2011 is 188. Please see Table 1, included below.

The Fall 2011 Environmental Law Clinic, Spring 2012 and 2013 Native Hawaiian Rights Clinics, and the Fall 2012 Native Hawaiian Land Issues course focused on the intersect between natural and cultural resource preservation, Native Hawaiian Rights, and Western legal methods of securing land title and the preservation of Native Hawaiian ancestral lands. As part of the Environmental Law and Native Hawaiian Rights Clinics, as well as the Native Hawaiian Land Issues course, students and faculty facilitated community outreach workshops designed to update pro se defendants in *Bartell* and *Moloa‘a Bay Ranch II* about the status of the case and potential options. To better reach the many pro se defendants in the *Bartell* case, students and faculty traveled to Moloka‘i and Maui as well. We facilitated a total of seven workshops for *Bartell*: (1) O‘ahu on October 15, 2011, which had ten workshop participants; (2) Moloka‘i on November 12, 2011, which had eight workshop participants including a genealogy expert; (3) Maui on November 19, 2011, which had four workshop participants including a genealogy expert; (4) Moloka‘i on March 10, 2012, which had a very poor turnout likely due to frustration regarding the motion for summary judgment (MSJ) which had recently been filed; (5)

O‘ahu on March 17, 2012, which had a great turnout of twenty workshop participants; (6) Maui on April 6, 2012, which had a turnout of four very dedicated pro se defendants/workshop participants; and (7) O‘ahu on November 9, 2012, which included five workshop participants. To assist the extremely hard working and devoted pro se defendant in the *Moloa‘a Bay Ranch II* case, we consulted with Yuklin Aluli who graciously volunteered to provide him with legal advice. On February 9, 2012, we facilitated a workshop at Ms. Aluli’s office. As previously explained, we facilitated six community workshops, all of which had great turnouts, to present and distribute the primer. All in all, the Initiative has facilitated fourteen community outreach workshops since July 2011. Please see Table 1.

Native Hawaiian Rights Clinic - Profs. Chen & Akutagawa

Course Description: This Spring 2013, the Native Hawaiian Rights Clinic picked up where the previous A‘o Aku A‘o Mai Initiative clinics left off. We consulted with many of the same experts from the previous clinics regarding conflicts, professional responsibility, and family land trusts and limited liability corporations. The information provided by these experts was relevant to the class projects and the advancing stages of the *Moloa‘a Bay Ranch II* case. The class syllabus is attached to this report.

For the clinic capstone project, students prepared and facilitated a community outreach workshop on April 27, 2013 on Moloka‘i to present and distribute the primer. At the workshop, students explained the cultural significance of ‘āina to Kānaka Maoli and the historical background of quiet title and partition actions in Hawai‘i. Students provided an overview of the legal framework for quiet title and partition actions, shared available legal tools and areas for growth, and proposed potential legal and political strategies on how communities can better protect and preserve ancestral lands in the face of these types of cases.

The community workshop was very successful and had a fantastic turnout of sixteen extremely knowledgeable community members. All workshop attendees were OHA beneficiaries and many had either been through or were currently involved in a quiet title and partition action. Please see the attached survey results and comments.

Evaluations: Student evaluations for the Native Hawaiian Rights Clinic were extremely positive. We had seven amazing students who worked diligently and passionately to educate the community about quiet title and partition law. According to the course evaluation, 100% strongly agreed that the instructor appears to have a thorough knowledge of the subject. 100% also strongly agreed that the instructor was able to explain concepts clearly and effectively. 100% strongly agreed that the instructor treated students with respect and was thoughtful and precise in response to questions. 83% rated the course as excellent and 17% rated it as good.

On the course evaluation, one student commented: “This course was exciting and challenging. It allows students to have an active role in dealing with legal issues that

affect Native Hawaiians." Another student wrote, "Steph lives and breathes the course materials, which is refreshing for students. Her passion passes like osmosis through the course materials and presentations and invigorates the class. Thank you!" The course evaluation is attached to this report.

Summary: OHA's support has been invaluable in enabling the A‘o Aku A‘o Mai Initiative to assist pro se defendants involved in quiet title and partition actions. Moreover, the community workshops facilitated by the various legal clinics at the William S. Richardson School of Law have helped to refine the quality of the information that is included in the primer. We are thrilled with the community interest in the A‘o Aku A‘o Mai Initiative and response to the primer. Through the primer, we hope that the A‘o Aku A‘o Mai Initiative will continue to positively impact the many OHA beneficiaries who are adversely affected by quiet title and partition cases.

IV. General Summary and Request for Disbursement of Funds

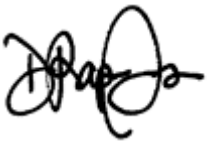
As detailed above, we have made excellent progress and are requesting a disbursement of $5,000 at this time.

We continue to be grateful for OHA's unwavering support of the A‘o Aku A‘o Mai Initiative and look forward to our ongoing partnership in this endeavor. Please do not hesitate to let us know if you require any additional information.

Mahalo nui,



Stephanie Chen



D. Kapua Sproat

Enclosures:

Exhibit 1: Survey finding summaries (attached in PDF version).
Exhibit 2: Survey comments (attached in PDF version).
Exhibit 3: Native Hawaiian Rights Clinic Syllabus (attached in PDF version).
Exhibit 4: Spring 2013 Native Hawaiian Rights Clinic Course Evaluation (attached in PDF version).

cc: Albert Tiberi and Shirley Okamoto

Table 1—Summary of A‘o Aku A‘o Mai Initiative

Date	Event	Number of Law Students	Case Name	Island/Location	Number of Pro Se Defendants/Community Members
July 18, 2011	Pro Se Defendant Support by Initiative Faculty & Answer Packet Mailings		*Bartell*	O‘ahu, Maui, Moloka‘i, Hawai‘i, continent	37
June-Aug. 2011	Initiative Summer Fellows (to help with Primer)	2		O‘ahu	
Aug. 8-11, 2011	Workshop		*Bartell*	Moloka‘i	6
Aug. 22-Dec. 8, 2011	Enviro. Law Clinic (ELC) General Mailings & Pro Se Support (phone, email, in person)	9	*Bartell*	O‘ahu, Maui, Moloka‘i, Hawai‘i, continent	37
Oct. 15, 2011	ELC Workshop		*Bartell*	O‘ahu	10
Nov. 12, 2011	ELC Workshop		*Bartell*	Moloka‘i	8 + genealogy expert
Nov. 19, 2011	ELC Workshop		*Bartell*	Maui	4 + genealogy expert
Dec. 8, 2011-Jan. 23, 2012	Pro Se Defendant Support by Initiative Faculty		*Bartell*	O‘ahu, Maui, Moloka‘i, Hawai‘i, continent	37
Jan. 23, 2012-Apr. 27, 2012	Native Hawaiian Rights Clinic (NHRC) General Mailings & Pro Se Support (phone, email, in person)	9	*Bartell*	O‘ahu, Maui, Moloka‘i, Hawai‘i, continent	43
Mar. 10, 2012	NHRC Site Visit & Workshop		*Bartell*	Moloka‘i	0 (likely due to discouragement from MSJ that was just filed)
Mar. 17, 2012	NHRC Workshop		*Bartell*	O‘ahu	20
Apr. 6, 2012	NHRC Workshop		*Bartell*	Maui	4
Apr. 6, 2012-Aug. 24, 2012	Pro Se Defendant Support by Initiative Faculty		*Bartell*	O‘ahu, Maui, Moloka‘i, Hawai‘i, Kauai‘i, continent	43
June-Aug. 2012	Initiative Summer Fellows (to help with Primer & pro se support)	2	*Bartell* & *Moloa‘a Bay Ranch II*	O‘ahu, Maui, Moloka‘i, Hawai‘i, Kauai‘i, continent	44
Aug. 24, 2012-Nov. 30, 2012	Native Hawaiian Land Issues (NHLI) Skills Course General Mailings & Pro Se Support (phone, email, in person)	15	*Bartell* & *Moloa‘a Bay Ranch II* & Misc. inquiries	O‘ahu, Maui, Moloka‘i, Hawai‘i, Kauai‘i, continent	53

Nov. 9, 2012	NHLI Workshop		*Bartell*	O‘ahu	5
Nov. 30, 2012-Jan. 16, 2013	Pro Se Defendant Support by Initiative Faculty		*Bartell* & *Moloa‘a Bay Ranch II* & Misc. inquiries (*Bartell* ended in Dec. 2012)		53
Jan. 16, 2013-Apr. 28, 2013	NHRC Mailings & Pro Se Support (phone, email, in person)	7	*Moloa‘a Bay Ranch II* (worked with 1 pro se defendant on a complicated case that required a lot of time and resources)	Kauai‘i, O‘ahu, Maui, continent	3
Feb. 9, 2013	NHRC Workshop at Yuklin Aluli’s Office		*Moloa‘a Bay Ranch II*	O‘ahu	1
Apr. 27, 2013	NHRC Primer Workshop #1	6		Kaunakakai, Moloka‘i	16
June 4, 2013	Primer Workshop #2	1		Honolulu, O‘ahu	18
June 8, 2013	Primer Workshop #3	1		Honolulu, O‘ahu	13
June 15, 2013	Primer Workshop #4	1		Wailuku, Maui	22
June 20, 2013	Primer Workshop #5			Līhu‘e, Kaua‘i	34
June 27, 2013	Primer Workshop #6			Hilo, Hawai‘i	32

Exhibit 24

OFFICE OF HAWAIIAN AFFAIRS
COOPERATIVE AGREEMENT AMENDMENT
OHA Form CAGA-1

(For Fiscal use only)

Recipient Name: University of Hawai'i

Street Address: Office of Research Services, 2530 Dole St., Sakamaki D-200

City, State, Zip Code: Honolulu, Hawai`i 96822

Project Title: A'o Aku A'o Mai

OHA Amendment Number: 2659.01

(Original OHA Grant Number: 2659)

Amended Award Period: July 1, 2012-June 30, 2013
(Original Award Period: June 15, 2011- June 30, 2012)

OHA Account Code:

Budget Analyst Initials	Date

Appr	Year	Prog	Obj	Amount
930	2013	230	57115	125,000

This Cooperative Agreement Amendment (Amendment), approved by the Chief Executive Officer of the Office of Hawaiian Affairs (OHA), constitutes an obligation of funding by OHA. By signing this Amendment, the Recipient agrees to accept and comply with the amended provisions checked below and set forth herein. The Exhibits attached to the original Cooperative Agreement are incorporated herein by reference unless superseded by revised Exhibits attached to this Amendment. Upon acceptance and execution by the Recipient, the original notarized Amendment and any revised Exhibits attached hereto shall be returned to OHA as soon as possible. The Recipient also agrees that except as herein set forth, no other amendments to the original Agreement are made and all other provisions and general terms and conditions (Exhibit B) contained therein remain unchanged and in full force and effect. If not signed by and returned (without modification) within 30 days of receipt of this Amendment to OHA, OHA's Chief Executive Officer may unilaterally terminate this Agreement. A fully executed copy of this Amendment will be provided to the Recipient.

- [x] **Amended Special Conditions (see OHA Form CAGA-1A, Exhibit "A")**
- [ ] **Recipient's Revised Proposal (Exhibit C)**
- [ ] **Recipient's Revised Budget (Exhibit D)**
- [ ] **Other(s):**

Signature of OHA's Ka Pouhana, Chief Executive Officer:

K M. Crabbe 7/2/12
KAMANA`OPONO M. CRABBE, Ph.D. Date

Signature of Authorized Official of the Recipient:

Y Fong 6/27/12
Name: YAA-YIN FONG
Title: Director, Office of Research Services
Date: 6/27/12

STATE OF HAWAI'I)
) ss.
CITY & COUNTY OF HONOLULU)

On this 27th day of June, 2012 before me personally appeared YAA-YIN FONG, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed as such Director of the Office of Research Services, University of Hawai'i.

KELLIE GUSHIKEN NOTARY 09-328 PUBLIC STATE OF HAWAII

by Kellie Gushiken
Notary Public, State of Hawai'i
Print Name: Kellie Gushiken
My commission expires: 08/02/2013

Contract Preparer/Contract Monitor Signature:

6/8/12
Gerald Honda, Procurement Specialist Date

Contract Monitor Signature:

Ernest M. Kimoto 6-8-12
Ernest M. Kimoto, Corporate Counsel Date

Approved as to Form:

Ernest M. Kimoto 6-8-12
Ernest M. Kimoto, Corporate Counsel Date

Reviewed & Approved By:

Ernest M. Kimoto 6-8-12
Ernest M. Kimoto, Corporate Counsel Date

EXHIBIT "B"

GENERAL TERMS AND CONDITIONS
FOR COOPERATIVE AGREEMENTS OF THE OFFICE OF HAWAIIAN AFFAIRS
(OHA Form CAG-1B)

(These Terms and Conditions cannot be amended by interlineations, defacement, marginalia, or other markings made to these three pages.)

RECITAL. The Office of Hawaiian Affairs was established to better the conditions of native Hawaiians and Hawaiians as set forth in Hawai'i Revised Statutes (hereinafter referred to as "HRS") §10-2.

RECITAL. The Office of Hawaiian Affairs is empowered to enter into this Agreement in accordance with statutory authority afforded under Chapter 10, §§ 10-4(4), 10-4(6), 10-4(8) and 10-17, HRS, and other applicable law(s), as amended.

RECITAL. The Office of Hawaiian Affairs desires to fund RECIPIENT's activities as approved by Office of Hawaiian Affairs and more particulary described in RECIPIENT's Proposal attached hereto and incorporated herein by this reference.

COORDINATION AND REPORTS. The work performed under this Agreement shall be coordinated with the Coordinator or Designee, hereinafter referred to as the "COORDINATOR", who will act as the principal liaison between the RECIPIENT and OHA and who will assist in resolving policy questions and expedite decisions and the review of the work performed. It shall be the responsibility of the RECIPIENT to maintain close and frequent communication with the COORDINATOR at all stages of the work required under this Agreement. The RECIPIENT shall inform the COORDINATOR of all scheduled contacts made by the RECIPIENT with public agencies or individuals on matters relating to work performed under this Agreement. The RECIPIENT shall also submit to the COORDINATOR reports and/or technical information requested and/or required by OHA in appropriate OHA formats and within the deadlines specified within this Agreement. During the term of this Agreement, OHA may request to meet with the RECIPIENT at times and places mutually agreed upon to discuss the progress and results of the study or changes therein. The RECIPIENT may also be requested to discuss any work or reports with OHA's Board of Trustees, its Chairperson or OHA Administrator.

RECORDS MAINTENANCE, RETENTION, AND ACCESS. The RECIPIENT shall, in accordance with generally acceptable accounting practices, maintain fiscal records and supporting documents and related files, papers, and reports that adequately reflect all direct and indirect expenditures and management and fiscal practices related to the RECIPIENT's performance of services under this Agreement. OHA, the comptroller of the State of Hawai'i, and any of their authorized representatives, the Committees (and their staff) of the Legislature of the State of Hawai'i, and the Legislative Auditor of the State of Hawai'i shall have the right of access to any book, document, paper, file, or other record of the RECIPIENT (and of any of its subcontractors) that is related to the performance of services under the Agreement in order to conduct an audit or other examination or to make excerpts and transcripts for the purposes of monitoring and evaluating both the RECIPIENT's performance of services and the RECIPIENT's program management and fiscal practices to assure the proper and effective expenditure of funds under this Agreement. The RECIPIENT shall retain all records related to the RECIPIENT's performance of services under this Agreement for at least THREE (3) years after the date of submission of the RECIPIENT's final expenditure report, except that if any litigation, claim, negotiation, investigation, audit, or other action involving the records has been started before the expiration of the three-year period, the RECIPIENT shall retain the records until completion of the action and resolution of all issues that arise from it, or until the end of the regular three-year retention period, whichever occurs later.

RESPONSIBILITY FOR ACCURACY, COMPLETENESS AND ADEQUACY. The RECIPIENT shall be responsible and accountable for accuracy, completeness, clarity, and adequacy of the work performed, including work performed by agents and employees. RECIPIENT agrees to perform the work in a professional manner and accept professional responsibility for the services to be rendered.

INDEPENDENT CONTRACTOR STATUS. OHA and the RECIPIENT shall act in their independent capacities in the performance of their respective functions under this Agreement and acknowledge that no party is authorized or empowered to act or to be considered an officer, agent, or employee of the other for any purpose. OHA and the

RECIPIENT further acknowledge that their respective employees are not eligible to participate in any employee benefit plans of the other party. OHA shall, however, have a general right to inspect the work in progress to determine whether, in OHA's opinion, the services are being performed by the RECIPIENT is in accordance with the provisions of this Agreement. The RECIPIENT shall also be responsible for payment of applicable income, social security, and any other Federal, State, or County taxes and fees, all applicable licensing and operating requirements of the State, Federal, and County governments and all applicable accreditation and other standards of quality generally accepted in the field of the RECIPIENT's activities are complied with and satisfactorily met. The RECIPIENT shall also ensure that persons utilized by the RECIPIENT are qualified to engage in the activity and services in which they participate.

SUBCONTRACTS AND ASSIGNMENTS. The RECIPIENT shall not subcontract nor assign in part or all of the services to be performed under this Agreement without the prior written consent and approval of OHA which consent shall not be unreasonably withheld. OHA may condition any consent and approval upon such terms and provisions that OHA may deem necessary. Furthermore, no assignment of claims for money due or to become due to the RECIPIENT under the Agreement shall be effective unless the assignment of such claims is first approved by OHA.

OTHER CONDITIONS OF USE OF FUNDS. The RECIPIENT shall not use any funds involved in this Agreement for purposes of entertainment or perquisites and shall comply with any and all conditions applicable to the funds to be paid under this Agreement, including conditions applicable by provisions of appropriation acts of the Legislature or by administrative rules adopted pursuant to law.

NO LIABILITY. OHA assumes no liability hereunder for the acts or omission of the RECIPIENT or any third person or their heirs, privies or assigns. The RECIPIENT shall be responsible for damages or injury caused by the RECIPIENT's agents, officers, and employees in the course of their employment to the extent that the RECIPIENT's liability for such damage or injury has been determined by a court or otherwise agreed to by the RECIPIENT, and the RECIPIENT shall pay for such damages and injury to the extent permitted by law and approved by the Legislature.

CONFIDENTIALITY OF MATERIAL. The parties will keep confidential, and not use, except in connection with the performance of the research hereunder, any information, data, report, record or material which is provided by the providing party that is identified as confidential or proprietary or whose disclosure could harm the other party shall remain confidential to the extent permitted by law. Any material given or made available by the providing party that is identified as confidential or proprietary or whose disclosure could harm the other party shall not be disclosed without the prior written approval of the providing party unless required to be disclosed by applicable law, regulation or order of a court of competent jurisdiction. Additionally, no information data, report, record or material given by the providing party to the recipient party shall be used by the recipient party for personal gain and/or any other purposes, except those purposes explicitly stated in this agreement and/or any and all purposes approved in writing by the providing party. A violation of this Section shall be a material violation of this Agreement. The recipient party shall have no obligation of confidentiality with respect to information received which is or shall have been known to the recipient party before their receipt thereof, is disclosed to the recipient party by a third party, or is or shall have become known to the public through no fault of the recipient party.

PUBLICATION. RECIPIENT retains the right at its discretion to publish freely any results of the research project contained in RECIPIENT's Proposal. RECIPIENT agrees to provide OHA a copy of any manuscript at the time it is submitted for publication. OHA may review the manuscript to: (a) ascertain whether OHA's confidential or proprietary information would be disclosed by the publication; or (b) identify potentially patentable technology so that appropriate steps may be taken to protect such technology. OHA will provide comments, if any, within thirty (30) days of receipt of the manuscript. RECIPIENT will use good faith efforts to address OHA's comments and in its sole discretion may withhold publication for a period not to exceed thirty (30) days.

OWNERSHIP, INTELLECTUAL PROPERTY RIGHTS, AND COPYRIGHT. RECIPIENT shall own the entire right, title, and interest in and to all inventions, improvements, discoveries or other intellectual property, whether or not patentable, made, conceived or first reduced to practice by RECIPIENT in whole or in part under this Agreement. If the RECIPIENT, or any employee or employees of the RECIPIENT, obtains a copyright to any material, whether finished or unfinished, that is developed, prepared, assembled, or created pursuant to this Agreement, the RECIPIENT or its employees, as the case may be, shall own the copyright. The OHA may use the materials developed, prepared, assembled, or created pursuant to this Agreement for any and all purposes, without restriction or charge. If neither the RECIPIENT, nor any employees of the RECIPIENT, before or by the date one year following the completion of the Agreement, obtains a copyright to such material, the OHA may consider such material to be "works for hire," and in such circumstance, shall own the material and may copyright it. If the OHA

owns the material or the copyright or both, the RECIPIENT may use the material for any and all purposes without restriction or charge.

CONFLICT OF INTEREST/DISCLOSURE. The RECIPIENT represents to the best of its knowledge that RECIPIENT presently has no interest in another company, partnership, organization, entity, etc., that would conflict in any manner or degree with the performance of the services under this Agreement. RECIPIENT represents to the best of its knowledge that he/she shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of the services under this Agreement. The conflict of interest/disclosure provisions of this Agreement shall remain in full force and effect for the entire duration of this Agreement and/or extensions under this Agreement.

RETURN OF RECORDS/PROPERTY OF OHA. Upon termination of this Agreement, as provided hereinafter, the RECIPIENT shall deliver to OHA all finished or unfinished documents, reports, summaries, lists, charts, graphs, maps, records, notes, data, memorandum, photographs, photographic negatives, videos, or other materials prepared by the OHA.

NOTICES: All notices required or permitted under this Agreement will be in writing. Such notice will be deemed delivered in person or deposited if posted in the United States mail, postage prepaid. Notices to OHA shall be addressed to: Administrator, Office of Hawaiian Affairs, 711 Kapi'olani Boulevard, Suite 500, Honolulu, Hawai'i 96813. Notice to the Recipient shall be made to the address indicated for the Recipient on the Cooperative Agreement. Such address may be changed from time to time by either party by providing written notice to the other in the manner set forth above.

TERMINATION. If the RECIPIENT commits any breach of or default in any of the terms or conditions of this Agreement, and fails to remedy such default or breach within thirty days after receipt of written notice thereof from OHA, OHA may, at its option and in addition to any other remedies which it may have at law or in equity, terminate this Agreement in whole or in part at any time before the end of the term of the Agreement. OHA will promptly notify the RECIPIENT in writing of the decision to terminate, the reasons for the termination, the effective date of the termination, and the portion of any unexpended funds determined in good faith to be returned. Either party may also terminate this Agreement without statement of cause at any time by giving written notice to the other party of such termination at least SEVEN (7) calendar days before the effective date of such termination. In any termination event, the RECIPIENT shall be entitled to payment, determined on a pro rata basis, for any work satisfactorily completed or performed prior to the notification of termination.

MODIFICATION OF AGREEMENT. Except as otherwise provided herein, any modification, alteration, or change to this Agreement, including modification of the services to be performed and/or extension of time of performance shall be made only by written supplemental agreement executed by the parties of this Agreement.

SEVERABILITY. If any provision of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision shall be deemed to be written, construed and enforced as so limited.

WAIVER OF CONTRACTUAL RIGHT. The failure of either party to enforce, or the granting of a waiver of, any provision of this Agreement shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

ENTIRE AGREEMENT. This Agreement embodies the whole agreement of the parties. There are no provisions, terms, conditions, or obligations other than those contained herein. This Agreement shall supersede all previous communications, representations, or agreements, either verbal or written, between the parties.

AMENDMENT. Any agreement to change the terms of this Agreement in any way shall be valid only if the change is made in writing and approved by mutual agreement of authorized representatives of the parties hereto.

APPLICABLE LAW. The Agreement shall be governed by, and construed in accordance with, the laws of the State of Hawai'i. If any provision of this Agreement violates any statute or rule of law of the state of Hawai'i, it is considered modified to conform to that statute or rule of law.

END OF EXHIBIT "B"

EXHIBIT "C"

RECIPIENT'S ASSURANCE OF BENEFIT TO NATIVE HAWAIIANS & HAWAIIANS
OHA Form CAG-1C

Recipient Name: University of Hawai'i	**OHA Grant Number:** 2659
Street Address: Office of Research Services, 2530 Dole St., Sakamaki D-200	
City, State, Zip Code: Honolulu, Hawai'i 96822	
Project Title: A'o Aku A'o Mai	

By signing below, I am indicating that I have read and understand the provision below relating to my responsibilities to assure the Office of Hawaiian Affairs that the grant award is to be used for the benefit of Native Hawaiians and Hawaiians.

ASSURANCE OF BENEFIT TO NATIVE HAWAIIANS AND HAWAIIANS. This project serves to perpetuate the knowledge of Hawaiian practices and increase the understanding of Hawaiian issues and as such serve to benefit the Hawaiian community.

Signature of Authorized Official of the Recipient:

Date: 6/15/11

By Yaa-Ying Fong

Name: Yaa-Ying Fong

Title: Director, Office of Research Services

EXHIBIT "D"

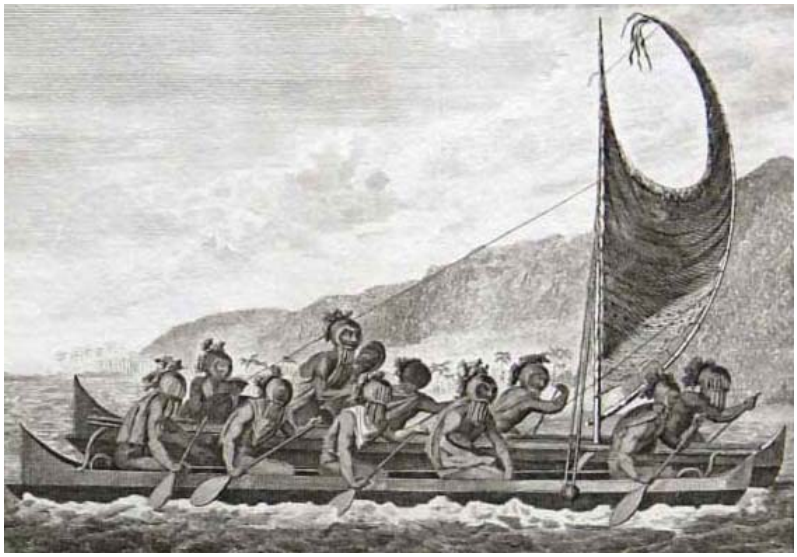
RECIPIENT'S BUDGET

Ka Huli Ao Community Outreach Workshops and Primers
(A`o Aku A`o Mai Community Outreach Workshops and Quiet Title & Partition Action Primer)
June 2, 2011 Projected Budget

Personnel	
Post-J.D. Fellow (to draft primer, supervise student research assistants, teach clinics, and facilitate community outreach workshops)	$55,000
2 Student Research Assistants for Summer 2011 (to research, draft, and edit primer, including layout and printing: 2 @ $5,000 each)	10,000
Fringe Benefits	
Health coverage for Post-J.D. Fellow	4,016
2 Research Assistants (.4%)	40
Workshops and Meetings (6 Neighbor Island Workshops)*	
Parking for Post-J.D. Fellow	400
Airfare: $200 per 8 presenters x 2 neighbor island workshops (Spring 2012)	3,200
Airfare: $200 per 3 presenters x 4 neighbor island workshops (Summer 2012)	2,400
Rental Car: $60 per day x 2 cars x 2 days x 2 trips (Spring 2012)	480
Rental Car: $60 per day x 1 car x 2 days x 4 trips (Summer 2012)	480
Per Diem: $80 per 8 presenters x 2 days x 2 trips (Spring 2012)	2,560
Per Diem: $80 per 3 presenters x 2 days x 4 trips (Summer 2012)	1,920
Other	
Rental for hall, rooms, chairs, food for workshops (6 workshops x $250 per workshop)	1,500
Printing – Quiet Title & Partition Action Primer	24,000
Workshop honorariums for community liaisons (6 x $500 per workshop)	3,000
Other miscellaneous costs and expenses	13,786
Total Direct Costs	122,782
Total Indirect Costs (Total Direct Costs {$122,782} - Post-J.D. fellow {$55,000} - Post-J.D. Health coverage {$4,016} - Post-J.D. Parking {400} x 3.5%)	2,218
TOTAL	$125,000

*Workshop presentations are planned for the following islands: Hawai`i (possibly one in East Hawai`i and one in West Hawai`i), Maui, Kaua`i, Moloka`i, and Lāna`i. In the alternative, one workshop may be held on O`ahu instead of two workshops being held on Hawai`i Island.

Exhibit 25



The Kālaimoku Group is a Native Hawaiian owned integrated marketing and communications firm founded in 2011 and located in Honolulu, Hawai‘i. The Kālaimoku Groups serves for-profit and non-profit companies with professional services including Development, Marketing, Communications, Government Relations, Social Media and Event Coordination.

Social Media

twitter

facebook

youtube

Latest From Twitter

In Nashville for another portion of the campaign... Can y’all guess what’s next? #GoTitans #Titanup 01:20:02 PM October 06, 2019 from Twitter for iPhone

ReplyRetweetFavorite

Follow @kalaimokugroup 502 followers

Contact Us

E-Mail: info@kalaimoku.com

© 2019 The Kālaimoku Group

Exhibit 26

POSTED
Date MAR 5 2012 By
Check No. 57111
Check issued date
P/Y Accrual (circle) Yes No

3/5/12

OHA
OFFICE OF HAWAIIAN AFFAIRS

Invoice # 1003
Date: 2/21/12
Completed by Admin Services

REQUEST FOR PAYMENT ON CONTRACT

Date 2/27/2012	Requestor: Shirley Okamoto;	PO #:	120242
Requesting Program:	2300-Corporation Counsel	Funding Program:	4200-Media Relations & Messaging
Contractor:	The Kalaimoku Group LLC	OHA Contract #:	Contract 2721 (Kalaimoku Grp)
Contract Terms:	12/1/11-6/30/12	Period of Performance:	February, 2012 (Phase II)
Contract Amount:	$50,000.00	Payment Requested:	$23,958.11

Check if applicable:

- ☐ Initial Payment per contract – No Invoice attached
- ☑ Multi-Year Contract – ***Do not close*** contract file
- ☐ Lump-Sum Contract Payment – ***Close*** contract file
- ☐ Final Payment – attach TAX CLEARANCE* ***Close*** PO (release remaining funds) & contract file

***If request is for Final Payment on non-grant contract of $25,000 or more (including amendments)* – attach TAX CLEARANCE dated within 2 months of request submittal**

ADMIN SERVICES ONLY

Tax Clearance Received? ○ Yes ○ No

ADMIN SVCS
2012 MAR -1 P 2:16

STATUS OF CONTRACT BALANCE:	Amount
Original Encumbrance	$50,000.00
Payments-To-Date	$14,973.82
Adjustment-To-Date (+/-)	$0.00
Available Funds	$35,026.18
Current Payment Request	$23,958.11
Remaining Balance	$11,068.07

I hereby certify and agree that the information provided herein is true and correct and is made in accordance with all terms of a fully executed and valid OHA contract. I further certify that the attached invoice is for goods properly received and/or services properly performed in accordance with the above mentioned contract. To the best of my knowledge, the current payment request has not previously been submitted to Admin Services nor paid by Admin Services.

Shirley Okamoto;	2/27/2012	Ernie Kimoto	2-29-12
Requestor's Signature	Date	Program Manager's Signature	Date

Approved for Payment

LOB Director's Signature	Date	Garrett Kamemoto Other Approving Authority (If required)	MAR 0 1 2012 Date
BOT Chairperson's Signature (For Corp Counsel Use Only)	Date	Chief Executive Officer's Signature OR Chief Operating Officer's Signature (If required)	MAR 0 1 2012 Date

PAID
MAR 7 2012

Last Revised 01/04/2011

The Kalaimoku Group

1000 Bishop Street #305
Hon, HI 96813

INVOICE

DATE:	2/21/2012
INVOICE #	1003
Customer ID	23

BILL TO: Office of Hawaiian Affairs

Office of Hawaiian Affairs
711 Kapiolani Blvd. #500
Hon, HI 96814

DESCRIPTION	AMOUNT
Kaka`ako Settelement - Community Meetings Round #2 Contract #:2721 104 Hours @ Billable Rate $220.00 Inclusive of Attendance & Reporting at 16x Community Meetings, Travel-Tme & Preparation as well as 2x overnight stays and 2x legislative hearings. *Meeting locations - OHA Board Room, Wilcox Elementary, Stevenson Middle School, DHHL-Kapolei, Waimanalo Community Center, West Hawaii Civic Center, Hawaii-Hilo Dept of Education Annex, Best Western Hotel, Hana Helene Social Hall, Maui Wawena School, Willows Restaurant, Waimea Valley, Kulana Oiwi Complex, Lanai High School, & Association of Hawaiian Civic Clubs*	22880

OTHER COMMENTS

1. Payment upon receipt

SUBTOTAL	$22,880.00
TAX RATE	4.712%
TAX	$1,078.11
**OTHER	$0.00
TOTAL	**$23,958.11**

Make all checks payable to
The Kalaimoku Group

Mahalo For Your Business!

POSTED
Date: FEB 2 2012 By:
Batch/Check No. 57078
Check Issued date
P/Y Accrual (circle) Yes No

OHA
OFFICE OF HAWAIIAN AFFAIRS

Invoice # 1002
Date: 1.9.12
Completed by Admin Services

2012 JAN 30 P 4:29
ADMIN SVCS

REQUEST FOR PAYMENT ON CONTRACT

Date 1/20/2012	Requestor: Shirley Okamoto;	PO #:	120242
Requesting Program:	2300-Corporation Counsel	Funding Program:	4200-Media Relations & Messaging
Contractor:	The Kalaimoku Group LLC	OHA Contract #:	2721
Contract Terms:	12/1/11-6/30/12	Period of Performance:	December, 2011 (Phase I)
Contract Amount:	$50,000.00	Payment Requested:	$14,973.82

Check if applicable:

- ☐ Initial Payment per contract – No Invoice attached
- ☑ Multi-Year Contract – ***Do not close*** contract file
- ☐ Lump-Sum Contract Payment – ***Close*** contract file
- ☐ Final Payment – attach TAX CLEARANCE* ***Close*** PO (release remaining funds) & contract file

***If request is for Final Payment on non-grant contract of $25,000 or more (including amendments)* – attach TAX CLEARANCE dated within 2 months of request submittal**

ADMIN SERVICES ONLY

Tax Clearance Received? ○ Yes ○ No

STATUS OF CONTRACT BALANCE:	Amount
Original Encumbrance	$50,000.00
Payments-To-Date	$0.00
Adjustment-To-Date (+/-)	$0.00
Available Funds	$50,000.00 ✓
Current Payment Request	$14,973.82
Remaining Balance	$35,026.18

I hereby certify and agree that the information provided herein is true and correct and is made in accordance with all terms of a fully executed and valid OHA contract. I further certify that the attached invoice is for goods properly received and/or services properly performed in accordance with the above mentioned contract. To the best of my knowledge, the current payment request has not previously been submitted to Admin Services nor paid by Admin Services.

Shirley Okamoto;	1/20/2012		1-27-12
Requestor's Signature	Date	Program Manager's Signature	Date

Approved for Payment

		Garrett Kamemoto	JAN 27 2012
LOB Director's Signature	Date	Other Approving Authority (If required)	Date
			JAN 27 2012
BOT Chairperson's Signature (For Corp Counsel Use Only)	Date	Chief Executive Officer's Signature ***OR*** Chief Operating Officer's Signature (If required)	Date

Last Revised 01/04/2011

The Kalaimoku Group, LLC

1451 S. King St.#503 Hon, HI 96814

INVOICE

DATE:	1/9/2012
INVOICE #	1002
Customer ID	23

BILL TO: Office of Hawaiian Affairs

Office of Hawaiian Affiars
711 Kapiolani Blvd. #500
Hon, HI 96814

DESCRIPTION	AMOUNT
Phase-1 Consultation for Kaka`kao Community Meetings	14300
Contract #:2721	
65 Hours @ Billable Rate $220.00	
Inclusive of Attendance & Reporting at 10x Community Meetings, Travel-Tme & Preparation	
Maui Waena Elementary School, Kauai Lihue Library, Kona Kaniohale CC, Hilo DOE Annex,	
Wahiawa Rec Center, McKinely High School, East Windward CC,	
West Kapolei Middle School, Lanai Lanai High School, Molokai Kulana Oiwi	

OTHER COMMENTS

1. Payment upon receipt

SUBTOTAL	$14,300.00
TAX RATE	4.712%
TAX	$673.82
**OTHER	$0.00
TOTAL	**$14,973.82**

Make all checks payable to
The Kalaimoku Group, LLC

Mahalo For Your Business!

Exhibit 27

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493090007965

Form 990 Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

Department of the Treasury
Internal Revenue Service

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 06-01-2013 , 2013, and ending 05-31-2014

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
NATIVE HAWAIIAN EDUCATION ASSOCIATION

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO BOX 1190

City or town, state or province, country, and ZIP or foreign postal code
WAILUKU, HI 96793

D Employer identification number
80-0198123

E Telephone number
(808) 984-3553

G Gross receipts $ 1,627,761

F Name and address of principal officer
LUI K HOKOANA
PO BOX 1190
WAILUKU,HI 96793

H(a) Is this a group return for subordinates? ☐ Yes ☑ No

H(b) Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ www nhea net

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 2008

M State of legal domicile HI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
SUPPORT NATIVE HAWAIIAN EDUCATORS AND EDUCATORS WHO TEACH NATIVE HAWAIIAN STUDENTS

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	6
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	6
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	0
6	Total number of volunteers (estimate if necessary)	**6**	100
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	238,109	135,000
9	Program service revenue (Part VIII, line 2g)	45,668	1,492,751
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)		10
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		0
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	283,777	1,627,761
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	31,195	16,659
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		0
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	254,275	763,781
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	285,470	780,440
19	Revenue less expenses Subtract line 18 from line 12	-1,693	847,321

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	73,416	920,737
21	Total liabilities (Part X, line 26)		0
22	Net assets or fund balances Subtract line 21 from line 20	73,416	920,737

Net Assets or Fund Balances

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

****** | 2015-03-31
Signature of officer | Date

LUI K HOKOANA DIRECTOR
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
ALLEN M ARAKAKI				

Firm's name ▶ ALLEN M ARAKAKI CPA INC | Firm's EIN ▶

Firm's address ▶ 1314 SOUTH KING STREET SUITE 710
HONOLULU, HI 96814 | Phone no (808) 591-8480

May the IRS discuss this return with the preparer shown above? (see instructions) ☑ Yes ☐ No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III . . . . . ☐

1 Briefly describe the organization's mission

SUPPORT NATIVE HAWAIIAN EDUCATORS AND

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 752,791 including grants of $ 16,659) (Revenue $ 1,527,751)

GRASSROOTS ORGANIZATION FOCUSED ON SUPPORTING, ENCOURAGING, NETWORKING, COLLABORATING, AND FURTHERING THE WORK OF THOSE TASKED WITH THE RESPONSIBILITY OF EDUCATING OUR NATIVE HAWAIIAN CHILDREN 557 MEMBERS

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 752,791

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a		No
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e		No
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b		No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a		No
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b		

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**		No
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**		No
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		No
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	0		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	0		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b			
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

Part VI **Governance, Management, and Disclosure** *For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*

Check if Schedule O contains a response or note to any line in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	6		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	6		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**			No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**			No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**			No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

Section B. Policies (*This Section B requests information about policies not required by the Internal Revenue Code.*)

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	**10a**		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	**10b**		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	**11a**	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	**12a**	Yes	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	**12b**	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	**12c**	Yes	
13	Did the organization have a written whistleblower policy?	**13**	Yes	
14	Did the organization have a written document retention and destruction policy?	**14**	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	**15a**	Yes	
b	Other officers or key employees of the organization	**15b**	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	**16a**		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	**16b**		

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ HI

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☐ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

▶ LUI K HOKOANA PO BOX 1190
WAILUKU, HI 96793 (808) 956-8753

Part VII Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII . . . . . ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☑ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) JUDY OLIVEIRA PRESIDENT	3 00	X		X				0	0	0
(2) CHRISTINE VORHIES TREASURER	3 00	X		X				0	0	0
(3) PAM ALCONCEL SECRETARY	3 00	X		X				0	0	0
(4) LUI HOKOANA DIRECTOR	3 00	X						0	0	0
(5) CHRISTINE QUINTANA DIRECTOR	3 00	X						0	0	0
(6) DAVID SING DIRECTOR	3 00	X						0	0	0

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** ▶										
c **Total from continuation sheets to Part VII, Section A** ▶										
d **Total (add lines 1b and 1c)** ▶										

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**		No
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII . . . . . ☐

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f 135,000				
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f		135,000			
Program Service Revenue		Business Code				
	2a NHEA/NIEA CONFERENCE	624110	1,492,751			
	b					
	c					
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f		1,492,751			
	3 Investment income (including dividends, interest, and other similar amounts)		10			10
	4 Income from investment of tax-exempt bond proceeds					
	5 Royalties					
		(i) Real	(ii) Personal			
	6a Gross rents					
	b Less rental expenses					
	c Rental income or (loss)					
	d Net rental income or (loss)					
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory					
	b Less cost or other basis and sales expenses					
	c Gain or (loss)					
	d Net gain or (loss)					
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b Less direct expenses	b				
	c Net income or (loss) from fundraising events					
	9a Gross income from gaming activities See Part IV, line 19	a				
	b Less direct expenses	b				
	c Net income or (loss) from gaming activities					
	10a Gross sales of inventory, less returns and allowances	a				
	b Less cost of goods sold	b				
	c Net income or (loss) from sales of inventory					
	Miscellaneous Revenue		Business Code			
	11a					
	b					
	c					
	d All other revenue					
	e **Total.** Add lines 11a–11d					
	12 **Total revenue.** See Instructions		1,627,761	1,492,751		10

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

Check if Schedule O contains a response or note to any line in this Part IX . . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2 Grants and other assistance to individuals in the United States See Part IV, line 22	16,659	16,659		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages				
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting	1,254	0	1,254	0
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	130	104	26	0
12 Advertising and promotion	2,885	2,885	0	0
13 Office expenses				
14 Information technology				
15 Royalties . .				
16 Occupancy				
17 Travel	158,731	158,731	0	0
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	466,100	466,100	0	0
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance				
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a BANK CHARGES	778	0	778	0
b SUPPLIES	102,365	76,774	25,591	0
c CONF REGISTRATION	31,538	31,538	0	0
d				
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	780,440	752,791	27,649	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X . . . . . ☐

			(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing	73,416	1	920,737
	2	Savings and temporary cash investments		2	
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net		4	
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use		8	
	9	Prepaid expenses and deferred charges		9	
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D — 10a			
	b	Less accumulated depreciation — 10b		10c	
	11	Investments—publicly traded securities		11	
	12	Investments—other securities See Part IV, line 11		12	
	13	Investments—program-related See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets See Part IV, line 11		15	
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	73,416	16	920,737
Liabilities	17	Accounts payable and accrued expenses		17	
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		25	
	26	**Total liabilities.** Add lines 17 through 25	0	26	0
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets		27	
	28	Temporarily restricted net assets		28	
	29	Permanently restricted net assets		29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds	73,416	32	920,737
	33	Total net assets or fund balances	73,416	33	920,737
	34	Total liabilities and net assets/fund balances	73,416	34	920,737

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . . ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	1,627,761
2	Total expenses (must equal Part IX, column (A), line 25)	2	780,440
3	Revenue less expenses Subtract line 2 from line 1	3	847,321
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	73,416
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	920,737

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII . . . . . ☐

			Yes	No
1	Accounting method used to prepare the Form 990 ☑ Cash ☐ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b		No
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c		
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
NATIVE HAWAIIAN EDUCATION ASSOCIATION

Employer identification number
80-0198123

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☑ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? **11g(i)**		
(ii) A family member of a person described in (i) above? **11g(ii)**		
(iii) A 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

(i) Name of supported organization	**(ii)** EIN	**(iii)** Type of organization (described on lines 1- 9 above or IRC section **(see instructions))**	**(iv)** Is the organization in col **(i)** listed in your governing document?		**(v)** Did you notify the organization in col **(i)** of your support?		**(vi)** Is the organization in col **(i)** organized in the U S ?		**(vii)** Amount of monetary support
			Yes	**No**	**Yes**	**No**	**Yes**	**No**	
Total									

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")	239,591	74,000	66,000	238,109	135,000	752,700
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3	239,591	74,000	66,000	238,109	135,000	752,700
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4						752,700

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4	239,591	74,000	66,000	238,109	135,000	752,700
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources					10	10
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						752,710

12 Gross receipts from related activities, etc (see instructions) **12**

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f))	**14**	100 000 %
15 Public support percentage for 2012 Schedule A, Part II, line 14	**15**	

16a **33 1/3% support test—2013.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☑

b **33 1/3% support test—2012.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶☐

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6)						0

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	0 %
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	0 %
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2012.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

Part IV **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test		
Return Reference	Explanation	

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493090007965

Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.

▶ **Attach to Form 990**

▶ **Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
NATIVE HAWAIIAN EDUCATION ASSOCIATION

Employer identification number
80-0198123

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) VARIOUS SCHOLARSHIPS LESS THAN $5000	18	16,659		0	N/A

Part IV **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493090007965

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
NATIVE HAWAIIAN EDUCATION ASSOCIATION

Employer identification number
80-0198123

990 Schedule O, Supplemental Information

Return Reference	Explanation
Pt VI, Line 11b	THE BOARD REVIEWS THE 990 PRIOR TO ITS FILING
Pt VI, Line 12c	ALL BOARD MEMBERS ARE REQUIRED TO DISCLOSE ANY
Pt VI, Line 12c	POTENTIAL CONFLICTS OF INTEREST WHICH ARE THEN
Pt VI, Line 12c	REVIEWED BY THE BOARD
Pt VI, Line 15a	THE ORGANIZATION DOES NOT PROVIDE ANY COMPENSATION
Pt VI, Line 15b	THE ORGANIZATION DOES NOT PROVIDE ANY COMPENSATION
Form 990EZ, Part I, Line 16	EVENT EXPENSE BANK CHARGES CONTRIBUTIONS HONORARIA ADVERTISING MEETING EXPENSE NATIONAL IN DIAN EDUCATION ASSOC CONVENTION TRAINING SUPPLIES TRAVEL WEBSITE PARKING

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493100006126

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public
▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2014

Open to Public Inspection

A For the 2014 calendar year, or tax year beginning 06-01-2014 , and ending 05-31-2015

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return/terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
NATIVE HAWAIIAN EDUCATION ASSOCIATION

Doing business as

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO BOX 1190

City or town, state or province, country, and ZIP or foreign postal code
WAILUKU, HI 96793

D Employer identification number
80-0198123

E Telephone number
(808) 984-3553

G Gross receipts $ 1,627,751

F Name and address of principal officer
LUI K HOKOANA
PO BOX 1190
WAILUKU, HI 96793

H(a) Is this a group return for subordinates? ☐ Yes ☑ No

H(b) Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ www nhea net

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 2008

M State of legal domicile HI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
SUPPORT NATIVE HAWAIIAN EDUCATORS AND EDUCATORS WHO TEACH NATIVE HAWAIIAN STUDENTS

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	6
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	6
5	Total number of individuals employed in calendar year 2014 (Part V, line 2a)	**5**	0
6	Total number of volunteers (estimate if necessary)	**6**	100
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	135,000	135,000
9	Program service revenue (Part VIII, line 2g)	1,527,751	1,492,751
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	10	0
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		0
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,662,761	1,627,751
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	16,659	0
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		0
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	763,781	1,527,761
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	780,440	1,527,761
19	Revenue less expenses Subtract line 18 from line 12	882,321	99,990

Revenue / Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	920,737	1,020,727
21	Total liabilities (Part X, line 26)		0
22	Net assets or fund balances Subtract line 21 from line 20	920,737	1,020,727

Net Assets or Fund Balances

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

****** | 2016-04-08
Signature of officer | Date

LUI K HOKOANA DIRECTOR
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
ALLEN M ARAKAKI	ALLEN M ARAKAKI			

Firm's name ▶ Doi CPA LLC — Firm's EIN ▶

Firm's address ▶ PO BOX 11773
HONOLULU, HI 96828

Phone no (808) 591-8480

May the IRS discuss this return with the preparer shown above? (see instructions) ☑ Yes ☐ No

Part III **Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III . . . . . ☐

1 Briefly describe the organization's mission

SUPPORT NATIVE HAWAIIAN EDUCATORS AND

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 1,500,112 including grants of $) (Revenue $ 1,527,751)

GRASSROOTS ORGANIZATION FOCUSED ON SUPPORTING, ENCOURAGING, NETWORKING, COLLABORATING, AND FURTHERING THE WORK OF THOSE TASKED WITH THE RESPONSIBILITY OF EDUCATING OUR NATIVE HAWAIIAN CHILDREN 557 MEMBERS

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 1,500,112

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a		No
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e		No
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b		No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I* (see instructions)	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a		No
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b		

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**		No
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**		No
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		No
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	0		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	0		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b			
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR)				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds.** Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	8			
9a	Did the sponsoring organization make any taxable distributions under section 4966? . . .	9a			
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person? . . .	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

Part VI **Governance, Management, and Disclosure** *For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*

Check if Schedule O contains a response or note to any line in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	6		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	6		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**			No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**			No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**			No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

Section B. Policies (*This Section B requests information about policies not required by the Internal Revenue Code.*)

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	**10a**		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	**10b**		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	**11a**	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	**12a**	Yes	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	**12b**	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	**12c**	Yes	
13	Did the organization have a written whistleblower policy?	**13**	Yes	
14	Did the organization have a written document retention and destruction policy?	**14**	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	**15a**	Yes	
b	Other officers or key employees of the organization	**15b**	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	**16a**		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	**16b**		

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ HI

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☐ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, address, and telephone number of the person who possesses the organization's books and records

▶ LUI K HOKOANA
PO BOX 1190
WAILUKU, HI 96793 (808) 956-8753

Part VII Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII . . . . . ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☑ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) JUDY OLIVEIRA PRESIDENT	3 00	X		X				0	0	0
(2) CHRISTINE VORHIES TREASURER	3 00	X		X				0	0	0
(3) PAM ALCONCEL SECRETARY	3 00	X		X				0	0	0
(4) LUI HOKOANA DIRECTOR	3 00	X						0	0	0
(5) CHRISTINE QUINTANA DIRECTOR	3 00	X						0	0	0
(6) DAVID SING DIRECTOR	3 00	X						0	0	0

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶			

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**		No
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII . . . . . ☐

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	135,000			
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f		135,000			
Program Service Revenue		Business Code				
	2a NHEA/NIEA CONFERENCE	624110	1,492,751			
	b					
	c					
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f		1,492,751			
	3 Investment income (including dividends, interest, and other similar amounts)					
	4 Income from investment of tax-exempt bond proceeds					
	5 Royalties					
		(i) Real	(ii) Personal			
	6a Gross rents					
	b Less rental expenses					
	c Rental income or (loss)					
	d Net rental income or (loss)					
Other Revenue		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory					
	b Less cost or other basis and sales expenses					
	c Gain or (loss)					
	d Net gain or (loss)					
	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b Less direct expenses	b				
	c Net income or (loss) from fundraising events					
	9a Gross income from gaming activities See Part IV, line 19	a				
	b Less direct expenses	b				
	c Net income or (loss) from gaming activities					
	10a Gross sales of inventory, less returns and allowances	a				
	b Less cost of goods sold	b				
	c Net income or (loss) from sales of inventory					
	Miscellaneous Revenue	Business Code				
	11a					
	b					
	c					
	d All other revenue					
	e **Total.** Add lines 11a–11d					
	12 **Total revenue.** See Instructions		1,627,751	1,492,751		

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

Check if Schedule O contains a response or note to any line in this Part IX . . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments See Part IV, line 21				
2 Grants and other assistance to domestic individuals See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages				
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting	1,254	0	1,254	0
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	130	104	26	0
12 Advertising and promotion	2,885	2,885	0	0
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel	158,731	158,731	0	0
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	1,213,421	1,213,421	0	0
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance				
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a BANK CHARGES	778	0	778	0
b SUPPLIES	119,024	93,433	25,591	0
c CONF REGISTRATION	31,538	31,538	0	0
d				
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	1,527,761	1,500,112	27,649	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X . . . . . ☐

			(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing	920,737	1	1,020,727
	2	Savings and temporary cash investments		2	
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net		4	
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use		8	
	9	Prepaid expenses and deferred charges		9	
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D — 10a			
	b	Less accumulated depreciation — 10b		10c	
	11	Investments—publicly traded securities		11	
	12	Investments—other securities See Part IV, line 11		12	
	13	Investments—program-related See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets See Part IV, line 11		15	
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	920,737	16	1,020,727
Liabilities	17	Accounts payable and accrued expenses		17	
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		25	
	26	**Total liabilities.** Add lines 17 through 25	0	26	0
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets		27	
	28	Temporarily restricted net assets		28	
	29	Permanently restricted net assets		29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds	920,737	32	1,020,727
	33	Total net assets or fund balances	920,737	33	1,020,727
	34	Total liabilities and net assets/fund balances	920,737	34	1,020,727

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . . ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	1,627,751
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,527,761
3	Revenue less expenses Subtract line 2 from line 1	3	99,990
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	920,737
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	1,020,727

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII . . . . . ☐

			Yes	No
1	Accounting method used to prepare the Form 990 ☑ Cash ☐ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b		No
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c		
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ **Attach to Form 990 or Form 990-EZ.**

▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization
NATIVE HAWAIIAN EDUCATION ASSOCIATION

Employer identification number
80-0198123

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☑ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g

a ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization **You must complete Part IV, Sections A and B.**

b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s) **You must complete Part IV, Sections A and C.**

c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions) **You must complete Part IV, Sections A, D, and E.**

d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions) **You must complete Part IV, Sections A and D, and Part V.**

e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization

f Enter the number of supported organizations . . . . . _____

g Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization listed in your governing document? Yes	(iv) No	(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
Total						

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")	74,000	66,000	238,109	135,000	135,000	648,109
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3	74,000	66,000	238,109	135,000	135,000	648,109
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4						648,109

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
7 Amounts from line 4	74,000	66,000	238,109	135,000	135,000	648,109
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources				10	10	20
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part VI)						
11 **Total support** Add lines 7 through 10						648,129

12 Gross receipts from related activities, etc (see instructions) **12**

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** . . . . . ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2014 (line 6, column (f) divided by line 11, column (f))	**14**	100 000 %
15 Public support percentage for 2013 Schedule A, Part II, line 14	**15**	100 000 %

16a **33 1/3% support test—2014.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ☑

b **33 1/3% support test—2013.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ☐

17a **10%-facts-and-circumstances test—2014.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ☐

b **10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ☐

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6)						0

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part VI)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2014 (line 8, column (f) divided by line 13, column (f))	15	0 %
16	Public support percentage from 2013 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2014** (line 10c, column (f) divided by line 13, column (f))	17	0 %
18	Investment income percentage from **2013** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2014.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2013.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

Part IV Supporting Organizations

(Complete only if you checked a box on line 11 of Part I If you checked 11a of Part I, complete Sections A and B If you checked 11b of Part I, complete Sections A and C If you checked 11c of Part I, complete Sections A, D, and E If you checked 11d of Part I, complete Sections A and D, and complete Part V)

Section A. All Supporting Organizations

			Yes	No
1	Are all of the organization's supported organizations listed by name in the organization's governing documents? *If "No," describe in* ***Part VI*** *how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.*	1		
2	Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? *If "Yes," explain in* ***Part VI*** *how the organization determined that the supported organization was described in section 509(a)(1) or (2).*	2		
3a	Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? *If "Yes," answer (b) and (c) below.*	3a		
b	Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? *If "Yes," describe in* ***Part VI*** *when and how the organization made the determination.*	3b		
c	Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? *If "Yes," explain in* ***Part VI*** *what controls the organization put in place to ensure such use.*	3c		
4a	Was any supported organization not organized in the United States ("foreign supported organization")? *If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.*	4a		
b	Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? *If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.* . . .	4b		
c	Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? *If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.*	4c		
5a	Did the organization add, substitute, or remove any supported organizations during the tax year? *If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).*	5a		
b	**Type I or Type II only.** Was any added or substituted supported organization part of a class already designated in the organization's organizing document?	5b		
c	**Substitutions only.** Was the substitution the result of an event beyond the organization's control?	5c		
6	Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (a) its supported organizations, (b) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (c) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? *If "Yes," provide detail in* ***Part VI.***	6		
7	Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in IRC 4958(c)(3)(C)), a family member of a substantial contributor, or a 35-percent controlled entity with regard to a substantial contributor? *If "Yes," complete Part I of Schedule L (Form 990) .*	7		
8	Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? *If "Yes," complete Part II of Schedule L (Form 990).*	8		
9a	Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509 (a)(1) or (2))? *If "Yes," provide detail in* ***Part VI.***	9a		
b	Did one or more disqualified persons (as defined in line 9(a)) hold a controlling interest in any entity in which the supporting organization had an interest? *If "Yes," provide detail in* ***Part VI.***	9b		
c	Did a disqualified person (as defined in line 9(a)) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? *If "Yes," provide detail in* ***Part VI.***	9c		
10a	Was the organization subject to the excess business holdings rules of IRC 4943 because of IRC 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? *If "Yes," answer b below.*	10a		
b	Did the organization have any excess business holdings in the tax year? *(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings).*	10b		
11	Has the organization accepted a gift or contribution from any of the following persons?			
a	A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?	11a		
b	A family member of a person described in (a) above?	11b		
c	A 35% controlled entity of a person described in (a) or (b) above? *If "Yes" to a, b, or c, provide detail in Part VI.*	11c		

Part IV Supporting Organizations (continued)

Section B. Type I Supporting Organizations

		Yes	No
1	Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? *If "No," describe in* ***Part VI*** *how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.*	1		
2	Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? *If "Yes," explain in* ***Part VI*** *how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised or controlled the supporting organization.*	2		

Section C. Type II Supporting Organizations

		Yes	No
1	Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? *If "No," describe in* ***Part VI*** *how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).*	1		

Section D. All Type III Supporting Organizations

		Yes	No
1	Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (1) a written notice describing the type and amount of support provided during the prior tax year, (2) a copy of the Form 990 that was most recently filed as of the date of notification, and (3) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?	1		
2	Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? *If "No," explain in* ***Part VI*** *how the organization maintained a close and continuous working relationship with the supported organization(s).*	2		
3	By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? *If "Yes," describe in* ***Part VI*** *the role the organization's supported organizations played in this regard.*	3		

Section E. Type III Functionally-Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year **(see instructions)**

- **a** ☐ The organization satisfied the Activities Test Complete **line 2** below
- **b** ☐ The organization is the parent of each of its supported organizations Complete **line 3** below
- **c** ☐ The organization supported a governmental entity Describe in Part VI how you supported a government entity (see instructions)

		Yes	No
2	Activities Test **Answer (a) and (b) below.**			
a	Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? *If "Yes," then in* ***Part VI identify those supported organizations and explain*** *how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.*	2a		
b	Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? *If "Yes," explain in* ***Part VI*** *the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.*	2b		
3	Parent of Supported Organizations **Answer (a) and (b) below.**			
a	Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? *Provide details in Part VI.*	3a		
b	Did the organization exercise a substantial degree of direction over the policies, programs and activities of each of its supported organizations? *If "Yes," describe in Part VI the role played by the organization in this regard.*	3b		

Part V – Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov 20, 1970 **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E

Section A - Adjusted Net Income

			(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1		
2	Recoveries of prior-year distributions	2		
3	Other gross income (see instructions)	3		
4	Add lines 1 through 3	4		
5	Depreciation and depletion	5		
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6		
7	Other expenses (see instructions)	7		
8	**Adjusted Net Income** (subtract lines 5, 6 and 7 from line 4)	8		

Section B - Minimum Asset Amount

			(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year)	1		
a	Average monthly value of securities	1a		
b	Average monthly cash balances	1b		
c	Fair market value of other non-exempt-use assets	1c		
d	**Total** (add lines 1a, 1b, and 1c)	1d		
e	**Discount** claimed for blockage or other factors (explain in detail in Part VI) _____			
2	Acquisition indebtedness applicable to non-exempt use assets	2		
3	Subtract line 2 from line 1d	3		
4	Cash deemed held for exempt use Enter 1-1/2% of line 3 (for greater amount, see instructions)	4		
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5		
6	Multiply line 5 by 035	6		
7	Recoveries of prior-year distributions	7		
8	**Minimum Asset Amount** (add line 7 to line 6)	8		

Section C - Distributable Amount

				Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1		
2	Enter 85% of line 1	2		
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3		
4	Enter greater of line 2 or line 3	4		
5	Income tax imposed in prior year	5		
6	**Distributable Amount.** Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6		
7	☐ Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions)			

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI) See instructions	
7 **Total annual distributions.** Add lines 1 through 6	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI) See instructions	
9 Distributable amount for 2014 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2014	(iii) Distributable Amount for 2014
1 Distributable amount for 2014 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2014 (reasonable cause required--see instructions)			
3 Excess distributions carryover, if any, to 2014			
a From 2009.			
b From 2010.			
c From 2011.			
d From 2012.			
e From 2013.			
f **Total** of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2014 distributable amount			
i Carryover from 2009 not applied (see instructions)			
j Remainder Subtract lines 3g, 3h, and 3i from 3f			
4 Distributions for 2014 from Section D, line 7 $ _____			
a Applied to underdistributions of prior years			
b Applied to 2014 distributable amount			
c Remainder Subtract lines 4a and 4b from 4			
5 Remaining underdistributions for years prior to 2014, if any Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions)			
6 Remaining underdistributions for 2014 Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions)			
7 **Excess distributions carryover to 2015.** Add lines 3j and 4c			
8 Breakdown of line 7			
a From 2010.			
b From 2011.			
c From 2012.			
d From 2013.			
e From 2014.			

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493100006126

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization	Employer identification number
NATIVE HAWAIIAN EDUCATION ASSOCIATION	80-0198123

990 Schedule O, Supplemental Information

Return Reference	Explanation
Pt VI, Line 11b	THE BOARD REVIEWS THE 990 PRIOR TO ITS FILING
Pt VI, Line 12c	ALL BOARD MEMBERS ARE REQUIRED TO DISCLOSE ANY
Pt VI, Line 12c	POTENTIAL CONFLICTS OF INTEREST WHICH ARE THEN
Pt VI, Line 12c	REVIEWED BY THE BOARD
Pt VI, Line 15a	THE ORGANIZATION DOES NOT PROVIDE ANY COMPENSATION
Pt VI, Line 15b	THE ORGANIZATION DOES NOT PROVIDE ANY COMPENSATION
Form 990EZ, Part I, Line 16	EVENT EXPENSE BANK CHARGES CONTRIBUTIONS HONORARIA ADVERTISING MEETING EXPENSE NATIONAL IN DIAN EDUCATION ASSOC CONVENTION TRAINING SUPPLIES TRAVEL WEBSITE PARKING

Exhibit 28

Bizapedia

Home > U.S. > Hawaii > Kamuela

KUAULI AINA-BASED INSIGHTS LLC

Hawaii Domestic Limited-Liability Company (Llc) · Updated 7/9/2016

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Business Loans

How much do you need?

$100,000

Calculate Payment

Terms & Conditions apply. NMLS#1136

Write Review | Upgrade | Claim

Kuauli Aina-Based Insights LLC is a Hawaii Domestic Limited-Liability Company (Llc) filed on February 4, 2013. The company's filing status is listed as Not In Good Standing and its File Number is 102950 C5.

The Registered Agent on file for this company is Kamanamaikalani Beamer and is located at 64-5076 Hale Alii St, Kamuela, HI 96743. The company's mailing address is 64-5076 Hale Alii St, Kamuela, HI 96743.

The company has 1 principal on record. The principal is Kamanamaikalani Beamer from Kamuela HI.

Like 30K

Company Information

Company Name:	KUAULI AINA-BASED INSIGHTS LLC
File Number:	102950 C5
Filing State:	Hawaii (HI)
Filing Status:	Not In Good Standing
Filing Date:	February 4, 2013
Company Age:	6 Years, 8 Months
Registered Agent:	Kamanamaikalani Beamer 64-5076 Hale Alii St Kamuela, HI 96743
Mailing Address:	64-5076 Hale Alii St Kamuela, HI 96743

Sponsored Links

Business Loans

How much do you need?

$100,000

Calculate Payment

Terms & Conditions apply. NMLS#1136

Company Contacts

KAMANAMAIKALANI BEAMER
Agent
64-5076 Hale Alii St
Kamuela, HI 96743

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OPEN

Reviews

Write Review

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Questions

Post Question

There are no questions yet for this company.

ADDITIONAL LINKS

Post Question For This Company
Contact Us Regarding Your Company Profile
Search All Hawaii Companies
Order Business Services For Kuauli Aina-Based Insights LLC

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Exhibit 29

Hawaiian Kingdom Blog

Weblog of the acting government of the Hawaiian Kingdom presently operating within the occupied State of the Hawaiian Islands.

Petition of Support for CEO Dr. Kamana‘opono Crabbe

Posted on **May 10, 2014**



He Mana'o Pono – A statement of Support

As people that value justice, righteous struggle, and facilitative leadership, we stand in strong support of the courageous actions of Ka Pouhana, CEO of the Office of Hawaiian Affairs, Kamana‘opono Crabbe in his letter to the United States Secretary of State John F. Kerry released on May 9th, 2014. The questions posed represent the perspectives of the broader Hawaiian and Hawai‘i community and their search for justice regarding the United States supported illegal overthrow of the constitutional Hawaiian Kingdom on Jan 17th, 1893.

We believe that the four fundamental questions posed in the letter requires a response and

should be looked at critically before proceeding with any further “nation building” processes.

The following people, ohanas and organization stand behind the Office of Hawaiian Affairs CEO’s request for legal guidance to further shed light on the truths of Hawai‘i’s complex political history.

Dr. Kamana Beamer

Dr. Kekuewa Kikiloi

Donovan Preza

Dr. Noelani Goodyear Kaopua

Andre Perez

Dr. Keanu Sai

Dr. Jon Osorio

Aloha,

In response to the letter submitted today to U.S. Secretary of State John F. Kerry by the Office of Hawaiian Affairs CEO Dr. Kamanaopono Crabbe, we have created a statement of support. If you are interested in signing onto this document please see the attachment or go to the online site:

http://www.thepetitionsite.com/525/987/222/he-manao-pono-a-statement-of-support/

Please disseminate this widely throughout our community.

In solidarity,

Kekuewa Kikiloi

—

Kekuewa Kikiloi, Ph.D.
Assistant Professor
Kamakakūokalani Center for Hawaiian Studies
Hawai‘inuiākea School of Hawaiian Knowledge
University of Hawai‘i at Mānoa
2645 Dole Street Honolulu HI 96822

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This entry was posted in **Education**, **National** by **Hawaiian Kingdom**. Bookmark the **permalink [https://hawaiiankingdom.org/blog/petition-of-support-for-ceo-dr-kamanaopono-crabbe/]** .

11 THOUGHTS ON “PETITION OF SUPPORT FOR CEO DR. KAMANA‘OPONO CRABBE”

One Hawaiian
on **May 10, 2014 at 6:22 pm** said:

This looks good. But isn’t there a petition site specifically for the White House where if you get like 25,000 signatures they have to review the petition? I remember a few years back when a bunch of people wanted their states to secede from the U.S. it got like +25,000 signatures and it hit big news.

Noelani
on **May 10, 2014 at 9:13 pm** said:

I think you might need like 100K signatures, but I also think that when u do something like that, it has to be from the perspective that the petition is coming from citizens of the U.S.- triggering an official response from the govt. to their citizens. (Kind of like how OHA should be held accountable to answer to the beneficiaries who are asking a lot of questions right now) I think that might not fly for a lot of Kanaka Maoli who might not want to sign such a petition, but that’s just my opinion on what I would imagine in that scenario.
I thought the same thing too though.

One Hawaiian
on **May 10, 2014 at 11:35 pm** said:

Oh yeah I think I was talking about whitehouse.gov as are you I think. True about the whole you have to be American thing. But, as of right now in the U.S.’ and world’s eyes; we’re American. I know I’m not American but in the meantime maybe we should take advantage of it and use it to gain attention. Right now we’re “American” and I would think the U.S. govt. owe it to “their citizens” to give us the truth.



Doreene
on **May 10, 2014 at 7:24 pm** said:

Having trouble with submitting my name. After 20 min, it’s still “sending.” Kokua, ke ‘olu’olu.

Mahalo



kuniole
on **May 10, 2014 at 8:30 pm** said:

Aloha Doreene, I had the same problem, try and hit refresh and check the signatures already posted, you may already be posted even though it say’s it’s still sending.



koa
on **May 10, 2014 at 8:55 pm** said:

whitehouse.gov and change.org petitions receive more viewing and support. curious why youre not using those formats to garner more attention? if you did, id sign.



One Hawaiian
on **May 10, 2014 at 11:29 pm** said:

Yeah koa that’s what I thought but I signed it anyway. Dr. Sai or anyone for that matter, someone should start a petition on change.org or somewhere else too, lets reach a bigger audience while this thing is still hot in the media. My opinion.

Keoki
on **May 11, 2014 at 2:54 pm** said:

Aloha Mr. Kikiloi. Do you know the difference between a native hawaiian and a Kanaka Maoli person. A Kanaka Maoli is our Ancestor’s, an aboriginal person of the Hawaiian Islands. King Kamehameha always called his people “E na Kanaka.” and not e na hawaiian. The word native hawaiian is not our TRUE ethic group. Because you live in Hawaii you are called hawaiian, just like if you live in New York you are called a New Yorker, that does not make you a aboriginal New Yorker.

kealii
on **May 13, 2014 at 4:15 am** said:

Is there a way you can check if your name is on the petition?

Donovan Preza
on **May 13, 2014 at 6:18 am** said:

Try logging in from a non-touchscreen computer. Touchscreen devices default to a page that does not display the names or comments.

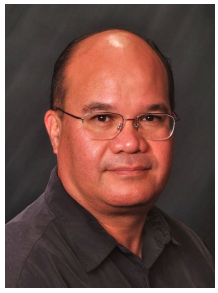
Mahina
on **May 13, 2014 at 6:36 am** said:

Try the refresh or reload button.

Exhibit 30

Curriculum Vitae

DAVID KEANU SAI



EXPERTISE:

International relations, state sovereignty, international laws of occupation, United States constitutional law, Hawaiian constitutional law, and Hawaiian land titles.

ACADEMIC QUALIFICATIONS:

Dec. 2008: Ph.D. in Political Science specializing in international law, state sovereignty, international laws of occupation, United States constitutional law, and Hawaiian constitutional law, University of Hawai`i, Manoa, H.I.

- Doctoral dissertation titled, "American Occupation of the Hawaiian Kingdom: Beginning the Transition from Occupied to Restored State."

May 2004: M.A. in Political Science specializing in International Relations, University of Hawai'i, Manoa, H.I.

May 1987: B.A. in Sociology, University of Hawai'i, Manoa, H.I.

May 1984: A.A. in Pre-Business, New Mexico Military Institute, Roswell, N.M., U.S.

May 1982: Diploma, Kamehameha Schools, Honolulu, H.I.

ACADEMIC POSITIONS:

Aug. 2017 – present: Adjunct Faculty, University of Hawai'i College of Education, graduate program

P.O. Box 4146
Hilo, HI 96720
Cell: (808) 383-6100
Email: anu@hawaii.edu

Aug. 2010 – present: Lecturer, Hawaiian Studies, University of Hawai‘i Windward Community College

Aug. 2009 – 2010: Lecturer, political science, University of Hawai‘i Kapi‘olani Community College

Doctoral Committee Membership:

- Willy Daniel Kauai, Ph.D., political science, University of Hawai‘i at Manoa (2011-2014)
- Donovan Preza, Ph.D. student, geography, University of Hawai‘i at Manoa (2014-present)

PANELS AND PRESENTATIONS:

- *Permanent Court of Arbitration: International Commission of Inquiry—Larsen v. Hawaiian Kingdom*, presentation with Professor Federico Lenzerini, Kamehameha Schools at Kapalama, Honolulu, January 30, 2017.

- *Hawai‘i Reloaded, The Matrix Alive,* Smithsonian Asian Pacific American Center—A Culture Lab on Imagined Futures, New York City, November 12-13, 2016.

- *The American Occupation of the Hawaiian Kingdom: Genocide Through Denationalization*, University of Torino, Department of Anthropology, Italy, October 21, 2016.

- *The American Occupation of the Hawaiian Kingdom: Genocide Through Denationalization*, University of Siena Law School, Italy, October 18, 2016.

- *The American Occupation of the Hawaiian Kingdom: Genocide Through Denationalization*, presenter at a conference, “eVenti Nativi 2016,” Ravenna, Italy, October 14, 2016.

- *Hawai‘i—Let the Truth be Told: Genocide Through Denationalization*, New York University, New York City, June 11, 2016.

- *Hawai‘i—Let the Truth be Told: Genocide Through Denationalization*, Smithsonian National Museum of the American Indian, Washington, D.C., June 6, 2016.

- *Sovereignty and Imperialism: Non-European Powers in the Age of Empire,* invited presenter at an academic conference, University of Cambridge, UK, September 10-12, 2015.

- *The Aftermath of the U.S. Department of Interior Proposals Regarding Federal Recognition: Clarification,* American Constitution Society’s William S. Richardson School of Law Student Chapter and ‘Ahahui o Hawai‘i, University of Hawai‘i at

Manoa, Presenter-Panelist with Professor Williamson Chang and Dr. Willy Kauai, September 2, 2014.

- *Alternative Visions of Sovereignty*, American Constitution Society's William S. Richardson School of Law Student Chapter, University of Hawai'i at Manoa, Presenter-Panelist with Professor Williamson Chang and former Governor John Waihe'e, III, April 17, 2014.

- *The Hawai'i-Connecticut Missionary Connection: Rumors and Realities,* Hartford Seminary, Panellist-Discussant with Aolani Kailihou, Dr. Stephen Blackburn, and Dr. Clifford Putney, April 10, 2014.

- *Hawai'i: An American State or a State under American Occupation,* Central Connecticut State University, April 10, 2014.

- *Hawai'i: An American State or a State under American Occupation,* University of Massachusetts Boston, April 8, 2014.

- *Hawai'i: An American State or a State under American Occupation,* Harvard University, April 8, 2014.

- *Hawai'i: An American State or a State under American Occupation,* New York University, April 7, 2014.

- *Hawai'i: An American State or a State under American Occupation,* Swiss Diplomats—Zurich Network and Foraus, University of Zurich, Switzerland, November 11, 2013.

- *Puana Ka `Ike Lecture Series (Imparting Knowledge)*, Kamehameha Investment Corporation, Keahou Hotel, Kona, Hawai`i. A presentation entitled "1893 Executive Agreements and their Impact Today," March 15, 2013.

- *Why the Birthers Are Right For All The Wrong Reasons,* Harvard University, Massachusetts, October 12, 2012.

- *Why the Birthers Are Right For All The Wrong Reasons,* University of Massachusetts, Boston, October 12, 2012.

- *Puana Ka `Ike Lecture Series (Imparting Knowledge)*, Kamehameha Investment Corporation, Keahou Hotel, Kona, Hawai`i. A presentation entitled "1893 Executive Agreements and their Impact Today," March 16, 2012.

- "The American Occupation of the Hawaiian Kingdom: Beginning the Transition from Occupied to Restored State." *Sustainability for Biological Engineers Lecture Series*, University of Hawai`i at Manoa, Agricultural Science Bldg. 219, December 7, 2010.

- "1893 Cleveland-Lilu`uokalani Executive Agreements and their Impact Today." Presentation at the *Annual Convention of Hawaiian Civic Clubs*, Sheraton Keauhou Bay Resort & Spa, Island of Hawai`i, November 9, 2010.

- "The History of the Hawaiian Kingdom." Presentation at the annual convention of the *Victorian Society of Scholars*, Kana`ina Bldg., Honolulu, October 28, 2010.

- "Pu`a Foundation: E pu pa`akai kakou." Joint presentation with Pu`a Foundation of an educational package and curriculum I authored for teaching Hawaiian history, *Healing Our Spirit World, The Sixth Gathering*, Hawai`i Convention Center, September 7, 2010.

- "Evolution of Hawaiian land Titles and the Impact of the 1893 Executive Agreements." Sponsored by the County of Maui, Real Property Tax Division, HGEA Bldg, Kahului, June 28, 2010.

- "Evolution of Hawaiian land Titles and the Impact of the 1893 Executive Agreements." Sponsored by the City & County of Honolulu, Real Property Assessment Division, Mission Memorial Auditorium, June 9, 2010.

- "Hawai`i's Legal and Political History." Sponsored by *Kokua A Puni Hawaiian Student Services*, UH Manoa, Center for Hawaiian Studies, UHM, May 26, 2010.

- "Ua Mau Ke Ea: Sovereignty Endured." Joint presentation with Pu`a Foundation of an educational package and curriculum I authored for teaching Hawaiian history, *Native Hawaiian Education Association Conference*, Windward Community College, March 19, 2010.

- *Puana Ka `Ike Lecture Series (Imparting Knowledge)*, Kamehameha Investment Corporation, Keahou Hotel, Kona, Hawai`i. A presentation entitled "Evolution of Hawaiian Land Titles and its Impact Today," March 12, 2010.

- "1893 Cleveland-Lili`uokalani Agreement of Restoration (Executive Agreement)." Sponsored by the Haloa Research Center, Baldwin High School Auditorium, February 20, 2010.

- "1893 Cleveland-Lili`uokalani Agreement of Restoration (Executive Agreement)." Sponsored by Kamehameha Schools' Kula Hawai`i Teachers Professional Development, Kapalama Campus, Konia, January 4, 2010.

- "The Legal and Political History of Hawai`i." Sponsored by House Representative Karen Awana, National Conference of Native American State Legislators, State of Hawai`i Capital Bldg, November 16, 2009.

- "The Myth of Ceded Lands: A Legal Analysis." Sponsored by Hawaiian Studies, Ho`a and Ho`okahua (STEM), Maui Community College, Noi`i 12-A, November 2, 2009.

- "The Legal and Political History of Hawai`i." Presentation to the *Hui Aloha `Aina Tuahine*, Center for Hawaiian Studies, University of Hawai`i at Manoa, October 30, 2009.

- "The Legal and Political History of Hawai`i." Presentation to *Kahuewai Ola*, Queen Lili`uokalani Center for Student Services, University of Hawai`i at Manoa, October 23, 2009.

- "The Myth of Ceded Lands: A Legal Analysis." Sponsored by Kamehameha Schools Ka`iwakiloumoku Hawaiian Cultural Events Series, Ke`eliokalani Performing Arts Center, Kamehameha Schools Kapalama campus, October 21, 2009.

- "The Myth of Ceded Lands: A Legal Analysis." Sponsored by ASUH and Hawaiian Studies, Paliku Theatre, Windward Community College, September 10, 2009.

- *Puana Ka `Ike Lecture Series (Imparting Knowledge)*, Kohana Center/Kamehameha Investment Corporation, Keauhou II Convention Center, Kona, Hawai`i. A presentation entitled "The Myth of Ceded Lands: A Legal Analysis," March 13, 2009.

- "American Occupation of the Hawaiian Kingdom: Beginning the Transition from Occupied to Restored State." Briefing for Colonel James Herring, Army Staff Judge Advocate, 8th Theater Sustainment Command, and his staff officers, Wheeler AAF Courthouse, U.S. Army Pacific, Wahiawa, Hawai`i, February 25, 2009.

- *Ka Nalu: Towards a Hawaiian National Conciousness*, Symposium of the Hawaiian Society of Law and Politics, University of Hawai`i at Manoa, Imin Conference Bldg (East West Center). Presented a portion of my doctoral dissertation entitled "The Myth of Ceded Lands: A Legal Analysis," February 28, 2009.

- *Manifold Destiny: Disparate and Converging Forms of Political Analysis on Hawai`i Past and Present*, International Studies Association Annual Conference, San Francisco, California, March 26, 2008. Presented a paper entitled "A Slippery Path Towards Hawaiian Indigeneity: An Analysis and Comparison between Hawaiian Nationality and Hawaiian Indigeneity and its Use and Practice in Hawai`i today," March 26, 2008.

- *Mana Kupuna Lecture Series*, University of Waikato, New Zealand. A presentation entitled "Legal and Political History of the Hawaiian Kingdom," March 5, 2008.

- *Indigenous Politics Colloquium* speaker series, Department of Political Science, University of Hawai`i at Manoa. Presented an analysis and comparison between Hawaiian State sovereignty and Hawaiian indigeneity and its use and practice in Hawai`i today," January 30, 2007.

- Conference at Northeastern Illinois University entitled *Dialogue Under Occupation: The Discourse of Enactment, Transaction, Reaction and Resolution*. Presented a paper on a panel entitled "Prolonged Occupation of the Hawaiian Kingdom," Chicago, Illinois, November 10, 2006.

- The 14th Biennial Asian/Pacific American Midwest Student Conference, "Refocusing Our Lens: Confronting Contemporary Issues of Globalization and Transnationalism." Presented article "American Occupation of the Hawaiian State: A Century Unchecked" on Militarization Panel, Oberlin College, Ohio, February 18, 2006.

- 2005 American Studies Association Annual Conference. Panelist on a roundtable discussion entitled, "The Case for Hawai`i's Independence from the United States - A Scholarly and Activist Roundtable Discussion," with Keala Kelly and Professor Kehaulani Kauanui. Renaissance Hotel, Washington, D.C., November 4, 2005.

- Kamehameha Schools 2005 Research Conference on Hawaiian Well-being, sponsored by the Kamehameha Schools *Policy Analysis & Systems Evaluation* (PACE). Presented article "Employing Appropriate Theory when Researching Hawaiian Kingdom Governance" with two other presenters, Malcolm Naea Chun and Dr. Noelani Goodyear-Kaopua. Radisson Prince Kuhio Hotel, Waikiki, October 22, 2005.

- 1st Annual Symposium of the *Hawaiian Society of Law & Politics* showcasing the first edition of the *Hawaiian Journal of Law & Politics (summer 2004)*. Presented article "American Occupation of the Hawaiian State: A Century Gone Unchecked," with response panellists Professor John Wilson, Political Science, and Kanale Sadowski, 3rd year law student, Richardson School of Law. Imin International Conference Center, University of Hawai`i at Manoa, April 16, 2005.

- "A Symposium on Practical Pluralism." Sponsored by the *Office of the Dean*, William S. Richardson School of Law. Panelist with Professor Williamson Chang and Dr. Kekuni Blaisdell, University of Hawai`i at Manoa, Honolulu, April 16-17, 2004.

- "Mohala A`e: Blooming Forth," *Native Hawaiian Education Association's 5th Annual Conference.* Presented a workshop entitled "Hawaiian Epistemology." Windward Community College, Kane'ohe, March 23, 2004.

- "First Annual 'Ahahui o Hawai`i Kukakuka: Perspectives on Federal Recognition." Guest Speaker at a symposium concerning the Akaka Bill. Sponsored by the *'Ahahui o Hawai'i* (organization of native Hawaiian law students), University of Hawai`i at Manoa Richardson School of Law, Honolulu, March 12, 2004.

- "The Status of the Kingdom of Hawai`i." A debate with Professor Didrick Castberg, University of Hawai`i at Hilo (Political Science), and moderator Professor Todd Belt University of Hawai`i at Hilo (Political Science). Sponsored by the *Political Science Club*, University of Hawai`i at Hilo, Campus Center, March 11, 2004.

- "The Political History of the Hawaiian Kingdom: Past and Present." A presentation to the *Hawai`i Island Association of Hawaiian Organizations*, Queen Lili`uokalani Children's Center, Hilo, February 13, 2004.

- "Globalization and the Asia-Pacific Region." Panel with Dr. Noenoe Silva (Political Science). *East-West Center Spring 2004 Core Course*, Honolulu, February 4, 2004.

- Televised symposium entitled, “Ceded Lands.” Other panelists included Professor Jon Van Dyke (Richardson School of Law) and Professor Lilikala Kame`eleihiwa (Center for Hawaiian Studies). Sponsored by the *Office of Hawaiian Affairs*, Wai’anae, August 2003.

- “Hawai`i’s Road to International Recovery, II.” Sponsored by *Kipuka*, University of Hawai`i at Hilo, September 25, 2003.

- “An Analysis of Tenancy, Title, and Landholding in Old Hawai‘i.” Sponsored by *Kipuka*, University of Hawai`i at Hilo, September 26, 2002.

- “The Hawaiian Kingdom in Arbitration Proceedings at the Permanent Court of Arbitration, The Hague, Nethelrands.” A presentation at the 6th World Indigenous Peoples Conference on Education, Stoney Park, Morley, Alberta, Canada, August 6, 2002.

- "The Hawaiian Kingdom and the United States of America: A State to State Relationship." *Reclaiming the Legacy*, U.S. National Archives and Records Administration, University of San Francisco, May 4, 2002

- “Hawai`i’s Road to International Recovery.” Sponsored by *Kipuka*, University of Hawai`i at Hilo, April 11, 2002.

- “Hawai`i’s Road to International Recovery,” a presentation to the Officers Corps of the 25th Infantry Division, U.S. Army, Officer’s Club, Schofield Barracks, Wahiawa, February 2001.

- “Lance Larsen vs. the Hawaiian Kingdom,” presentation to the *Native Hawaiian Bar Association*, quarterly meeting, Kana`ina Building, Honolulu, 2001.

- “Hawaiian Political History,” *Hawai`i Community College*, Hilo, March 5, 2001.

- “The History of the Hawaiian Kingdom,” A guest speaker at the *Aloha March* rally in Washington, D.C., August 12, 1998.

- Symposium entitled*,* “Human Rights and the Hawaiian Kingdom on the occasion of the 50th anniversary of the Universal Declaration of Human Rights*.”* Other panelist included Francis Boyle (Professor of International Law, University of Illinois), Mililani Trask (Trustee, Office of Hawaiian Affairs), Richard Grass (Lakota Sioux Nation), and Ron Barnes (Tununak Traditional Elders Council, Alaska). University of Hawai`i at Hilo, April 16, 1998.

- Symposium entitled*, “*Perfect Title Company: Scam or Restoration.” Sponsored by the *Hawai`i Developers Council*, Hawai`i Prince Hotel, Honolulu, August 1997.

PUBLICATIONS:

Chapter with Thomas A. Woods and M. Puakea Nogelmeier "Charting a New Course for the Ship of State: Hawai'i Becomes a Constitutional Monary" in Thomas A. Woods (ed.), *Kokua Aku, Kokua Mai: Chiefs, Missionaries, and Five Transformations of the Hawaiian Kingdom* (2018).

Article, "The Impact of the U.S. Occupation on the Hawaiian People" October 13, 2018 (National Education Association), online at http://neatoday.org/2018/10/13/us-occupation-of-hawaii/.

Article, "The U.S. Occupation of the Hawaiian Kingdom" October 1, 2018 (National Education Association), online at http://neatoday.org/2018/10/01/the-u-s-occupation-of-the-hawaiian-kingdom/.

Article "The Illegal Overthrow of the Hawaiian Kingdom Government" April 2, 2018 (National Education Association), online at http://neatoday.org/2018/04/02/the-illegal-overthrow-of-the-hawaiian-kingdom-government/.

Article, "The Ongoing Unjust War between the Hawaiian Kingdom and the United States of America since 1893," May 19, 2017 (unpublished), online at http://www2.hawaii.edu/~anu/pdf/Illegal_State_of_War_HI_US.pdf.

Brief, "Illegal State of War between the Hawaiian Kingdom and the United States of America since January 16, 1893," April 17, 2017 (unpublished), online at http://www2.hawaii.edu/~anu/pdf/State_of_War_HI_US.pdf.

Book Review for Tom Coffman's "Nation Within: The History of the American Occupation of Hawai'i," *The Hawaiian Journal of History*, Vol. 51 (2017), online at http://www2.hawaii.edu/~anu/publications.html.

Article, "Hawaiian Neutrality: From the Crimean Conflict through the Spanish-American War," (paper presented at the University of Cambridge, UK, Centre for Research in the Arts, Social Sciences and Humanities, *Sovereignty and Imperialism: Non-European Powers in the Age of Empire*, September 10-12, 2015), online at http://www2.hawaii.edu/~anu/pdf/Cambridge_Paper_Hawaiian_Neutrality.pdf.

Brief, "The Continuity of the Hawaiian State and the Legitimacy of the acting Government of the Hawaiian Kingdom," August 4, 2013 (unpublished), online at http://hawaiiankingdom.org/pdf/Continuity_Brief.pdf.

Book, "Ua Mau Ke Ea-Sovereignty Endures: An Overview of the Political and Legal History of the Hawaiian Islands" (Pu'a Foundation, Honolulu, 2011), online at http://www.puafoundation.org/product/ua-mau-ke-ea-sovereignty-endures-textbook/.

Article, "1893 Cleveland-Lili`uokalani Executive Agreements." November 28, 2009, unpublished, online at http://www2.hawaii.edu/~anu/publications.html.

Article, "Establishing an Acting Regency: A Countermeasure Necessitated to Preserve the Hawaiian State." November 28, 2009, unpublished, online at http://www2.hawaii.edu/~anu/publications.html.

Article, "The Myth of Ceded Lands and the State's Claim to Perfect Title." *Ka Wai Ola o OHA Newspaper*, Office of Hawaiian Affairs, April 2009, online at: http://www2.hawaii.edu/~anu/publications.html..

Dissertation, "American Occupation of the Hawaiian Kingdom: Beginning the Transition from Occupied to Restored State," University of Hawai`i at Manoa, Political Science, December 2008, online at http://www2.hawaii.edu/~anu/publications.html.

Article, "A Slippery Path towards Hawaiian Indigeneity: An Analysis and Comparison between Hawaiian State Sovereignty and Hawaiian Indigeneity and its Use and Practice in Hawai`i Today," *Journal of Law and Social Challenges* (San Francisco School of Law), Vol. 10 (Fall 2008), online at http://www2.hawaii.edu/~anu/publications.html.

Book Review for "Kahana: How the Land was Lost," *The Contemporary Pacific: A Journal of Island Affairs*, Vol. 15, No. 1 (2005), online at http://www2.hawaii.edu/~anu/publications.html.

Article, "Experts Validate Legitimacy of International Law Case." *Ka Wai Ola o OHA Newspaper*, Office of Hawaiian Affairs, August 2004, online at: http://www2.hawaii.edu/~anu/publications.html..

"American Occupation of the Hawaiian State: A Century Unchecked," *Hawaiian Journal of Law and Politics*, vol. 1 (Summer 2004), Heinonline, online at: http://www2.hawaii.edu/~anu/publications.html.

Article, "The Indian Commerce Clause sheds Light on Question of Federal Authority over Hawaiians," *Ka Wai Ola o OHA Newspaper*, Office of Hawaiian Affairs, September 2003, online at: http://www2.hawaii.edu/~anu/publications.html.

Article, "Before Annexation: Sleight of Hand—Illusion of the Century." *Ka Wai Ola o OHA Newspaper*, Office of Hawaiian Affairs, July 1998.

"Unpublished Short Essays" on line at http://hawaiiankingdom.org/info-nationals.shtml

- "The Hawaiian Kingdom: A Constitutional Monarchy"
- "The Relationship between the Hawaiian Kingdom and the United States"
- "Revisiting the Fake Revolution of January 17, 1893"
- "What does TWA Flight 800 and the Hawaiian Kingdom have in Common"
- "American Migration to the Hawaiian Kingdom and the Push for State into the American Union"
- "Hawaiian Nationality: Who Comprises the Hawaiian Citizenry?"
- "The Vision of the *acting* Council of Regency"

VIDEO/RADIO:

Video: "Ka‘apuni Honua, KS Song Contest Preshow," *Kamehameha Schools Song Contest,* KGMB television, March 21, 2014.

Video: "Hawai`i and the Law of Occupation." *Lecture Series of the Kaleimaileali`i Hawaiian Civic Club*, `Olelo Community Television, March 11, 2009.

Video: "Title Insurance and Land Ownership in Hawai`i." *Lecture Series of the Kaleimaileali`i Hawaiian Civic Club*, `Olelo Community Television, February 4, 2009.

Video: "What are Ceded Lands?" *Lecture Series of the Kaleimaileali`i Hawaiian Civic Club*, `Olelo Community Television, December 22, 2009.

Video: "Hawaiian Kingdom Law and Succession." *Lecture Series of the Kaleimaileali`i Hawaiian Civic Club*, `Olelo Community Television, November 16, 2008.

Video: "Kamehameha I: From Chiefly to British Governance." *Lecture Series of the Kaleimaileali`i Hawaiian Civic Club*, `Olelo Community Television, July 23, 2008.

Internet Radio: "The Gary Baumgarten Report News Talk Online: Hawai`i 'Kingdom' Proponent Makes Case For An Independent Hawai`i." Guest on a daily talk internet radio show, http://garybaumgarten.blogspot.com/2008/04/hawaii-kingdom-proponent-makes-case-for.html, April 11, 2008.

Radio: "Talk Story with Uncle Charlie." Guest on a weekly talk radio show. *KNUI AM 900*, Kahului, January 23, 2004.

Radio: "Perspective." Co-host with Keaumiki Akui for a weekly talk radio show concerning Hawaiian political history. *KCCN AM 1420*, Honolulu, 1999-2001.

Video: "Hawaiian Kingdom Law a Presentation." *Na Maka o ka Aina*, 1999.

Video: Segments of *Aloha Quest* (six-hour broadcast), KFVE television, Honolulu, December 19, 1999.

- "The Hawaiian Kingdom"
- "What is a Hawaiian subject"
- "Attempted Overthrow of 1893"
- "The Annexation that Never Was"
- "Internal Laws of the United States"
- "Supreme Courts and International Courts"
- "U.S. Senate debate: Apology resolution, Oct. 1993"

MILITARY:

Aug. 1994: Honourably Discharged
Dec. 1990: Diploma, *U.S. Army Field Artillery Officer Advanced Course*, Fort Sill, OK

May 1990: Promoted to Captain (O-3)
Apr. 1990: Diploma, *U.S. Air Force Air Ground Operations School*, Hurlbert Field, FL
May 1987: Promoted to 1st Lieutenant (O-2)
Sep. 1987: Diploma, *U.S. Army Field Artillery Officer Basic Course*, Fort Sill, OK
Sep. 1984: Assigned to *1st Battalion, 487th Field Artillery*, Hawai`i Army National Guard, Honolulu, H.I.
May 1984: Army Reserve Commission, 2nd Lieutenant (O-1), Early Commissioning Program (ECP) from the New Mexico Military Institute, Roswell, NM

GENERAL DATA:

Nationality: Hawaiian
Born: July 13, 1964, Honolulu, H.I.

Exhibit 31

Legal proceedings continued over failed geothermal tender in Hawaii

thinkgeoenergy.com/legal-proceedings-continued-over-failed-geothermal-tender-in-hawaii/



News

Video footage of Puna Geothermal plant in Hawaii (source: screenshot KiTV)



Alexander Richter 30 Dec 2016

Hawaiian utility blamed for failed geothermal tender with one of the developers that bid for a geothermal project in Hawaii still battling the tender decision, and the winner having since withdrawn its development plans.

Over the past few years, there have been several news regarding potential new geothermal development in the State of Hawaii in the U.S., but with no real progress.

Following a rather controversial development tender for a project on the Big Island of Hawaii, one of the companies not successful has now indicated not giving up its legal fight, despite a complaint having been recently rejected by state regulators, as reported locally by Pacific Business News.

Huena Power Inc., formed by Innovations Development Group — a Native Hawaiian renewable energy firm – filed a complaint with the Hawaii Public Utilities Commission asking it to find that Hawaii Electric Light Co.'s request for proposals process for a 50-megawatt geothermal project on the Big Island was unfair.

In its ruling the Public Utilities Commission said that the price offered by Huena Power was significantly above the price threshold, which – so various sources – was set too low in the first place, making it effectively nearly impossible to have a valid bid.

Ormat Technologies, which owns and operates the only geothermal power plant on the Big Island in the state through Puna Geothermal Venture, was chosen to develop the project, which was downsized to 25 megawatts. But Ormat decided to drop out of negotiations with HELCO, leaving the project in limbo.

The Puna Geothermal Venture plant has an installed capacity of 38 MW and there are plans for possible additional plants on the Big Island, as well as Ohu and Maui.

But – as reported here before, there seems to be no real will by the local utility HELCO to pursue geothermal and the unsuccessful RFP and tender were designed to fail.

Source: Biz Journals

Exhibit 32



2016 OFFICE OF HAWAIIAN AFFAIRS ANNUAL REPORT

Lei lōkahi i ka lanakila

Unity is adorned in victory

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About OHA

Vision

"Hoʻoulu Lāhui Aloha" - To Raise a Beloved Nation. OHA's vision statement blends the thoughts and leadership of both King Kalākaua, and his sister, Queen Liliʻuokalani. Both faced tumultuous times as we do today, and met their challenges head on. "Hoʻoulu Lāhui" was King Kalākaua's motto. "Aloha" expresses the high values of Queen Liliʻuokalani.

Mission Statement

To mālama (protect) Hawaiʻi's people and environmental resources and OHA's assets, toward ensuring the perpetuation of the culture, the enhancement of lifestyle and the protection of entitlements of Native Hawaiians, while enabling the building of a strong and healthy Hawaiian people and nation, recognized nationally and internationally.

Overview

The Office of Hawaiian Affairs is a public agency with a high degree of autonomy. OHA is responsible for improving the well-being of Native Hawaiians.

OHA is governed by a Board of Trustees made up of nine members who are elected statewide for four-year terms to set policy for the agency.

OHA is administered by a Ka Pouhana (Chief Executive Officer) who is appointed by the Board of Trustees to oversee a staff of about 170 people.

Our Focus

Our Hawaiian ancestors understood that the well-being of our community rested upon the inter-relationship of how we conduct ourselves, steward the islands we call home, and fulfill the responsibility of caring for our families, all within the physical and spiritual realms. They also understood that successfully maintaining lōkahi meant careful observation, knowledge gathering, and informed decision making to achieve pono. OHA is striving to embrace this time-tested wisdom through our Strategic Plan.

2016 OHA Annual Report

Produced by the Community Engagement Division

EDITORIAL COORDINATION
Meredith Desha Enos

EDITORIAL REVIEW
Meredith Desha Enos, Treena Shapiro Miyamoto, Francine Kananionapua Murray, N. Mehanaokala Hind

CONTRIBUTING EDITORIAL
Meredith Desha Enos, Treena Shapiro Miyamoto, Ka Wai Ola staff and contributors

GRAPHIC DESIGN
OHA Digitial and Print Media

PHOTOGRAPHY
Francine Kananionapua Murray, Nelson Gaspar

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Oahu Publications Inc., Jay Higa
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JOINT MESSAGE FROM
THE BOARD OF TRUSTEES CHAIRPERSON
AND KA POUHANA/CEO

ALOHA MAI KĀKOU,

AS YOU MAY ALREADY KNOW, OHA does three things: provide resources; advocate for Native Hawaiians on a range of issues; and facilitate collaboration among key stakeholders. We make a difference in our beneficiaries' lives through grants, research, advocacy, community engagement—really the breadth of all we do.

One year ago, we pledged to foster a sense of unity between the Board of Trustees and the administration. In this time, we've had many successes—such as the return of Kalani'ōpu'u's treasured mahiole and 'ahu 'ula, which leveraged community and international partnerships. And like any organization, we have faced challenges. While we can't avoid all political controversy, we can say with confidence that together we have developed a focused, consistent, data-driven approach to meeting our beneficiaries' needs, all while promoting organizational integrity and unity.

As our Annual Report illustrates, we continue to make inroads on our three main goals, and we have the data to back this claim. We don't just tally grant awards—we track how they benefit the community and what impact they have. This document shows how we're working toward our strategic goals and their significance to the Hawaiian community. You'll see examples of shared goals being carried out by community leaders passionate about their work to advance the lāhui.

Looking ahead, the Board of Trustees adopted in October a fiscal sustainability plan.

In 2015 we faced a sharp increase in legal fees, a market downturn in the third quarter and a rise in fringe benefit costs. Given these circumstances, our Board and Administration came together this past year for a series of financial workshops, where we plotted a future course for OHA's finances.

The fiscal sustainability plan brings into sharp focus our greatest obligation—ensuring that our organization's finances remain sound. From our perspective, this plan puts our organization on a path to fulfilling its responsibility—to future generations of Hawaiians. Simply put, the plan ensures that OHA will remain solvent for at least the next half century.

The plan strengthens policies and guidelines essential to maintaining the financial accountability of our assets when making spending decisions necessary for OHA to fulfill its mission.

It is an obligation that we are taking seriously as our Board and Administration approach our new fiscal sustainability plan with urgency and unity, demonstrating a firm commitment from top leadership at OHA to being responsible stewards of our people's trust.

Mālama pono,

Robert K. Lindsey Jr.
Chairperson, Hawai'i Island Trustee

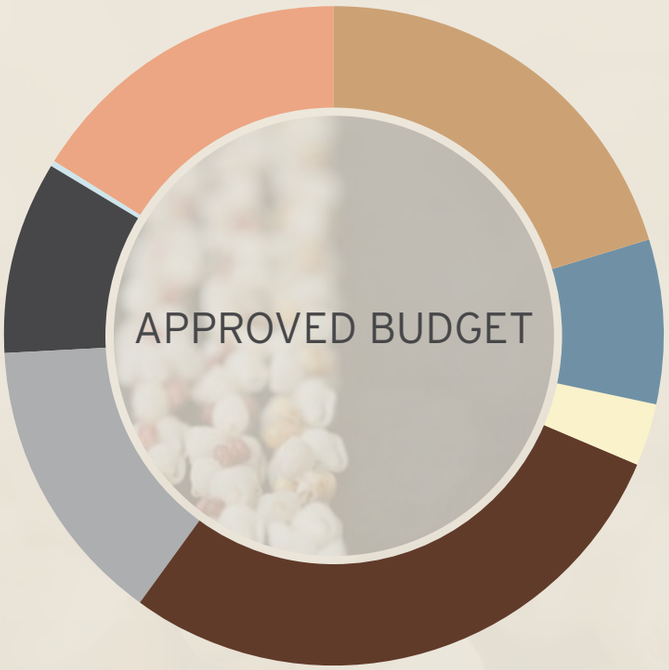
Kamana'opono M. Crabbe, Ph.D.
Ka Pouhana, Chief Executive Officer



2016 Board of Trustees - Above, First row (L-R): John D. Waihe'e IV, Trustee, At-large; Robert K. Lindsey, Jr., Trustee, Hawai'i; Colette Y. Machado, Moloka'i and Lāna'i. Second row (L-R): S. Haunani Apoliona, MSW, Trustee, At-large; Leina'ala Ahu Isa, Ph.D., Trustee, At-large; Dan Ahuna, Trustee, Kaua'i & Ni'ihau; Peter Apo, Trustee, O'ahu; Rowena Akana, Trustee, At-large; Carmen Hulu Lindsey, Trustee, Maui



Executive Team - Left, First row (L-R): Lisa Victor, Chief Operating Officer; Kamana'opono Crabbe, PhD, Chief Executive Officer; Second row (L-R): Miles Nishijima, Land and Property Director; Hawley Iona, Chief Financial Officer/Resource Management -Financial Assets Director; Lisa Watkins-Victorino, Ph.D., Research Director; Nicole Mehanaokalā Hind, Community Engagement Director; Kawika Riley, Chief Advocate



GRANTS $10,189,212
Includes grants and sponsorships. This total does not equal the total on pages 12 to 15 as those totals include prior year appropriations.

OVERHEAD $3,990,667
Includes facility related expenses such as utilities, rent and maintenance for OHA's offices, and other expenses such as equipment costs.

PROGRAM SERVICES $1,503,639
Program Services includes costs directly related to program activities such as printing, advertising, bulk mail and other costs.

CORE PERSONNEL $14,394,466
Includes salary and fringe, student helpers, worker compensation and other personnel costs. Does not include personnel costs for certain programs with designated sources of funding,

PROPERTY $6,984,438
Includes operational costs for OHA's properties at Kaka'ako Makai, Nā Lama Kukui, the Palauea Cultural Preserve and Wao Kele o Puna.

SPECIAL PROGRAMS $4,710,565
Reflects budgets for programs funded through non-trust fund sources, such as federal funds, and support of other OHA LLC's.

GOVERNANCE PLANNING $130,062
Reflects the budget authorization for Governance Planning.

CONTRACTS $8,010,981
Includes expenditures directly related to implementing program activities, services-on-a-fee and legal services.

Approved Budget
$49,914,030

OHA FY 2016 BUDGET SUMMARY

THESE TWO CHARTS give a brief outline of OHA's spending limit as provided by policy and the maximum budget authorization. In addition, the grants authorization listed may not equal the grants and sponsorships reported on page 12 to 15. The numbers listed on page 12 to 15 include prior year authorizations that were to be released to grantees in FY 2016. For further detail, please see the financial statements beginning on page 16



Spending Limit
$53,549,763

STATE OF HAWAI'I $3,217,504
General Fund Appropriations by the State Legislature.

PLT REVENUES $15,100,000
State law says OHA is entitled to 20 percent of receipts from the use or sale of the public land trust. Since 2006, the legislature has authorized an interim amount at $15.1 million until it takes further action.

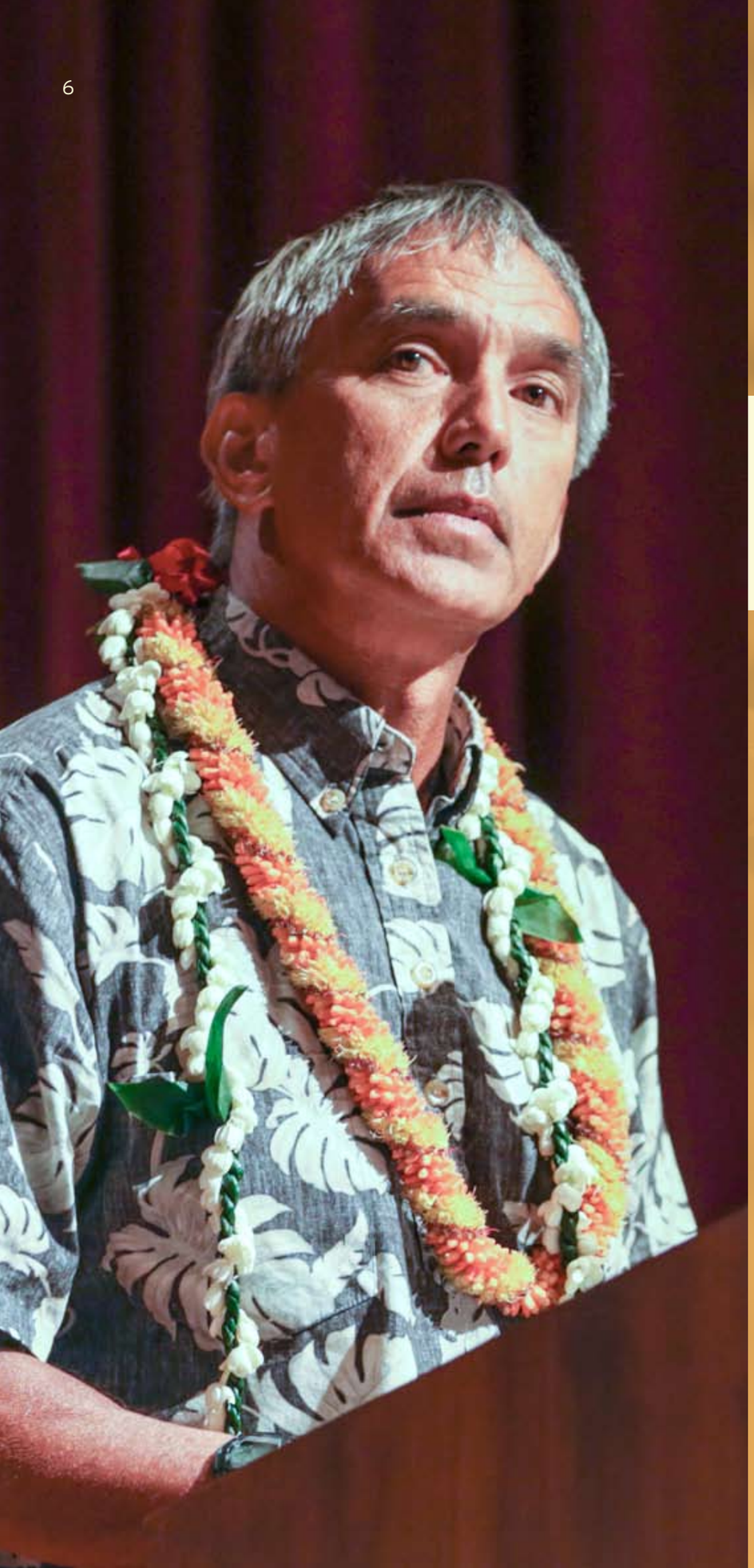
5% OF THE NHTF PORTFOLIO $17,299,064
The Native Hawaiian Trust Fund includes OHA's investment portfolio. Withdrawals are capped at 5% of a 20-quarter rolling average market value to ensure resources are available for future spending.

FISCAL RESERVE $3,000,000
The Fiscal Reserve is comprised of previously authorized but unused core operating funding.

PROPERTY $10,092,568
Reflects the revenues generated by Nā Lama Kukui, Kaka'ako Makai properties and deposits for use at the Palauea Cultural Reserve.

SPECIAL PROGRAMS $4,710,565
Includes grants, federal funding for specific projects (including the Hālawa Luluku Interpretive Development Project and the Native Hawaiian Revolving Loan Fund Program and other miscellaneous income.

GOVERNANCE PLANNING $130,062
The Board of Trustees approved a financing vehicle in 2014 to fund OHA's governance planning effort.



NAINOA THOMPSON
RECONNECTING TO CULTURE AND CONNECTING WITH THE WORLD

IN 1980, NAINOA THOMPSON became the first Hawaiian in 600 years to use ancestral wisdom to navigate the voyaging canoe Hōkūleʻa to Tahiti and back.

The success made Hōkūleʻa an iconic symbol of the Hawaiian Renaissance and Thompson a source of inspiration for others hoping to reclaim ʻike kūpuna and revive Native Hawaiian culture.

Thompson, now president of the Polynesian Voyaging Society and in the midst of Hōkūleʻa's Mālama Honua Worldwide Voyage, says he's honored to see so many of today's young people taking an interest in their history. "Navigation is just one part of this cultural renaissance. We're also seeing it in music, dance, language and education," Thompson says.

"This reconnection to the identity of our ancestors ultimately leads to a strong self-worth and pride in the native Hawaiian people, and I believe this is the foundation for the health and well-being of our people."

Mālama Honua has allowed the Hōkūleʻa crew to collect stories of hope from around the world, including how indigenous communities in Hawaiʻi and elsewhere are turning to traditional practices to reverse the environmental damage caused by human activity.

"We've seen in so many places this growing awareness of what humankind is doing to earth and how indigenous knowledge brought together with science is providing solutions," Thompson says. "We've also seen a shifting of values where restoration is more valuable than consumption and the need to act is so crucial."

Thompson's passion and high-profile advocacy for ocean sustainability has contributed to Hawaiʻi's emergence as a global leader in conservation issues. "The world is turning to Hawaiʻi as a classroom for cultural and environmental sustainability," he said. "It is important to rediscover our traditions, bring them forward to the 21st century to address today's needs for conservation. Protecting our indigenous culture will help us develop the sailplan for tomorrow."

CLEARLY, the preservation and perpetuation of, and education in, culture is central to an enduring and healthy people.

We have sponsored and held several Hawaiian cultural events, to touch thousands of people across the state:

1,940
attendees to 47 I Mana Ka Lāhui workshops on six islands

58,439 attendees to Culture-focused ʻAhahui events in 2016



IN ADDITION, there are other cultural assets OHA has contributed to in 2016:



$500,000
to help Aloha Kuamoʻo ʻĀina acquire for stewardship the Kuamoʻo battlefield in south Kona

3 directories
OHA is updating its cultural directories; *Ola Nā Iwi: Directory of Hawaiian Artists and Cultural Resources; Ku Mai ka Poʻe Hula: Directory of Hula Resources; Nā Lima Mikioi: Directory of Weavers and Fiber Artists*

OHA USED TRADITIONAL AND SOCIAL MEDIA to bring Kalaniʻōpuʻu's story to a 21st Century audience:

87 Facebook posts reached 2,207,535 unique users and got 3,507,486 impressions.

LIVE

149,950
people around the world watched the powhiri ceremony at Te Papa through Facebook Live.



ALIʻI KALANIʻŌPUʻU'S ROYAL GARMENTS RETURNED

IN 1779, THE CHIEF OF HAWAIʻI ISLAND, aliʻi Kalaniʻōpuʻu, greeted captain James Cook after his ship made port in Kealakekua Bay. As a demonstration of goodwill, Kalaniʻōpuʻu gifted his ʻahuʻula (feathered cloak) and mahiole (feathered helmet) to Captain Cook. These and other treasures from around the Pacific were taken back to England on Cook's ships.

In a partnership between OHA, the National Museum of New Zealand Te Papa Tongarewa and Bishop Museum, the storied ʻahuʻula and mahiole were returned to the Hawaiian people in March 2016, after 237 years away. This return is particularly significant, as museums seldom release items, especially those with such significance and artisanship as the ʻahuʻula and mahiole, to indigenous people, and may represent a growing understanding of indigenous rights over cultural assets.

Highlights from the return ceremonies included a powhiri (a Māori ceremony) at Te Papa, where the heritage pieces were given over to the Hawaiians. In addition, a private ceremony—conducted entirely in Māori and ʻōlelo Hawaiʻi—welcomed the ʻahuʻula and mahiole to where they will be housed at Bishop Museum. OHA was named to hold the items in trust for the Native Hawaiian people.



40+
local, national, and international news stories aired, reaching hundreds of thousands of viewers on television, radio, and online.



MELODY KAPILIALOHA MACKENZIE

KNOWING OUR RIGHTS HELPS US MOVE FORWARD WITH A COMMON UNDERSTANDING

"UNDERSTANDING OUR RIGHTS IS IMPORTANT, so that we know we have options," explains Melody Kapilialoha MacKenzie, professor, editor, and director of Ka Huli Ao Center for Excellence in Native Hawaiian Law and the University of Hawai'i at Mānoa. "We need to understand our histories, how our self-determination has been suppressed. There are possibilities to interact with other peoples and nations. Consequently, we need to be educated about each of our possible paths forward.

"These decisions affect not just Native Hawaiians but all Hawai'i."

In addition to her work at the center, MacKenzie recently edited *Native Hawaiian Law: A Treatise,* an update of the 1991 Native Hawaiian Rights Handbook. She began work on the treatise in 2000, and "one of the reasons it has taken so long to publish is that there has been a sea change, internationally, in the way governments view indigenous rights," she notes. "Our claims are being taken more seriously, especially in relation to traditional and customary practices, land ownership, and natural and cultural resources."

Coupled with this global change of perspective is the work Hawaiians have been doing on their own. She spent much of February at the Native Hawaiian 'Aha, "observing what was going on and acting as a resource when asked" as participants crafted a Native Hawaiian Constitution. "There were so many obstacles to overcome in the process, and so many different perspectives—but the participants still had respect and aloha for each other's positions.

"Going forward, I hope we can maintain that level of respect and aloha," MacKenzie says. "More important than a particular form of governance structure is the ability to give aloha and respect—and go forward together as a people."

IN RECENT YEARS, OHA has been making greater use of digital media, to create and support an educated and engaged 21th century Lāhui. OHA's 2016 multimedia efforts have resulted in:

450,636
Papakilodatabase.com views

PAPAKILO DATABASE

KIPUKA **31,358**
Kipukadatabase.com views

MOOAUPUNI **7,514**
Mooaupuni.com views

65,868
Kamakakoi.com views

22,171
Ohadatabook.com views. The Native Hawaiian Data Book was updated and published online



OHA's Washington, D.C. bureau started The Native Hawaiian Public Service Pipeline Blog, to provide information and opportunities for members of the Hawaiian community who are interested in public service at the federal level.



30 articles about governance in *Ka Wai Ola*, a publication of over 60,000 readers monthly.



OHA DEBUTS 'PA'A KE AUPUNI: THE REEL HISTORY OF HAWAI'I'

"PA'A KE AUPUNI: THE REEL HISTORY OF HAWAI'I" is an animated feature produced by OHA that endeavors to have Hawaiians tell their own story, while remaining steadfast--pa'a–to the facts.

The film opens in traditional times, setting the stage for the era of Kamehameha and ends at the purported "annexation" of Hawai'i in the late 19th century. "We wanted to come up with something that had utility for both Hawaiians and non-Hawaiians alike, a historical primer that could be used in a variety of settings," said producer Ryan Gonzalez. "How can we get non-Hawaiians to support Hawaiians? How can we better engage Hawaiians? It all starts with education and knowing the facts."

"Pa'a Ke Aupuni" evolved out of a combination of group discussions conducted by trustees and community members, a 2013 Board of Trustees motion that committed OHA to providing education to the Hawaiian community and general public on key points in Hawaiian history and community feedback. It debuted in Honolulu on July 31, 2015. In addition, OHA hosted 24 screenings across the pae 'āina that were attended by almost 1,500 people. It also aired on KGMB and KHNL. Tens of thousands of people have watched this ground-breaking film, and it continues to be available online, on digital cable, and for download.



DIANE PALOMA
NATIVE HAWAIIAN HEALTH IS GROUNDED IN THE LAND

WITH A PASSION FOR HEALTHCARE and a love of Hawaiian culture, Diane Paloma, PhD, always knew she wanted to find a way to bridge the two to improve the overall ola pono (well-being) of Native Hawaiians.

"Some of the biggest challenges are giving individuals and communities the opportunity to be healthy," Paloma points out. "Making healthy choices is more of a luxury than a right."

For the past decade, Paloma has led the Native Hawaiian Health Program at The Queen's Medical Center, which aims at eliminating health disparities between Hawaiians and other ethnic groups. One successful strategy has been empowering communities to develop culturally relevant health initiatives—which can transform entire communities, especially rural ones.

"One of the best things about working in rural areas is they take ownership over progress and that fuels the sustainability of programs that will endure over changes in funding, leadership and organizations," Paloma says.

The Native Hawaiian Health Program has also been partnering with other organizations, including OHA, committed to a similar mission, with the recognition that improving Hawaiian health also helps Hawai'i. "By raising the health status of Native Hawaiians, we raise the bar for everyone," Paloma says. "Our health status becomes less of a burden upon the entire system and we can all thrive together.

QUEEN'S HANA OLA is just one of the health initiatives OHA supported in 2016.

11
ʻāina-based initiatives that recieved OHA grants

$1,088,200
disbursed

650
acres managed (ʻāina and loko iʻa)

30,326
pounds of various crops produced for sale or community distribution

56,428
hours of staff and volunteer time

MAILE MEYER
OUR NETWORKS AND INDIGENEITY GIVES US ECONOMIC STRENGTH



FOR MAILE MEYER, FOUNDER OF NĀ MEA HAWAIʻI and passionate arts advocate, economic self-sufficiency is about more than just finances.

"Economic self-sufficiency isn't about numbers of hours or amounts of money; it's more focused on time, what you can do with the time," she notes. "Our people need choice and the ability to define their own sense of 'self-sufficiency,' where our people feel empowered by what they do."

In her work, "I try to provide a space for Hawaiian producers, artists, authors, teachers, musicians, and practitioners, to exist and derive support in all forms," she says.

This support has involved payment for goods and services, camaraderie, work space, child care—and more. "Hawaiians are net makers, not ladder builders. Our economies involved relationships, exchanges, genealogy, ʻāina, resources, expertise. Of course, money is a resource, but it's too one dimensional."

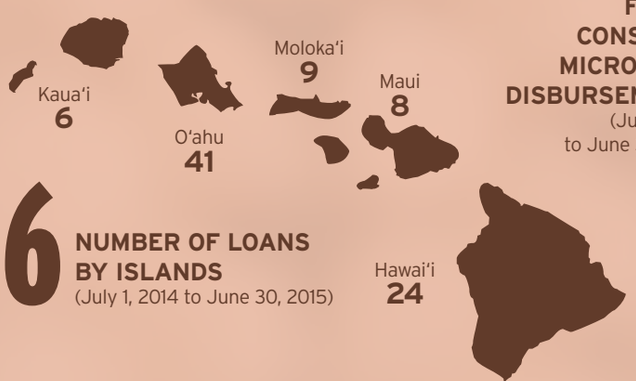
She envisions a return to indigenous values that "amplify the intelligence of aloha," to serve all of Hawaiʻi, and "accepting outcomes that aren't just derivatives of personal gain at the expense of others—the land, water, air, plants and animals, people, all life forms sharing our planet. A bottom line that ensures there is something for all stakeholders, is indigenous thinking to me.

"Personal gain should be a goal of the past, shared resources is survival for our planet," she notes. "We should try to define economic self-sufficiency in the oldest ways possible, not the newest. Hawaiians aren't going anywhere: we are increasing in number and mindset, and we have a chance to model something that is rooted to this place."

OHA DIRECTLY SUPPORTED economic self-sufficiency in 2016 through its loan programs:

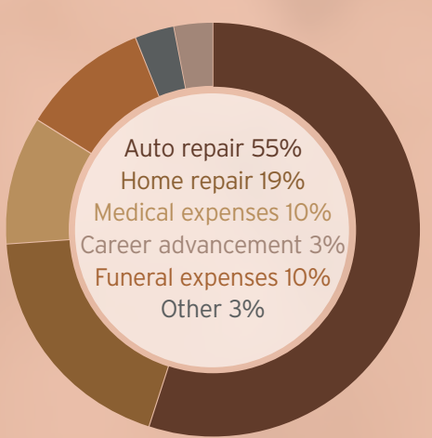
FY2016 MĀLAMA LOAN DISBURSEMENTS
(July 1, 2014 to June 30, 2015)

$167,887	Business
$117,152	Education
$429,676	Home Improvement
$140,417	Debt Consolidation
$855,132	TOTAL



86 **NUMBER OF LOANS BY ISLANDS**
(July 1, 2014 to June 30, 2015)

FY2016 CONSUMER MICRO-LOAN DISBURSEMENTS
(July 1, 2014 to June 30, 2015)



2016 GRANTS

The Office of Hawaiian Affairs' Grants and Sponsorships programs are a cornerstone of the agency's community giving.

In FY 2016, OHA awarded $10.8 million to programs across the state that are diverse as the community needs they serve.

The grants total includes money from OHA's core operating budget combined with other funding sources.



CULTURE
$864,800

PROGRAMMATIC GRANTS

Edith Kanaka'ole Foundation (Year 1 of 2) - $150,000 The purpose of this project is to rebuild and restore the hula heiau at Imakakoloa, Kā'u along with the ritual dances, chants, and vocabulary necessary for this work so that hula practitioners and their families from Hawai'i and around the world will participate fully in this process from start to finish and beyond as a part of their Hula execution. *Hawai'i*

Hui Mālama Ola Nā 'Ōiwi (Year 1 of 2) - $64,343 The purpose of this project is to provide traditional Native Hawaiian healing art education to Native Hawaiians throughout the communities of Hawai'i Island to perpetuate and develop strategies that expand the knowledge, respect and practical application of La'au Lapa'au, Lomilomi Ha Ha, La'au Kahea, and Ho'oponopono. *Hawai'i*

Kānehūnāmoku Voyaging Academy (Year 1 of 2) - $150,000 The purpose of this project is to provide opportunities to O'ahu youth to learn about and experience traditional Hawaiian navigation, and the dynamic and complex cycles of plant based resource management and skilled materials preparation used by ancient navigators to prepare for long distance voyages. *O'ahu*

Kohe Malamalama o Kanaloa - Protect Kaho'olawe Fund (Year 1 of 2) - $67,400 I Ola Kanaloa will strengthen the cultural identity and engagement of Native Hawaiian haumana, hui, and 'ohana on Hawai'i, Maui, Moloka'i, O'ahu & Kaua'i by providing them the opportunity to connect with, honor and care for the 'āina & cultural sites; revitalize cultural relationships; & learn cultural practices & protocols through Kaho'olawe. *Statewide*

Kula No Na Po'e Hawai'i (Year 1 of 2) - $20,000 This program creates a cadre of cultural practitioners with knowledge and proficiency in the carving of papa and pōhaku ku'i 'ai using traditional materials and methods. They will teach their community members how to make their own implements and will coordinate monthly gatherings to pound poi, thereby perpetuating a valued cultural practice. *O'ahu*

PA'I Foundation (Year 1 of 2) - $48,257
MAMo: Maoli Arts Month is a broad community-based effort to celebrate the depth, breadth, and diversity of the Native Hawaiian arts community, to create economic opportunities for Native Hawaiian artists and cultural practitioners by increasing their presence in museums and galleries, and to educate locals and visitors about Native Hawaiian art. *Statewide*

The Estria Foundation - $226,500
Mele Murals project *Statewide*

'AHAHUI EVENT GRANTS

'Aha Pūnana Leo. Inc. - $7,000
Pūlama Mauli Ola. *Hawai'i*

'Ahahui Kīwila Hawai'i O Mo'ikeha - $5,000
Ka Moku O Manokalanipō Pa'ani Makahiki. *Kaua'i*

East Maui Taro Festival - $7,000
24th Annual East Maui Taro Festival. *Maui*

Friends of the Future - $5,000
Waipi'o Kalo Festival. *Hawai'i*

Hawai'i Book & Music Festival - $7,000
Alana Hawaiian Culture Program at the 2016 Hawai'i Book & Music Festival. *O'ahu*

Hawaiian Canoe Racing Association - $8,000
2015 HCRA State Championship Canoe Regatta. *Hawai'i*

Hawaiian Kamali'i, Inc. - $6,000
The Pailolo Challenge. *Moloka'i*

Institute for Native Pacific Education and Culture - $6,500
Ho'i I Ke Ēwe 'Āina Kūpuna. *Hawai'i*

Ka Moloka'i Makahiki - $7,000
Ka Moloka'i Makahiki 2016. *Moloka'i*

Kai Loa. Inc. - $7,000
Makahiki Kuilima 2016. *O'ahu*

Kalihi-Palama Culture & Arts Society, Inc. - $5,000 Malia Craver Hula Kahiko Competition. *O'ahu*

Maui Historical Society - $7,000
Lei Day Heritage Festival 2016. *Maui*

Maui Native Hawaiian Chamber of Commerce - $8,000 Maui Native Hawaiian Chamber of Commerce Presents 9th Annual Business Fest. *Maui*

Moanalua Gardens Foundation - $10,000
Moanalua. He Wahi Pana. The 38th Annual Prince Lot Hula Festival. *O'ahu*

Moana's Hula Halau - $6,000
Festivals of Aloha - Maui Nui Style: "Ola ke kaiaulu i ke aloha o loko". *Moloka'i*

Nā Wahine O Ke Kai - $6,000
Nā Wahine O Ke Kai Women's Annual Moloka'i to O'ahu Canoe Race. *Moloka'i, O'ahu*

Na'alehu Theatre - $6,000
9th Annual Gabby Pahinui Waimānalo Kanikapila *O'ahu*

North Kohala Community Resource Center - $6,000 North Kohala Community Reunion 2015. *Hawai'i*

Pu'uhonua Society - $5,000
CONTACT 2016 art exhibit. *O'ahu*

Uhane Pohaku Na Moku O Hawaii. Inc. - $2,300 Ho'okupu Hula No Ka'u Cultural Festival. *Hawai'i*

University of Hawai'i - Leeward Community College - $6,500 Huli Aku. Huli Mai: Contemproray Traditional Practices. *O'ahu*

Young Women's Christian Association of Oahu - $5,000 Kokokahi Community Fair. *O'ahu*

EDUCATION
$2,863,000

PROGRAMMATIC GRANTS

After-School All-Stars Hawaii (Year 1 of 2) - $236,975 These out-of-school programs in two O'ahu (Nānākuli and Wai'anae) and three Hawai'i island (Ka'ū, Kea'au, and Pāhoa) Title 1 middle and intermediate schools operate at school sites to provide comprehensive after-school programs to improve proficiency in Reading and Math, as evidenced by Hawai'i State Assessment (HSA) test scores. This program provides an alternative to risky after-school activities, offers fun, social learning activities, and improves students' ability to advance to the next grade level. *Hawai'i*; *O'ahu*

Boys & Girls Clubs of Maui, Inc. (Year 1 of 2) - $184,000 The Power Hour Program provides a safe and nurturing environment for middle and high school youth to develop good study habits and where they can complete homework assignments, with the goal of improving Native Hawaiian student proficiency in Reading and Math so that they can increase standardized test scores. *Maui*

Educational Services Hawaii Foundation (Year 1 of 2) - $89,030
The 'Imi 'Ike Learning Centers target at-risk Native Hawaiians, currently or formerly in foster, kith, kin care, in grades 4 to 12 by engaging them in academic and socio-emotional programs, differentiated direct instruction and Hawaiian culture-based pedagogy, and meeting their multiple needs so they can meet or exceed standard-based testings in reading and math. *O'ahu*

Hui Malama Learning Center (Year 1 of 2) - $219,995 Hui Malama Learning Center addresses the complex educational and social needs of at-risk youth (those with emotional, cognitive, social, physical or behavioral issues, and lack fundamental literacy skills) aged 11-24 by providing holistic and integrated educational services to improve reading and math proficiency and increase standardized test scores. *Maui*

Chaminade University of Honolulu (Year 4 of 4) - $33,000 To support scholarships for Native Hawaiian nursing students. *O'ahu*

Hawai'i Community Foundation - $250,000 To support the OHA Higher Education Scholarships program. *Statewide*

Kanu O Ka 'Āina Learning 'Ohana - $1,500,000
To support Hawaiian-focused charter schools. *Statewide*

Univeristy of Hawai'i Foundation (Year 2 of 3) - $100,000 To support the Senator Daniel Akaka Scholarship Endowment. *Statewide*

University of Hawai'i - Office of Research Services (Year 1 of 2) - $250,000
To support the OHA Higher Education Scholarships program through the Native Hawaiian Science and Engineering Mentorship Program. *Statewide*

‘AHAHUI EVENT GRANTS
[NONE]

GOVERNANCE
$0

PROGRAMMATIC GRANTS
[NONE]

‘AHAHUI EVENT GRANTS
[NONE]

HEALTH
$1,531,224

PROGRAMMATIC GRANTS

Boys & Girls Club of the Big Island (Year 1 of 2) - $115,000 The Hua Ola Project will strengthen health for Native Hawaiian and other Club members by skillfully instilling healthy lifelong fitness and diet habits in the youth of 3 Boys & Girls Club of the Big Island communities through culturally responsive minds- and bodies-involved experiential healthy lifestyles education delivered by caring Club mentors. *Hawai‘i*

I Ola Lāhui, Inc. (Year 1 of 2) - $180,000 The Kūlana Hawai‘i project will provide comprehensive, culturally-minded weight and chronic disease management services to Native Hawaiian adults and their families to increase their engagement in healthy lifestyle behaviors such as dietary habits, physical activity, medication adherence, stress management, and reduce high risk behaviors such as smoking. *O‘ahu*

Kōkua Kalihi Valley Comprehensive Family Services (Year 1 of 2) - $143,000
The Ehuola ‘Ohana Health Project will foster health from the first breath through the last, preventing chronic disease through a conceptual framework of nā‘au, ‘āina and kai, kanaka, mauli and ola. Native Hawaiian keiki, mākua, wahine hāpai and their kane will learn cultural practices supporting nutrition and birthing, reclaiming a legacy of health. *O‘ahu*

Kualapu‘u Public Conversion Charter School (Year 1 of 2) - $135,256 The Project Pū‘olo will work to reduce the rate of childhood obesity in students in grades K-6 and empower students and families in making positive health choices through a school-based initiative that integrates physical activity, health and nutrition education, and family engagement with in-school student support and clinical health services. *Moloka‘i*

Salvation Army-Family Treatment Services (Year 1 of 2) - $112,000 The Ola Kino Maika‘i project will provide women in residential substance abuse treatment, and their children, obesity prevention and intervention to prevent excessive weight gain while women are engaged in smoking cessation and learning to live a drug free lifestyle and to prevent feeding practices that could result in obesity in their children. *O‘ahu*

The Queen’s Medical Center (Year 1 of 2) - $190,000 The Hana Ola Project will implement a culturally relevant, community-based program based on health and nutrition education, and physical activity to reduce the incidence and severity of obesity among Native Hawaiians, in order to improve their overall well-being, and reduce the burden of cardiovascular disease risk factors. *Maui*

Kaua‘i Food Bank, Inc. - $38,000
To implement the “Backpack Program” at Hawaiian focused charter schools on Kaua‘i. *Kaua‘i*

Lunalilo Home - $597,468
To complete building and infrastructure repairs to the existing Lunalilo Home facilites to maintain an environment of safety and comfort for residents. *O‘ahu*

‘AHAHUI EVENT GRANTS

Kula no na Po‘e Hawai‘i - $7,000
Ho‘okahi Palekana -- Papakolea ‘Ohana Health Fair 2016. *O‘ahu*

Maui Family Support Services, Inc. - $6,500
Na Makua Kane: Celebration of Fathers. *Maui*

YMCA of Honolulu - $7,000
YMCA Healthy Kids Day - E Ola Na Keiki. *O‘ahu*

HOUSING
$3,456,124

PROGRAMMATIC GRANTS

Hawaiian Community Assets (Year 1 of 2) - $265,059 Increasing economic self-sufficiency of Native Hawaiians through stable housing will provide financial literacy education, housing couseling, and asset building products to 500 low-income Native Hawaiians to rent or own homes. *Statewide*

Effective Planning and Innovative Communication Inc. (DBA EPIC Ohana) (Year 1 of 2) - $16,675 Hawai‘i Youth Opportunities Initiative Opportunity Passport provides financial literacy training and matching funds for security deposit/first month’s rent for young people through age 25 who were in foster care. *Statewide*

Council for Native Hawaiian Advancement (Year 1 of 2) - $174,390 Hawai‘i Individual Development Account will provide financial education, counseling, and match savings grants up to $5,000 to eligible Native Hawaiian first-time home buyers in Hawai‘i to support 40 new homeowners by addressing barriers to homeownership. *Statewide*

Department of Hawaiian Home Lands - $3,000,000 To cover debt service on bonds issued by DHHL that will be used to establish infrastructure support for Native Hawaiian affordable housing opportunities. *Statewide*

‘AHAHUI EVENT GRANTS
[NONE]

INCOME
$674,550

PROGRAMMATIC GRANTS

Parents and Children Together (Year 1 of 2) - $261,500 Ready to Work and Career Support Services will increase the incomes of Native Hawaiians by delivering services that promote employability and job retention including job preparation training, vocational and 2-year degree scholarships, and high school equivalancy preparation. *O‘ahu*

Goodwill Industries of Hawai‘i, Inc. (Year 1 of 2) - $221,550 Employment Core and Career Support Services for Native Hawaiians will improve their ability to obtain higher-wage employment, thereby increasing their economic self-sufficiency. *Hawai‘i*

University of Hawai‘i on behalf of Maui College (Year 1 of 2) - $175,000
CareerLink will provide support services, financial literacy and employment readiness workshops, GED preparation, scholarships, and employment opportunities to Native Hawaiians in Maui County. *Maui*

‘AHAHUI EVENT GRANTS

Hawai‘i Construction Career Days - $10,000
Big Island Construction Career Day. *Hawai‘i*

Hawaii First Community Ventures - $6,500 ‘Ohana First at Hawai‘i First. *Hawai‘i*

LAND
$1,088,200

PROGRAMMATIC GRANTS

Ka Honua Momona International (Year 1 of 2) - $100,000 The purpose of this project is to return momona (health and abundance) to the land and people of Moloka‘i through the community-based restoration of two ancient Hawaiian fishponds. *Moloka‘i*

Kāko‘o ‘Ōiwi (Year 1 of 2) - $121,700
The purpose of this project is to restore and effectively manage ecologically and geographically linked kīpuka within He‘eia, increasing the capacity and resilience of ecological and food-producing systems in our ahupua‘a for the benefit of Hawaiians and other community members on O‘ahu. *O‘ahu*

Kōkua Kalihi Valley Comprehensive Family Services (Year 1 of 2) - $100,000 The purpose of this project is to restore the health of the Kalihi ‘ahupua‘a by promoting cultural practices for kama‘āina (residents) and malihini (visitors) to ultimately improve the health of the Māluawai watershed thereby ensuring its long-term sustainability. *O‘ahu*

Kua‘āina Ulu ‘Auamo (Year 1 of 2) - $100,000
KUA will build and strengthen at least 3 “communities of practice” for ‘āina-based food production, providing targeted, coordinated (1) facilitation, (2) technical assistance/training, and (3) communications that will join together the efforts of at least 30 rural Hawaiian communities to increase community-based, Hawaiian-centered food production. *Statewide*

Ma Ka Hana Ka ‘Ike (Year 1 of 2) - $78,300
The purpose of Māhele Farm is to provide agricultural skills training to Hāna keiki, ‘ohana, and kūpuna to promote sustainable food crop management, strengthen relationships between our ‘āina and community, increase the health of this kīpuka, and enhance local stewardship of land-based cultural resources. *Maui*

Hawai‘i Community Foundation (Years 1 & 2 of 3) - $50,000 To support the Hawai‘i Environmental Funders Group (EFG). *Statewide*

Kumano I Ke Ala O Makaweli - $13,500
To support the Aloha ‘Āina After-School Program as part of the State’s R.E.A.C.H. initiative. *Kaua‘i*

The Trust for Public Land - $500,000
To support the acquisition of the Kuamo‘o battlefield and burial grounds of Kona. *Hawai‘i*

‘AHAHUI EVENT GRANTS

Kailapa Community Association - $8,000
Nā Kilo ‘Āina Camp Kawaihae. *Hawai‘i*

Nā Mamo o Mū‘olea - $9,700
7th Annual Hāna Limu Festival. *Maui*

North Shore Community Land Trust - $7,000
3rd Annual North Shore Food Summit. *O‘ahu*

Culture
$864,800

Education
$2,863,000

Governance
$0

Health
$1,531,224

Housing
$3,456,124

Income
$674,550

Land
$1,088,200

Grants total
$10,477,898

2016 SPONSORSHIPS

The Office of Hawaiian Affairs sponsors events that address the needs of the Native Hawaiian Community. Sponsorships provide funding support to organizations whose programs and events benefit the Hawaiian Community.

Sponsorships are generally awarded to support various community events that serve or support Native Hawaiians or increase awareness of Hawaiian culture and history.

	ORGANIZATION	AWARD	PURPOSE	LOCATION
CULTURE	Bishop Museum	$3,500	Making Waves: 17th Annual Dinner	*Oʻahu*
	Edith Kanakaʻole Foundation	$25,000	Kanawai o Mauna a Wakea Stewardship	*Hawaiʻi*
	Hawaiʻi Convention Center	$4,950	Sunset Mele on the Rooftop	*Oʻahu*
	Hawaiʻi Maoli	$10,000	On behalf of the Hawaiʻi Ponoʻī Coalition to support 2016 ONIPAʻA	*Oʻahu*
	Hiʻipaka	$10,000	Waimea Valley Summer Concert Series	*Oʻahu*
	Historic Hawaiʻi Foundation	$3,500	2015 Kamaʻāina of the Year Award	*Oʻahu*
	Hui o Heʻe Nalu, Inc.	$1,000	Cultural and educational activities	*Oʻahu*
	Kamaʻaha Education Initiative	$5,000	ʻAimalama Lunar Conference	*Oʻahu*
	Kaʻonohi Foundation	$1,500	Sacramento Aloha Festival in California	*Continent*
	Ke Kukui Foundation	$1,000	"3 Days of Aloha Festival" in Washington	*Continent*
	Let's Roll Foundation	$1,000	"A Hula Dancers Salute" in Arizona	*Continent*
	Living Life Source Foundation	$10,000	Pasifica Festival 2016 and PAA Conference in New Zealand	*Polynesia*
	Na Koa Opio	$1,000	Makahiki Ceremonies	*Hawaiʻi*
	Nā Pualei o Likolehua	$5,000	Merrie Monarch	*Hawaiʻi*
	Native Hawaiian Legal Corporation	$1,000	"Hoʻomalu ka Lehua i ka Wao" annual dinner	*Oʻahu*
	Pacific Justice and Reconciliation Center	$1,000	Support Native Hawaiian spiritual and cultural based programs in correctional facilities	*Oʻahu*
	Pohai ʻo Kamehameha	$1,000	10TH Annual Kalani Aliʻi Awards	*Oʻahu*
	Waimea Hawaiian Homesteaders' Assoc.	$10,000	Hānau Ke Aliʻi performance touring Molokaʻi and Lānaʻi	*Molokaʻi*
	West Honolulu Rotary Club	$1,000	David Malo Award Banquet	*Oʻahu*
EDUCATION	Ahupuaʻa o Molokaʻi	$1,250	ʻAha Hoʻomoloa Kīhei event to honor UH-Maui College Hawaiian Studies students	*Molokaʻi*
	Koʻolaupoko Hawaiian Civic Club	$2,500	Kū i ke Kamaʻaina Awards & Scholarship Benefit Luau	*Oʻahu*
	Lau Kanaka no Hawaiʻi	$500	32nd Annual Scholarship Luau in Arizona	*Continent*
	Mana Maoli	$1,500	Mana Mele Music & Multimedia Academy	*Oʻahu*
	Piʻilani Hawaiian Civic Club of Colorado	$1,500	14TH Annual Hoʻolaulea in Colorado	*Continent*
GOVERNANCE	Asian and Pacific Islander Association	$5,000	10TH Annual APIASF Scholarship benefit in New York	*Continent*
	Association of Hawaiian Civic Clubs	$5,000	Association of Hawaian Civic Clubs 57TH Annual Convention in Nevada	*Continent*
	Council for Native Hawaiian Advancement	$10,000	14TH Annual Native Hawaiian Convention	*Oʻahu*
	Hawaiʻi Maoli	$10,000	On behalf of the Association of Hawaiian Civic Clubs 56TH Annual Convention	*Maui*
	Hawaiʻi Wildlife Fund	$20,000	KUʻE: The Hui Aloha ʻĀina Anti-Annexation Petitions	*Statewide*
	National Congress of American Indians	$5,000	NCAI 72ND Annual Convention & Marketplace in California	*Continent*
	National Indian Education Association	$2,500	NIEA Convention Pre-Conference Day in Washington, D.C.	*Continent*
	National Indian Education Association	$5,000	NIEA 46TH Annual Convention & Trade Show in Oregon	*Continent*
	Smithsonian Institution, National Museum of the American Indian	$10,000	NMAI Annual Native Hawaiian Cultural Festival in Washington, D.C.	*Continent*
	The Biographical Research Center	$20,000	Production of "This Native Daughter" promotional trailer	*Statewide*
	University of Hawaiʻi Foundation on behalf of Kamakakūokalani	$2,500	United Nations Permanent Forum on Indigenous Issues in New York	*Continent*

	ORGANIZATION	AWARD	PURPOSE	LOCATION
HEALTH	ALU LIKE, Inc.	$5,000	Gerontology Society of American Conference in Florida	*Continent*
	American Diabetes Association	$10,000	STEP OUT: WALK TO STOP DIABETES	*Oʻahu*
	Asian & Pacific Islander American Health Forum	$25,000	Voices2015: Moving Health Forward national conference in Washington, D.C.	*Continent*
	Hawaiʻi Psycological Association	$1,000	HPA 2015 Annual Convention	*Oʻahu*
	Hoʻomau Ke Ola, Inc.	$25,000	Project Aukahi o ka ʻĀina	*Oʻahu*
	Kualoa-Heʻeia Ecumenical Youth (KEY) Project	$1,600	KEY Project 12TH Annual Koʻolau ʻOhana Festival	*Oʻahu*
	Lunalilo Home	$3,000	24TH Annual Golf Tournament	*Oʻahu*
	Lunalilo Home	$200	2016 Annual Benefit Lūʻau	*Oʻahu*
	Pacific Islander Health Partnership	$4,500	Native Hawaiian and Pacific Islander Health Summit in California	*Continent*
	PAʻI Foundation	$6,900	Participation at Healing Our Spirit Worldwide Indigenous People's Conference in New Zealand	*Polynesia*
	Peninsula Conflict Resolution Center	$2,000	Pacific Islander Needs Assessment Project in California	*Continent*
	The Queens Medical Center	$5,000	Everlasting Legacy of Giving Dinner	*Oʻahu*
	University of Hawaiʻi, Office of Research Services on behalf of John A. Burns School of Medicine	$23,913	Native Hawaiian Health Improvement Task Force	*Statewide*
HOUSING	Hawaiʻi Habitat for Humanity	$4,000	Tri-State Habitat Conference in Oregon	*Continent*
	Hawaiian Community Assets, Inc.	$2,650	Homeownership Month in Washington, D.C.	*Continent*
	Hoʻolehua Homestead Association	$750	Hoʻolehua & Palaʻau 90th Celebration of Homesteads	*Molokaʻi*
	Waiʻanae Kai Hawaiian Homestead Association	$10,000	On behalf of the Sovereign Councils of Hawaiian Homelands Assembly to support the Annual SCHHA Convention	*Oʻahu*
	Native Hawaiian Chamber of Commerce	$10,000	Annual ʻŌʻō Awards	*Oʻahu*
LAND	Ala Kahakai Trail Association	$2,000	Kaʻū community stewardship project	*Hawaiʻi*
	Kailapa Community Association	$2,000	To support operational funds	*Hawaiʻi*
	Kānehūnāmoku Voyaging Academy	$18,860	Hālau Holomoana voyaging program access trip to Papahānaumokuākea Marine National Monument	*Statewide*
	Kōkua Kalihi Valley Comprehensive Family Services	$750	Mālama I Kekahi for Hoʻoulu ʻĀina	*Oʻahu*
	Kure Atoll Conservancy	$5,000	Support for field equipment for use within the Papahānaumokuākea Marine National Monument	*Statewide*
	National Marine Sanctuary Foundation, Inc.	$10,000	"Human Dimensions of Large Scale Marine Protected Areas" - 10TH Anniversary Reception for Papahānaumokuākea Marine National Monument	*Statewide*
	Papahana Kuaola	$1,750	3RD annual fundraiser	*Oʻahu*
	The Medical Foundation for the Study of the Environment	$22,180	Intertidal monitoring research in Papahānaumokuākea Marine National Monument	*Statewide*

Culture
$96,450

Education
$7,250

Governance
$95,000

Health
$113,113

Housing
$17,400

Income
$10,000

Land
$62,540

Sponsorships total

$401,753

2016 UNAUDITED FINANCIAL STATEMENTS

The following financial statements for the fiscal year beginning July 1, 2015 and ending June 30, 2016 were prepared internally by the Office of Hawaiian Affairs and were not reviewed by any external auditor. OHA makes no representations as to the accuracy of these financial statements. When audited financial statements become available, they will be available online at oha.org.

Office of Hawaiian Affairs | State of Hawai'i

STATEMENT OF NET POSITION

For the Fiscal Year Ending June 30, 2016 (Dollars in thousands)

	Governmental Activities
ASSETS:	
Petty cash	$ 2
Cash	
Held in State Treasury	8,047
Held in bank	17,643
Held by investment managers	9,380
Restricted cash	184
Accounts receivable, net	4,740
Interest and dividends receivable	40
Inventory, prepaid items and other assets	829
Notes receivable, net:	
Due within one year	2,447
Due after one year	7,276
Investments	334,347
Capital assets - net	252,871
Total assets	637,806
DEFERRED OUTFLOWS OF RESOURCES	2,527
Total assets and deferred outflows of resources	$ 640,333
LIABILITIES:	
Accounts payable and accrued liabilities	$ 6,178
Due to State of Hawai'i	3,359
Due to other fund	-
Long-term liabilities:	
Due within one year	1,564
Due after one year	51,666
Total liabilities	62,767
DEFERRED INFLOWS OF RESOURCES	2,301
Total liabilities and deferred inflows of resources	65,068
COMMITMENTS AND CONTINGENCIES	
NET POSITION:	
Invested in capital assets, net of related debt	225,290
Restricted	27,152
Unrestricted	322,823
Total net position	575,265
Total liabilities, deferred inflows of resources and net position	$ 640,333

Office of Hawaiian Affairs | State of Hawai'i

STATEMENT OF ACTIVITIES

For the Fiscal Year Ending June 30, 2016 (Dollars in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES:				
Board of trustees	$ 2,722	$ -	$ -	$ (2,722)
Support services	18,582	5,365	-	(13,217)
Beneficiary advocacy	24,934	-	958	(23,976)
*Ho'okele Pono LLC	372	-	249	(123)
*Hi'ilei Aloha LLC	5,011	4,417	-	(594)
Unallocated depreciation	2,299	-	-	(2,299)
Total governmental activities	$ 53,920	$ 9,782	$ 1,207	$ (42,931)
GENERAL REVENUES:				
State allotments, net of lapsed appropriations				$ 3,218
Public land trust revenue				15,100
Unrestricted contributions				300
Interest and investment losses				(3,760)
Nonimposed employee fringe benefits				213
TRANSFERS				320
Total general revenues and transfers				15,391
CHANGE IN NET POSITION				**(27,540)**
NET POSITION:				
Beginning of year				602,805
NET POSITION AT JUNE 30, 2016				**$ 575,265**

* Represents results of fiscal year January 1 - December 31, 2015.

Office of Hawaiian Affairs | State of Hawai'i

GOVERNMENTAL FUNDS - BALANCE SHEET

For the Fiscal Year Ending June 30, 2016 (Dollars in thousands)

	General Fund	Public Land Trust	Federal Grants	*Ho'okele Pono LLC	*Hi'ilei Aloha LLC	Other	Total
ASSETS:							
Petty cash	$ -	$ 1	$ -	$ -	$ 1	$ -	$ 2
Cash:							
Held in State Treasury	636	7,411	-	-	-	-	8,047
Held in bank	-	8,559	6,145	34	2,610	295	17,643
Held by investment managers	-	1,930	7,450	-	-	-	9,380
Restricted cash	-	-	184	-	-	-	184
Accounts receivable	-	4,331	126	95	179	9	4,740
Due from other fund	-	-	-	-	-	-	-
Interest and dividends receivable	-	1	39	-	-	-	40
Inventory, prepaid items and other assets	-	80	-	1	149	-	230
Notes receivable:							
Due within one year	-	343	2,104	-	-	-	2,447
Due after one year	-	666	6,610	-	-	-	7,276
Investments	-	329,424	4,923	-	-	-	334,347
Total assets	$ 636	$ 352,746	$ 27,581	$ 130	$ 2,939	$ 304	$ 384,336
LIABILITIES:							
Accounts payable and accrued liabilities	$ 500	$ 5,062	$ 129	$ 23	$ 464	$ -	$ 6,178
Due to State of Hawai'i	-	3,059	300	-	-	-	3,359
Due to other fund	-	-	-	-	-	-	-
Total liabilities	500	8,121	429	23	464	-	9,537
COMMITMENTS AND CONTINGENCIES							
FUND BALANCES:							
Fund balances:							
Nonspendable -							
Inventory, prepaid items & security deposits	-	80	-	1	149	-	230
Restricted for:							
Beneficiary advocacy	-	-	49	-	-	-	49
Native Hawaiian loan programs	-	-	20,619	-	-	-	20,619
Long-term portion of notes receivable	-	-	6,610	-	-	-	6,610
Committed to -							
DHHL-issued revenue bonds	-	38,597	-	-	-	-	38,597
Assigned to:							
Support services	59	6,836	-	-	-	-	6,895
Beneficiary advocacy	97	3,692	-	-	-	304	4,093
*Ho'okele Pono LLC	-	-	-	106	-	-	106
*Hi'ilei Aloha LLC	-	-	-	-	2,326	-	2,326
Long-term portion of notes receivable	-	666	-	-	-	-	666
Public Land Trust	-	294,754	-	-	-	-	294,754
Unassigned	(20)	-	(126)	-	-	-	(146)
Total fund balances	136	344,625	27,152	107	2,475	304	374,799
Total liabilities and fund balances	$ 636	$ 352,746	$ 27,581	$ 130	$ 2,939	$ 304	$ 384,336

* Represents results of fiscal year January 1 - December 31, 2015.

GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Fiscal Year Ending June 30, 2016 (Dollars in thousands)

	General Fund	Public Land Trust	Federal Grants	*Ho'okele Pono LLC	*Hi'ilei Aloha LLC	Other	Total
REVENUES:							
Public land trust revenue	$ -	$ 15,100	$ -	$ -	$ -	$ -	$ 15,100
Intergovernmental revenue	-	-	475	249	-	-	724
Appropriations, net of lapses	3,218	-	-	-	-	-	3,218
Charges for services	-	5,804	-	-	4,452	69	10,325
Interest and investment losses	-	(3,760)	483	-	-	-	(3,277)
Donations and other	-	284	16	-	-	-	300
Non-imposed fringe benefits	213	-	-	-	-	-	213
Total revenues	3,431	17,428	974	249	4,452	69	26,603
EXPENDITURES:							
Board of Trustees	40	2,682	-	-	-	-	2,722
Support services	1,560	17,960	-	-	-	9	19,529
Beneficiary advocacy	2,101	21,672	1,161	-	-	-	24,934
*Ho'okele Pono LLC	-	-	-	407	-	-	407
*Hi'ilei Aloha LLC	-	-	-	-	4,947	-	4,947
Total expenditures	3,701	42,314	1,161	407	4,947	9	52,539
OTHER FINANCING (USES) SOURCES:							
Proceeds from/to debt	-	2,203	-	-	-	-	2,203
Net transfers (to) from other funds	-	157	(156)	137	656	(474)	320
Net change in fund balance	(270)	(22,526)	(343)	(21)	161	(414)	(23,413)
FUND BALANCES:							
Beginning of year	406	367,151	27,495	128	2,314	718	398,212
End of year	$ 136	$ 344,625	$ 27,152	$ 107	$ 2,475	$ 304	$ 374,799

* Represents results of fiscal year January 1 - December 31, 2015.



HONOLULU
560 N. Nimitz Highway
Honolulu, HI 96817
Phone: 808.594.1888
Fax: 808.594.1865

EAST HAWAIʻI (HILO)
Wailoa Plaza, Ste. 20-CDE
Hilo, HI 96720
Phone: 808.933.3106
Fax: 808.933.3110

WEST HAWAIʻI (KONA)
75-1000 Henry St., Ste. 205
Kailua-Kona, HI 96740
Phone: 808.327.9525
Fax: 808.327.9528

MOLOKAʻI
Kūlana ʻŌiwi, P.O. Box 1717
Kaunakakai, HI 96748
Phone: 808.560.3611
Fax: 808.560.3968

LĀNAʻI
P.O. Box 631413
Lānaʻi City, HI 96763
Phone: 808.565.7930
Fax: 808.565.7931

KAUAʻI / NIʻIHAU
4405 Kukui Grove St., Ste. 103
Līhuʻe, HI 96766-1601
Phone: 808.241.3390
Fax: 808.241.3508

MAUI
33 Lono Ave., Suite 480
Kahului, HI 96732-1636
Phone: 808.873.3364
Fax: 808.873.3361

WASHINGTON, D.C.
211 K St. NE
Washington, D.C. 20002
Phone: 202.506.7238
Fax: 202.629.4446

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Exhibit 33

Area:	Ethics	Policy No.:	CPM - 001
Policy:	FINANCIAL CONFLICTS OF INTEREST	Effective Date:	Dec. 18 2007
Revised:		Approved:	

Purpose

Hi`ipaka LLC (hereinafter the "Company") is a nonprofit, charitable organization. In order to maintain its federal tax exemption, the Company must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

The purpose of this policy is to protect the Company's interests when it is contemplating entering into a transaction or arrangement that might benefit the private financial interest(s) of a LLC Manager or employee of the Company, or might result in a possible excess benefit transaction. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

Policy

The Company maintains the highest standards of business ethics and avoids conflicts of interest or the appearance of conflicts of interest. Accordingly, LLC Managers and employees are required to report (on an annual basis and whenever appropriate) any transactions or arrangements that may constitute actual or potential conflicts of interest.

Failure to disclose actual or potential conflicts of interests shall result in disciplinary and corrective action.

Definitions

1. **Interested Person:** Any LLC Manager or employee who has a direct or indirect financial interest, as defined below, is an interested person.

2. **Financial Interest:** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
   a. An ownership or investment interest in any entity which has a transaction or arrangement with (including, but not limited to providing goods or services to) the Company;
   b. A compensation arrangement with the Company, or with any entity or individual with which the Company has a transaction or arrangement; or

c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Company is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration, as well as gifts or favors that are not insubstantial.

3. **Conflict of Interest.** A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if a disinterested LLC Manager determines that a conflict of interest exists. A conflict of interest exists if a disinterested LLC Manager, after due diligence, determines that:
   a. A LLC Manager or employee has a financial interest in a transaction or arrangement with the Company; and
   b. The Company can obtain with reasonable efforts a more advantageous transaction or arrangement from a disinterested person or entity or the transaction or arrangement is *not* in the Company's best interest or the terms and conditions of the transaction or arrangement are *not* fair and reasonable.

Procedure:

1. LLC Managers and employees must complete and submit a disclosure form: (a) upon becoming affiliated with the Company, and annually thereafter; and (b) whenever a potential conflict of interest arises. Disclosure forms must be submitted to a disinterested LLC Manager.

2. Upon receipt of a disclosure form, a disinterested LLC Manager will review the form. If the LLC Manager believes a potential conflict of interest may exist, the interested person will be given an opportunity to disclose all material facts regarding the financial interest to the disinterested LLC Manager.

3. After disclosure of the financial interest and all material facts, the disinterested LLC Manager must determine, after exercising due diligence:
   a. Whether a conflict of interest exists; and, if so
   b. Whether the Company can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

4. If a more advantageous transaction or arrangement that does not present a conflict of interest is not reasonably possible under the circumstances, the disinterested LLC Manager shall determine: (a) whether the transaction or arrangement is in the Company's best interest, for its own benefit; and (b) whether the terms and conditions of the transaction or arrangement are fair and reasonable.

5. If the transaction or arrangement is not in conformity with the above standards, then the Company shall refrain from entering into the transaction or arrangement.

6. LLC Managers shall maintain records of all disclosures, determinations, and resolutions.

HI`IPAKA LLC

FINANCIAL CONFLICTS OF INTEREST
DISCLOSURE STATEMENT

I have received and have read a copy of the policy on Financial Conflicts of Interest for Hi`ipaka LLC (the "Company). I understand that the Company is a charitable organization that is seeking or has obtained an exemption from federal income tax, and that in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

I have been informed that I must report any transactions or arrangements in which I have a direct or indirect financial interest through a business, investment or family member. I understand that the term "financial interest" includes:

1. Ownership or investment interest in any entity which has a transaction or arrangement with (including, but not limited to providing goods or services to) the Company;
2. A compensation arrangement with the Company, or with any entity or individual with which the Company has a transaction or arrangement; or
3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Company is negotiating a transaction or arrangement.

I agree to comply with this policy and cooperate with the Company's LLC Managers in any investigation of potential conflicts of interest. Accordingly, I hereby make the following disclosure [check applicable response]:

___ I do not have any direct or indirect financial interest in any transaction or arrangement with the Company.

___ I have a financial interest in a transaction or arrangement with the Company. Please identify each transaction or arrangement:

_____

_____

_____

_____

_____

_____ _____

Signature Date

_____

Print Name

Exhibit 34

SOP No.:	BUS- 004	Area:	Business Group
Effective Date:	May 7 2009	Title:	Contracts with Suppliers, Vendors, Contractors & Others Not on List of Approved Suppliers and Vendors
Revised:			
Approved by		Page:	1 of 3

Purpose

This standard operating procedure (SOP) describes procedures to establish a contractual working relationship with a supplier, vendor or contractor.
The SOP applies to all functional groups.

Tools, Equipment and Materials Used

1. Vendor/Contractor Information Sheet
2. Pre-approved List of Suppliers
3. Insurance Guidelines
4. Corporate Policy Manual-005, Contracts and Purchasing

Procedures

1. Determine Contracting Eligibility

a. Written contracts are required for (i) all construction projects; (ii) purchases of property; (iii) purchases of goods in excess of five Thousand Dollars ($5000); and (iv) agreements for services which are expected to last in excess of one (1) year.

b. Contractors and service vendors must demonstrate that they are “responsible offerors” by providing: (i) a certificate of good standing with the Department of Commerce & Consumer Affairs, State of Hawaii; (ii) a copy of their FEIN; (iii) proof that hey have a current GET license; (iv) certificates of insurance which meet the minimum levels set by the LLC Managers; and (v) a copy of their contractor’s license in the case of construction contractors.

c. Competitive proposals or bids from three (3) or more bidders are required for construction contracts, contracts for purchases of intellectual property, and contracts for purchases of goods and services.

2. Establish Contract Terms

a. Have supplier complete a Vendor/Contractor Information form.

b. Determine the services, scope of work and/or goods that are to be provided by the vendor.

c. Determine the beginning and end date of the services required.

d. Determine elements relating to risk of personnel injury, property damage or disruption to business.

e. Review the annual operating and CIP budgets to determine the funds available for the construction, goods and/or services being considered.

f. Put the information in paragraphs b, c, d and e above in writing and submit this along with the Vendor/Contractor Information form to the Business Manager.

g. Business Manager will review the above information. Based on the information, Business manager will submit the information to legal counsel. Legal counsel will draft an agreement and advise appropriate insurance levels.

h. Once the contract is finalized, the contact will be sent to the contactor/vendor for signature. The contractor/vendor will sign two original copies and return to Hi`ipaka LLC to be signed by a LLC manager. Contracts will not be signed by an LLC manager unless the asked for insurance coverage accompanies the contract.

i. Once both parties have signed the two original contracts, one original will be forwarded to the vendor/contractor and the other will remain at the Hi`ipaka office (711 Kapiolani Blvd.).

3. Contract Monitoring

a. The respective group manager is responsible to monitor the performance of the vendor/contractor in accordance with the terms established in the contract. Should the vendor/contractor not be conforming to the contract terms, the group manager is to bring the deficiency to the attention of the vendor/contractor. If the condition is not rectified in a reasonable amount of time, the group manager will bring this to the attention of the Executive Director.

b. At 60 days prior to the end of the termination date of a contract, the group manger will begin to assess whether to renew the contract (assuming an on-going need for goods or services). The group manager will make a recommendation on

modifications to terms that he/she recommends be incorporated into the new agreement. These recommendations are to be communicated to the Executive Director.

c. The group manager will initiate dialogue with the vendor/contractor in establishing a new agreement no later than 30 days prior to the end of the current contract.

Other

1. Copies of all contracts will be kept on file in the administrative office at Waimea Valley.

2. Under the direction of the Business Manager, the Administrative Assistant will keep track of contract and insurance expiration dates. The Administrative Assistant will inform the Business Manager and respective group manager 60 days prior to the end of a contract or insurance.

Exhibit 35

SOP No.:	CPM-005	Area:	COPORATE PROCEDURES MANUAL-ALL DEPARTMENTS
Effective Date:	FEBRUARY 2 2008	Title:	CONTRACTS
Revised:	MARCH 5 2015		

Purpose

Hi'ipaka LLC (the "Company") has established this policy on Contracts ("Policy") to ensure that the Company: (a) retains proper documentation for all business transactions; and (b) complies with generally accepted accounting principles ("GAAP").

Coverage

This Policy applies to all contracts for property, goods, services and/or construction made on behalf of the Company. This Policy does not apply to subcontracts and purchases made pursuant to a government contract or grant. Such subcontracts and purchase must be made and accounted for in accordance with the terms of the government contract or grant.

Types of Contracts and Agreements

1. Independent Contractor Agreement. This refers to a written agreement between the Company and another party for construction, goods, property or services (independent contracts) utilizing the Hi`ipaka LLC contract template.

2. Waimea Valley Event Agreement. Hi`ipaka LLC standard event agreement is used for wedding ceremonies and one-time events and contains cost details and event activities of a onetime event to include deposit and payment schedule, event confirmation details, guarantees, , final billing, late or insufficient payments, event productions fees, cancellations, taxes, holiday's rates, refunds, and terms & policies.

3. Artisan Cultural Practitioner Agreement Hi`ipaka LLC standard cultural artisan agreement outlining honorarium, demonstration schedule, scope of cultural work, commission fees and activity release waiver information.

4. Tour Transportation Agreement. Hi`ipaka LLC standard tour company agreement for companies engaged in the business of tour transportation and related services and registered with the State of Hawaii. Agreement allows transporting visitors to Waimea Valley on the terms and conditions set in contract.

5. Media Production Agreement. The Media Production agreement is utilized for all commercial filming or photography.

6. Contractor Issued Agreements – Contractor issued agreements for professional services can be utilized when the service provided does not enter the Valley as part of the service and/or it includes the Hi`ipaka LLC waiver and insurance requirements.

SOP No.:	CPM-005	Area:	COPORATE PROCEDURES MANUAL-ALL DEPARTMENTS
Effective Date:	FEBRUARY 2 2008	Title:	CONTRACTS
Revised:	MARCH 5 2015		

CONTRACTING PROCEDURES

Independent Contractor Agreement

1. The Standard Hi`ipaka LLC Contract (attachment 1) is utilized for capital improvement projects and medium to long term service agreements.

2. Depending on the type of project or service a contract manager is assigned by the Assistant Executive Director, Director of Business Operations or the Executive Director.

3. Once a contractor or service provider has been selected the contract manager will:
   - Determine certificate of good standing status from the Department of Commerce and Consumer Affairs website.
   - Obtain proof of current General Excise Tax license from the contractor.

4. A contract is drafted by the contract manager using the standard Hi`ipaka LLC contract template created by Hi'ipaka LLC's legal counsel.

5. The contract is sent out to the contractor for review, signature and returned to Hi'ipaka LLC for Executive Director's signature.
   a. If the contractor requests changes to the agreement the Executive Director will approve, decline or negotiate the changes with contractor.
   b. The contract will be finalized and returned to the contractor for review and signature.

6. The contract will be considered final once Executive Director signs off. The contract will be retained in physical files, per Hi`ipaka retention policy, scanned and added to the Manager Drive under "1.Contracts" folder.

Waimea Valley Event Agreement

1. The Special Events Agreement template (Attachment 2) is used for wedding ceremonies and one-time special events managed by Hi`ipaka staff.

2. Once wedding site, venue, food, shuttle and other services are agreed upon the Special Events Coordinator prepares a draft Special Events agreement for review by the Business Manager and/or the Director of Business operations.

3. The Special Events Coordinator submits the draft agreement to the client for review.
    a. If the client requests changes to the agreement the Business Manager and/or Director of Business Operations will approve, decline or negotiate the changes with client.
    b. The contract will be finalized and returned to the client for review and signature.

4. The contract will be retained in physical files, per Hi`ipaka retention policy, scanned and added to the Manager Drive under “1.Contracts” folder.

Artisan Cultural Practitioner Agreement

1. The Artisan Cultural Practitioner Agreement template (Attachment 3) is used for all resident and visiting artisans demonstrating in Waimea Valley.
2. Once an artisan is selected for either the resident or visiting artisan program, the Artisan Cultural Practitioner Agreement is completed by the Cultural Programs Manager for review and approval by the Assistant Executive Director.
3. The Cultural Programs Manager submits the Artisan Cultural Practitioner Agreement to the artisan for review and signature.
4. The contract will be retained in physical files, per Hi`ipaka retention policy, scanned and added to the Manager Drive under “1.Contracts” folder.

Tour Transportation Agreement

1. The Tour Transportation Agreement template (Attachment 4) is used for bona fide tour companies interested in bringing guests to Waimea Valley.
2. Once admission, food service, shuttle and other services are agreed upon the Retail and Visitor Services Manager prepares a Tour and Transportation Agreement for review by the Director of Business Operations and the Business Manager if food service is included.
3. The Retail and Visitor Services Manager submits the agreement to the tour company for review.
    a. If the company requests changes to the agreement the Retail and Visitor Services Manager and/or Director of Business Operations will approve, decline or negotiate the changes with tour company representative.
    b. The contract will be finalized and returned to the tour company for review and signature.
4. The contract will be retained in physical files, per Hi`ipaka retention policy, scanned and added to the Manager Drive under “1.Contracts” folder.

Media Production Agreement

1. Organizations interested in commercial filming or photography complete a Waimea Valley Filming application (Attachment 5) indicating filming areas, parking lot needs and other services as outlined in the application.

2. The Office Manager submits the agreement to the filming company for review.
    a. If the company requests changes to the agreement the Executive Director will approve, decline or negotiate the changes with filming company.
    b. The contract will be finalized and returned to the filming company for review and signature.

3. The contract will be considered final once the Executive Director signs off. One copy will be provided to the filming company for their files. One copy will be retained in physical files, per Hi`ipaka retention policy, scanned and added to the Manager Drive under "1.Contracts" folder.

Contractor Issued Agreements

1. Companies providing services to Hi`ipaka LLC who do not have a need for entering the property can utilize their own agreement provided it includes the Hi'ipaka LLC waiver and insurance requirements.

Documentation

The Accountant shall maintain records of all contracts and purchases in accordance with Generally Accepted Accounting Principles, as well as any federal and state accounting requirements applicable to government contractors and grant recipients.

Exhibit 36

October 14, 2019

Dear CLA Auditors:

Re: LD-01 Julie Bernardino

When I was a manager of Hi'ilei Aloha LLC in 2011, I recall Mona Bernardino asking the managers if Hi'ilei could contract with her sister Julie to provide temporary administrative support while the administrative assistant (Kanani Ka'auwai-Duan) was out on extended leave for medical reasons.

Mona wanted someone who understood Hi'ilei and OHA, and who understood the relationship between Hi'ilei and OHA. Because Julie also knew Kanani, it would be an easy transition receiving tasks from Kanani and transitioning them back to Kanani upon her return. Julie also had her own administrative support business, and her fee of $25 per hour was less than it would have cost to hire an executive assistant through a temporary agency.

The Managers agreed to Mona's request to have Julie work temporarily for a few weeks during Kanani's absence.

If you have any questions, please feel free to call me at (808) 638-5851.

Sincerely,

Richard Pezzulo, Executive Director
Hi'ipaka LLC/Waimea Valley

October 14, 2019

Dear CLA Auditors:

Re: LD-01 Julie Bernardino

When I was a manager of Hi'ilei Aloha LLC in 2011, I recall Mona Bernardino asking the managers if Hi'ilei could contract with her sister Julie to provide temporary administrative support while the administrative assistant (Kanani Ka'auwai-Duan) was out on extended leave for medical reasons.

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The Managers agreed to Mona's request to have Julie work temporarily for a few weeks during Kanani's absence.

If you have any questions, please feel free to call me at (808) 638-5851.

Sincerely,

Clyde Nāmu'o
Former CEO, Office of Hawaiian Affairs
Former Manager, Hi'ilei Aloha LLC

Exhibit 37

HI'ILEI ALOHA LLC

From the desk of
Mona Bernardino

September 3, 2015

Aloha e Ka Pouhana:

Per our meeting on Kaua'i yesterday, attached please find two check requests and checks payable to SLK.

Please sign both checks and both check request forms and return all to me.

Mahalo,

Mona

Exhibit 38

MAKAWELI POI
A PRODUCT OF HI'IPOI LLC

January 28, 2013

To: LLC Managers Kamana'opono M. Crabbe, Ph.D.
Aedward Los Banos
Hawley Iona

From: Mona Bernardino, Chief Operating Officer

Subject: Hi'ipoi LLC Update

Aloha, LLC Managers. This is an update on Hi'ipoi LLC and the transfer of the assets of Makaweli Poi Mill to a Hawaiian community organization.

The assets of Makaweli Poi Mill were transferred to Supporting the Language of Kaua'i, Inc. ("SLK"), a nonprofit organization that supports Kawaikini New Century Public Charter School, on December 31, 2012. This included transfer of:

- All equipment and supplies in the poi mill
- Property lease
- Delivery van
- All transferable permits & licenses, including –
  - Permit for scales from the State Department of Agriculture
  - Permit to operate boiler from State Department of Labor
- Equipment manuals and instruction booklets
- Supplier lists
- Customer lists
- Goodwill, processes, trade secrets, know-how and other proprietary information used in or relating to the business

As of December 31, 2012, the dba "Makaweli Poi Mill" is no longer in operation. All of the employees were given written notice of termination of their employment due to the change in ownership and were invited to re-apply for their positions with the new poi mill operator. As far as we know, none of the employees have applied for positions with the new operator. Two of the employees have applied for unemployment insurance.

Hi'ipoi LLC
711 Kapi'olani Boulevard, Suite 1430 • Honolulu, Hawai'i 96813
Telephone: (808) 596-8990 • Facsimile: (808) 596-8992

SLK has entered into a management agreement with an existing food business owned by a Native Hawaiian to operate the mill and forward a percentage of its profits to Kawaikini School each year. The operator's name is Lehua Poi Company LLC, and the owner is Nakulu Arquette. Mr. Arquette has been in business since 1983 and successfully produces and markets 14 food product lines.

To assist SLK in gearing up for operations, Hi'ipoi advanced initial funding of $5,000 and OHA provided a grant in the amount of $25,000. We will transfer the funds remaining in Hi'ipoi's operating account, estimated at $20,000, after all of the bills that Hi'ipoi is responsible for have been paid. This amounts to total cash assistance of $50,000.

In addition, we purchased a dehydrator for approximately $16,000 to help SLK expand into flour and frozen taro products as quickly as possible. Our belief is that a diversity of taro products, rather than just poi, will help the mill operator become self-sustaining sooner than would otherwise be possible.

Lehua Poi Company met with former Makaweli employees on January 2. Although the meeting went well and every employee was invited to take a job application and did in fact take one, none of the employees submitted job applications. It was later reported in *The Garden Isle* that none of the former employees would be applying for a job. That has not affected Lehua Poi Company at all as they already had potential employees lined up and ready to go.

The reaction of Ka Piko O Waimea's board of directors, some farmers, and some members of the West Kaua'i community to this transfer has been hostile. Ka Piko has attacked Hi'ipoi, Hi'ilei, and OHA in *The Garden Isle* newspaper and social media. They have spread a lot of inaccurate information. Some things they have said are clearly lies or "selective memory." They have also attacked Kawaikini School and Lehua Poi Company and have engaged others in the taro community and social media circles to advocate on their behalf.

The Garden Isle reported that employees and farmers intended to boycott the new owner of the mill. I am told social media chatter referred to this as a "poi-cott." One former Makaweli farmer said all the farmers would be giving their taro away for free to the community rather than sell it to the mill. Some farmers did participate in a taro giveaway on Saturday, January 12, where reportedly 1,000 pounds of taro were given away to the community. However, we also learned that 1,000 pounds of taro remained and the farmers gave it to a distributor who then called Lehua Poi Company and wanted to give it to them.

Also, although the news reports and social media chatter said all farmers are boycotting the mill, that is not true. Several farmers are providing taro to Lehua Poi Company, and the company has enough taro sources to fill its needs.

Lehua Poi Company did its first test run on poi-making at the mill on January 7, and the poi turned out well. They scheduled their first full commercial production run on Thursday, January 17, which also turned out well. Their regular poi production day is set for Thursdays with deliveries on Fridays.

They anticipate rolling out other products in the next few weeks: kūlolo, taro flour, taro hummus, and taro fries. They expect to add a second poi production day each week before long.

It is worth noting that Lehua Poi Company reports the mill was in significant disrepair. When the Department of Health inspector came by to provide a new Permit to Operate, she pointed out several deficiencies that were listed in last year's report and were still uncorrected. Lehua Poi Company made those repairs within a day. Another problem was the water filter which I am told looked like "rotten eggs." Every pipe in the building was leaking once they were turned on, and those have been repaired. The window openings are too large, which allows critters and dirt particles into the mill. They plan to close all the windows airtight and install air conditioning. As to the van, all four tires were bald and the engine had significant problems. That has been repaired.

Lehua Poi Company has made improvements to the property, the most significant being the enclosure of the front porch of the mill. That is where the dehydrator will be placed. They also intend to replace the air conditioning unit in the chill box on the front porch (which is illegal) with a cooler so it can be used as a walk-in refrigerator.

The quality of the poi and taro chunks produced by Lehua Poi Company these past two Thursdays has been outstanding. The color, consistency, smell, and taste were excellent. You can tell by the packaging that a lot of thought went into the products they produced.

Hi'ilei Aloha LLC's capacity-building program can help Lehua Poi Company with its sales and distribution on O'ahu to get started. Hi'ilei can also look for a distributor to handle their products all over the island on a long-term basis.

I believe it was the right decision to transfer ownership of the mill to a community-based group. The selection of Kawaikini Charter School as the nonprofit, along with their operational agreement with Lehua Poi Company, is a winning combination. Their business plan is excellent. In the long-term, I am hopeful that the community will be happy with the top quality products they produce and the employment opportunities they provide as well as the potential for increased sales for taro farmers.

Please let me know if you have any questions or would like to discuss any of this further.

Mahalo.

Exhibit 39



2016 OFFICE OF HAWAIIAN AFFAIRS ANNUAL REPORT

Lei lōkahi i ka lanakila

Unity is adorned in victory

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About OHA

Vision

"Hoʻoulu Lāhui Aloha" - To Raise a Beloved Nation. OHA's vision statement blends the thoughts and leadership of both King Kalākaua, and his sister, Queen Liliʻuokalani. Both faced tumultuous times as we do today, and met their challenges head on. "Hoʻoulu Lāhui" was King Kalākaua's motto. "Aloha" expresses the high values of Queen Liliʻuokalani.

Mission Statement

To mālama (protect) Hawaiʻi's people and environmental resources and OHA's assets, toward ensuring the perpetuation of the culture, the enhancement of lifestyle and the protection of entitlements of Native Hawaiians, while enabling the building of a strong and healthy Hawaiian people and nation, recognized nationally and internationally.

Overview

The Office of Hawaiian Affairs is a public agency with a high degree of autonomy. OHA is responsible for improving the well-being of Native Hawaiians.

OHA is governed by a Board of Trustees made up of nine members who are elected statewide for four-year terms to set policy for the agency.

OHA is administered by a Ka Pouhana (Chief Executive Officer) who is appointed by the Board of Trustees to oversee a staff of about 170 people.

Our Focus

Our Hawaiian ancestors understood that the well-being of our community rested upon the inter-relationship of how we conduct ourselves, steward the islands we call home, and fulfill the responsibility of caring for our families, all within the physical and spiritual realms. They also understood that successfully maintaining lōkahi meant careful observation, knowledge gathering, and informed decision making to achieve pono. OHA is striving to embrace this time-tested wisdom through our Strategic Plan.

2016 OHA Annual Report

Produced by the Community Engagement Division

EDITORIAL COORDINATION
Meredith Desha Enos

EDITORIAL REVIEW
Meredith Desha Enos, Treena Shapiro Miyamoto, Francine Kananionapua Murray, N. Mehanaokala Hind

CONTRIBUTING EDITORIAL
Meredith Desha Enos, Treena Shapiro Miyamoto, Ka Wai Ola staff and contributors

GRAPHIC DESIGN
OHA Digitial and Print Media

PHOTOGRAPHY
Francine Kananionapua Murray, Nelson Gaspar

PRINTING
Oahu Publications Inc., Jay Higa
Hagadone Printing Company, Aimee Schu

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JOINT MESSAGE FROM
THE BOARD OF TRUSTEES CHAIRPERSON
AND KA POUHANA/CEO

ALOHA MAI KĀKOU,

AS YOU MAY ALREADY KNOW, OHA does three things: provide resources; advocate for Native Hawaiians on a range of issues; and facilitate collaboration among key stakeholders. We make a difference in our beneficiaries' lives through grants, research, advocacy, community engagement—really the breadth of all we do.

One year ago, we pledged to foster a sense of unity between the Board of Trustees and the administration. In this time, we've had many successes—such as the return of Kalani'ōpu'u's treasured mahiole and 'ahu 'ula, which leveraged community and international partnerships. And like any organization, we have faced challenges. While we can't avoid all political controversy, we can say with confidence that together we have developed a focused, consistent, data-driven approach to meeting our beneficiaries' needs, all while promoting organizational integrity and unity.

As our Annual Report illustrates, we continue to make inroads on our three main goals, and we have the data to back this claim. We don't just tally grant awards—we track how they benefit the community and what impact they have. This document shows how we're working toward our strategic goals and their significance to the Hawaiian community. You'll see examples of shared goals being carried out by community leaders passionate about their work to advance the lāhui.

Looking ahead, the Board of Trustees adopted in October a fiscal sustainability plan.

In 2015 we faced a sharp increase in legal fees, a market downturn in the third quarter and a rise in fringe benefit costs. Given these circumstances, our Board and Administration came together this past year for a series of financial workshops, where we plotted a future course for OHA's finances.

The fiscal sustainability plan brings into sharp focus our greatest obligation—ensuring that our organization's finances remain sound. From our perspective, this plan puts our organization on a path to fulfilling its responsibility—to future generations of Hawaiians. Simply put, the plan ensures that OHA will remain solvent for at least the next half century.

The plan strengthens policies and guidelines essential to maintaining the financial accountability of our assets when making spending decisions necessary for OHA to fulfill its mission.

It is an obligation that we are taking seriously as our Board and Administration approach our new fiscal sustainability plan with urgency and unity, demonstrating a firm commitment from top leadership at OHA to being responsible stewards of our people's trust.

Mālama pono,

Robert K. Lindsey Jr.
Chairperson, Hawai'i Island Trustee

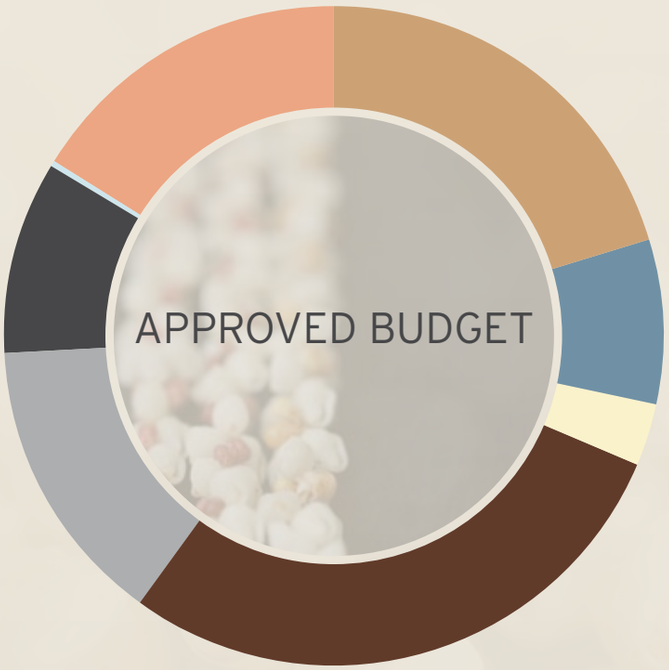
Kamana'opono M. Crabbe, Ph.D.
Ka Pouhana, Chief Executive Officer



2016 Board of Trustees - Above, First row (L-R): John D. Waihe'e IV, Trustee, At-large; Robert K. Lindsey, Jr., Trustee, Hawai'i; Colette Y. Machado, Moloka'i and Lāna'i. Second row (L-R): S. Haunani Apoliona, MSW, Trustee, At-large; Leina'ala Ahu Isa, Ph.D., Trustee, At-large; Dan Ahuna, Trustee, Kaua'i & Ni'ihau; Peter Apo, Trustee, O'ahu; Rowena Akana, Trustee, At-large; Carmen Hulu Lindsey, Trustee, Maui



Executive Team - Left, First row (L-R): Lisa Victor, Chief Operating Officer; Kamana'opono Crabbe, PhD, Chief Executive Officer; Second row (L-R): Miles Nishijima, Land and Property Director; Hawley Iona, Chief Financial Officer/Resource Management -Financial Assets Director; Lisa Watkins-Victorino, Ph.D., Research Director; Nicole Mehanaokalā Hind, Community Engagement Director; Kawika Riley, Chief Advocate



GRANTS $10,189,212
Includes grants and sponsorships. This total does not equal the total on pages 12 to 15 as those totals include prior year appropriations.

OVERHEAD $3,990,667
Includes facility related expenses such as utilities, rent and maintenance for OHA's offices, and other expenses such as equipment costs.

PROGRAM SERVICES $1,503,639
Program Services includes costs directly related to program activities such as printing, advertising, bulk mail and other costs.

CORE PERSONNEL $14,394,466
Includes salary and fringe, student helpers, worker compensation and other personnel costs. Does not include personnel costs for certain programs with designated sources of funding,

PROPERTY $6,984,438
Includes operational costs for OHA's properties at Kaka'ako Makai, Nā Lama Kukui, the Palauea Cultural Preserve and Wao Kele o Puna.

SPECIAL PROGRAMS $4,710,565
Reflects budgets for programs funded through non-trust fund sources, such as federal funds, and support of other OHA LLC's.

GOVERNANCE PLANNING $130,062
Reflects the budget authorization for Governance Planning.

CONTRACTS $8,010,981
Includes expenditures directly related to implementing program activities, services-on-a-fee and legal services.

Approved Budget
$49,914,030

OHA FY 2016 BUDGET SUMMARY

THESE TWO CHARTS give a brief outline of OHA's spending limit as provided by policy and the maximum budget authorization. In addition, the grants authorization listed may not equal the grants and sponsorships reported on page 12 to 15. The numbers listed on page 12 to 15 include prior year authorizations that were to be released to grantees in FY 2016. For further detail, please see the financial statements beginning on page 16



Spending Limit
$53,549,763

STATE OF HAWAI'I $3,217,504
General Fund Appropriations by the State Legislature.

PLT REVENUES $15,100,000
State law says OHA is entitled to 20 percent of receipts from the use or sale of the public land trust. Since 2006, the legislature has authorized an interim amount at $15.1 million until it takes further action.

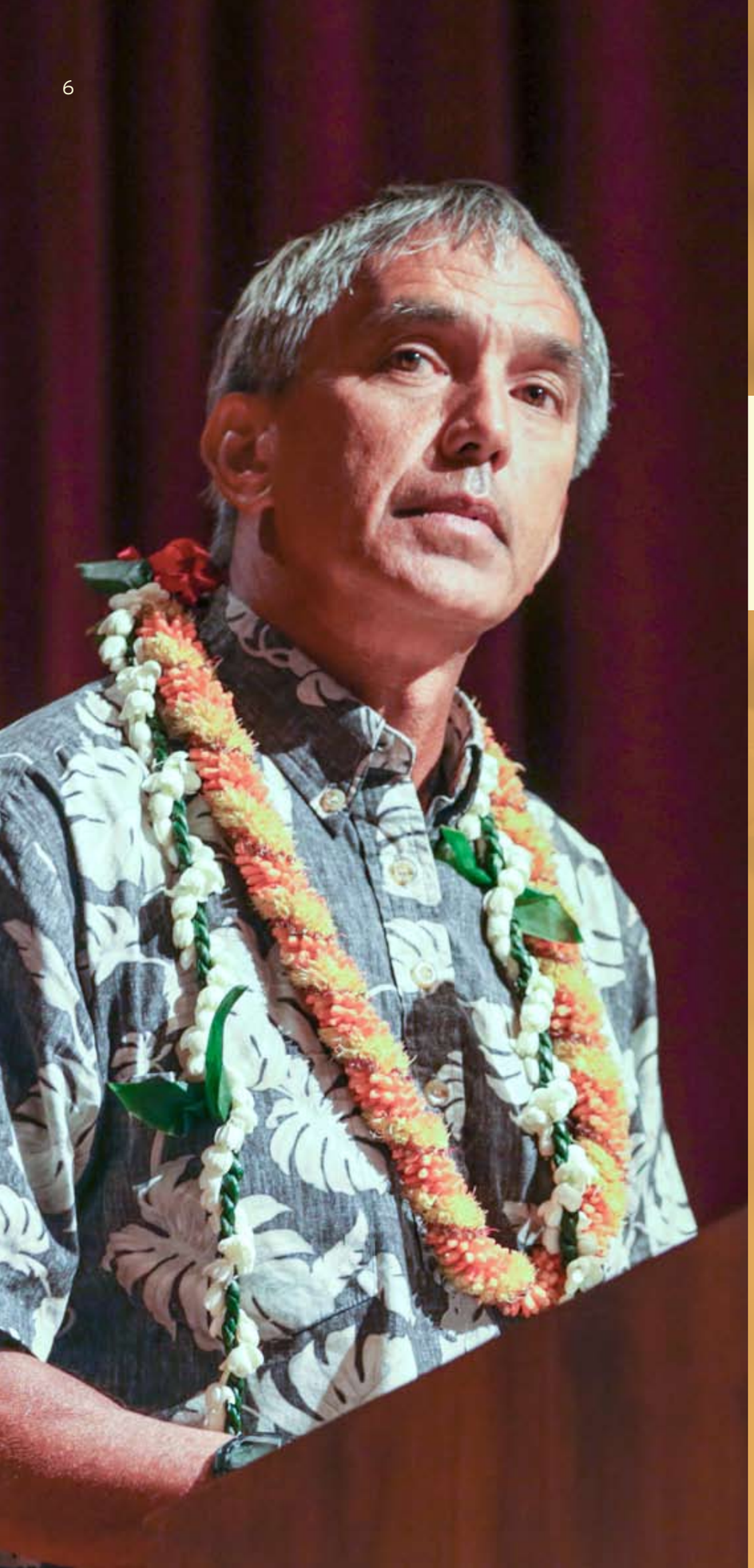
5% OF THE NHTF PORTFOLIO $17,299,064
The Native Hawaiian Trust Fund includes OHA's investment portfolio. Withdrawals are capped at 5% of a 20-quarter rolling average market value to ensure resources are available for future spending.

FISCAL RESERVE $3,000,000
The Fiscal Reserve is comprised of previously authorized but unused core operating funding.

PROPERTY $10,092,568
Reflects the revenues generated by Nā Lama Kukui, Kaka'ako Makai properties and deposits for use at the Palauea Cultural Reserve.

SPECIAL PROGRAMS $4,710,565
Includes grants, federal funding for specific projects (including the Hālawa Luluku Interpretive Development Project and the Native Hawaiian Revolving Loan Fund Program and other miscellaneous income.

GOVERNANCE PLANNING $130,062
The Board of Trustees approved a financing vehicle in 2014 to fund OHA's governance planning effort.



NAINOA THOMPSON
RECONNECTING TO CULTURE AND CONNECTING WITH THE WORLD

IN 1980, NAINOA THOMPSON became the first Hawaiian in 600 years to use ancestral wisdom to navigate the voyaging canoe Hōkūleʻa to Tahiti and back.

The success made Hōkūleʻa an iconic symbol of the Hawaiian Renaissance and Thompson a source of inspiration for others hoping to reclaim ʻike kūpuna and revive Native Hawaiian culture.

Thompson, now president of the Polynesian Voyaging Society and in the midst of Hōkūleʻa's Mālama Honua Worldwide Voyage, says he's honored to see so many of today's young people taking an interest in their history. "Navigation is just one part of this cultural renaissance. We're also seeing it in music, dance, language and education," Thompson says.

"This reconnection to the identity of our ancestors ultimately leads to a strong self-worth and pride in the native Hawaiian people, and I believe this is the foundation for the health and well-being of our people."

Mālama Honua has allowed the Hōkūleʻa crew to collect stories of hope from around the world, including how indigenous communities in Hawaiʻi and elsewhere are turning to traditional practices to reverse the environmental damage caused by human activity.

"We've seen in so many places this growing awareness of what humankind is doing to earth and how indigenous knowledge brought together with science is providing solutions," Thompson says. "We've also seen a shifting of values where restoration is more valuable than consumption and the need to act is so crucial."

Thompson's passion and high-profile advocacy for ocean sustainability has contributed to Hawaiʻi's emergence as a global leader in conservation issues. "The world is turning to Hawaiʻi as a classroom for cultural and environmental sustainability," he said. "It is important to rediscover our traditions, bring them forward to the 21st century to address today's needs for conservation. Protecting our indigenous culture will help us develop the sailplan for tomorrow."

CLEARLY, the preservation and perpetuation of, and education in, culture is central to an enduring and healthy people.

We have sponsored and held several Hawaiian cultural events, to touch thousands of people across the state:

1,940
attendees to 47 I Mana Ka Lāhui workshops on six islands

58,439 attendees to Culture-focused ʻAhahui events in 2016



IN ADDITION, there are other cultural assets OHA has contributed to in 2016:



$500,000
to help Aloha Kuamoʻo ʻĀina acquire for stewardship the Kuamoʻo battlefield in south Kona

3 directories
OHA is updating its cultural directories; *Ola Nā Iwi: Directory of Hawaiian Artists and Cultural Resources; Ku Mai ka Poʻe Hula: Directory of Hula Resources; Nā Lima Mikioi: Directory of Weavers and Fiber Artists*

OHA USED TRADITIONAL AND SOCIAL MEDIA to bring Kalaniʻōpuʻu's story to a 21st Century audience:

87 Facebook posts reached 2,207,535 unique users and got 3,507,486 impressions.

LIVE

149,950
people around the world watched the powhiri ceremony at Te Papa through Facebook Live.



ALIʻI KALANIʻŌPUʻU'S ROYAL GARMENTS RETURNED

IN 1779, THE CHIEF OF HAWAIʻI ISLAND, aliʻi Kalaniʻōpuʻu, greeted captain James Cook after his ship made port in Kealakekua Bay. As a demonstration of goodwill, Kalaniʻōpuʻu gifted his ʻahuʻula (feathered cloak) and mahiole (feathered helmet) to Captain Cook. These and other treasures from around the Pacific were taken back to England on Cook's ships.

In a partnership between OHA, the National Museum of New Zealand Te Papa Tongarewa and Bishop Museum, the storied ʻahuʻula and mahiole were returned to the Hawaiian people in March 2016, after 237 years away. This return is particularly significant, as museums seldom release items, especially those with such significance and artisanship as the ʻahuʻula and mahiole, to indigenous people, and may represent a growing understanding of indigenous rights over cultural assets.

Highlights from the return ceremonies included a powhiri (a Māori ceremony) at Te Papa, where the heritage pieces were given over to the Hawaiians. In addition, a private ceremony—conducted entirely in Māori and ʻōlelo Hawaiʻi—welcomed the ʻahuʻula and mahiole to where they will be housed at Bishop Museum. OHA was named to hold the items in trust for the Native Hawaiian people.



40+
local, national, and international news stories aired, reaching hundreds of thousands of viewers on television, radio, and online.



MELODY KAPILIALOHA MACKENZIE

KNOWING OUR RIGHTS HELPS US MOVE FORWARD WITH A COMMON UNDERSTANDING

"UNDERSTANDING OUR RIGHTS IS IMPORTANT, so that we know we have options," explains Melody Kapilialoha MacKenzie, professor, editor, and director of Ka Huli Ao Center for Excellence in Native Hawaiian Law and the University of Hawai'i at Mānoa. "We need to understand our histories, how our self-determination has been suppressed. There are possibilities to interact with other peoples and nations. Consequently, we need to be educated about each of our possible paths forward.

"These decisions affect not just Native Hawaiians but all Hawai'i."

In addition to her work at the center, MacKenzie recently edited *Native Hawaiian Law: A Treatise,* an update of the 1991 Native Hawaiian Rights Handbook. She began work on the treatise in 2000, and "one of the reasons it has taken so long to publish is that there has been a sea change, internationally, in the way governments view indigenous rights," she notes. "Our claims are being taken more seriously, especially in relation to traditional and customary practices, land ownership, and natural and cultural resources."

Coupled with this global change of perspective is the work Hawaiians have been doing on their own. She spent much of February at the Native Hawaiian 'Aha, "observing what was going on and acting as a resource when asked" as participants crafted a Native Hawaiian Constitution. "There were so many obstacles to overcome in the process, and so many different perspectives—but the participants still had respect and aloha for each other's positions.

"Going forward, I hope we can maintain that level of respect and aloha," MacKenzie says. "More important than a particular form of governance structure is the ability to give aloha and respect—and go forward together as a people."

IN RECENT YEARS, OHA has been making greater use of digital media, to create and support an educated and engaged 21th century Lāhui. OHA's 2016 multimedia efforts have resulted in:

450,636
Papakilodatabase.com views

PAPAKILO DATABASE

KIPUKA **31,358**
Kipukadatabase.com views

MOOAUPUNI **7,514**
Mooaupuni.com views

65,868
Kamakakoi.com views

22,171
Ohadatabook.com views. The Native Hawaiian Data Book was updated and published online



OHA's Washington, D.C. bureau started The Native Hawaiian Public Service Pipeline Blog, to provide information and opportunities for members of the Hawaiian community who are interested in public service at the federal level.



30 articles about governance in *Ka Wai Ola*, a publication of over 60,000 readers monthly.



OHA DEBUTS 'PA'A KE AUPUNI: THE REEL HISTORY OF HAWAI'I'

"PA'A KE AUPUNI: THE REEL HISTORY OF HAWAI'I" is an animated feature produced by OHA that endeavors to have Hawaiians tell their own story, while remaining steadfast--pa'a–to the facts.

The film opens in traditional times, setting the stage for the era of Kamehameha and ends at the purported "annexation" of Hawai'i in the late 19th century. "We wanted to come up with something that had utility for both Hawaiians and non-Hawaiians alike, a historical primer that could be used in a variety of settings," said producer Ryan Gonzalez. "How can we get non-Hawaiians to support Hawaiians? How can we better engage Hawaiians? It all starts with education and knowing the facts."

"Pa'a Ke Aupuni" evolved out of a combination of group discussions conducted by trustees and community members, a 2013 Board of Trustees motion that committed OHA to providing education to the Hawaiian community and general public on key points in Hawaiian history and community feedback. It debuted in Honolulu on July 31, 2015. In addition, OHA hosted 24 screenings across the pae 'āina that were attended by almost 1,500 people. It also aired on KGMB and KHNL. Tens of thousands of people have watched this ground-breaking film, and it continues to be available online, on digital cable, and for download.



DIANE PALOMA
NATIVE HAWAIIAN HEALTH IS GROUNDED IN THE LAND

WITH A PASSION FOR HEALTHCARE and a love of Hawaiian culture, Diane Paloma, PhD, always knew she wanted to find a way to bridge the two to improve the overall ola pono (well-being) of Native Hawaiians.

"Some of the biggest challenges are giving individuals and communities the opportunity to be healthy," Paloma points out. "Making healthy choices is more of a luxury than a right."

For the past decade, Paloma has led the Native Hawaiian Health Program at The Queen's Medical Center, which aims at eliminating health disparities between Hawaiians and other ethnic groups. One successful strategy has been empowering communities to develop culturally relevant health initiatives—which can transform entire communities, especially rural ones.

"One of the best things about working in rural areas is they take ownership over progress and that fuels the sustainability of programs that will endure over changes in funding, leadership and organizations," Paloma says.

The Native Hawaiian Health Program has also been partnering with other organizations, including OHA, committed to a similar mission, with the recognition that improving Hawaiian health also helps Hawai'i. "By raising the health status of Native Hawaiians, we raise the bar for everyone," Paloma says. "Our health status becomes less of a burden upon the entire system and we can all thrive together.

QUEEN'S HANA OLA is just one of the health initiatives OHA supported in 2016.

11
ʻāina-based initiatives that recieved OHA grants

$1,088,200
disbursed

650
acres managed (ʻāina and loko iʻa)

30,326
pounds of various crops produced for sale or community distribution

56,428
hours of staff and volunteer time

MAILE MEYER
OUR NETWORKS AND INDIGENEITY GIVES US ECONOMIC STRENGTH



FOR MAILE MEYER, FOUNDER OF NĀ MEA HAWAIʻI and passionate arts advocate, economic self-sufficiency is about more than just finances.

"Economic self-sufficiency isn't about numbers of hours or amounts of money; it's more focused on time, what you can do with the time," she notes. "Our people need choice and the ability to define their own sense of 'self-sufficiency,' where our people feel empowered by what they do."

In her work, "I try to provide a space for Hawaiian producers, artists, authors, teachers, musicians, and practitioners, to exist and derive support in all forms," she says.

This support has involved payment for goods and services, camaraderie, work space, child care—and more. "Hawaiians are net makers, not ladder builders. Our economies involved relationships, exchanges, genealogy, ʻāina, resources, expertise. Of course, money is a resource, but it's too one dimensional."

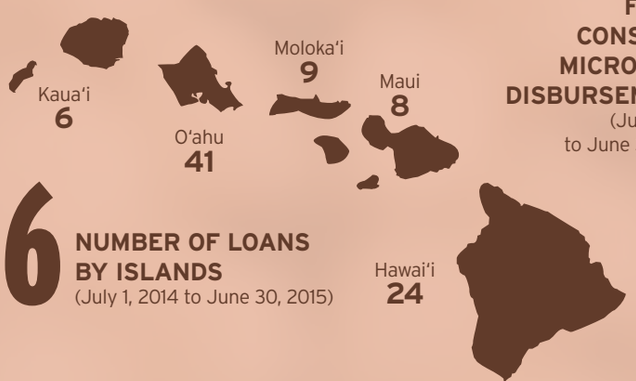
She envisions a return to indigenous values that "amplify the intelligence of aloha," to serve all of Hawaiʻi, and "accepting outcomes that aren't just derivatives of personal gain at the expense of others—the land, water, air, plants and animals, people, all life forms sharing our planet. A bottom line that ensures there is something for all stakeholders, is indigenous thinking to me.

"Personal gain should be a goal of the past, shared resources is survival for our planet," she notes. "We should try to define economic self-sufficiency in the oldest ways possible, not the newest. Hawaiians aren't going anywhere: we are increasing in number and mindset, and we have a chance to model something that is rooted to this place."

OHA DIRECTLY SUPPORTED economic self-sufficiency in 2016 through its loan programs:

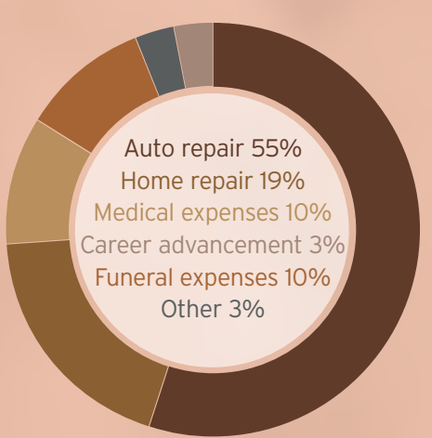
FY2016 MĀLAMA LOAN DISBURSEMENTS
(July 1, 2014 to June 30, 2015)

$167,887	Business
$117,152	Education
$429,676	Home Improvement
$140,417	Debt Consolidation
$855,132	TOTAL



86 **NUMBER OF LOANS BY ISLANDS**
(July 1, 2014 to June 30, 2015)

FY2016 CONSUMER MICRO-LOAN DISBURSEMENTS
(July 1, 2014 to June 30, 2015)



2016 GRANTS

The Office of Hawaiian Affairs' Grants and Sponsorships programs are a cornerstone of the agency's community giving.

In FY 2016, OHA awarded $10.8 million to programs across the state that are diverse as the community needs they serve.

The grants total includes money from OHA's core operating budget combined with other funding sources.



CULTURE
$864,800

PROGRAMMATIC GRANTS

Edith Kanaka'ole Foundation (Year 1 of 2) - $150,000 The purpose of this project is to rebuild and restore the hula heiau at Imakakoloa, Kā'u along with the ritual dances, chants, and vocabulary necessary for this work so that hula practitioners and their families from Hawai'i and around the world will participate fully in this process from start to finish and beyond as a part of their Hula execution. *Hawai'i*

Hui Mālama Ola Nā 'Ōiwi (Year 1 of 2) - $64,343 The purpose of this project is to provide traditional Native Hawaiian healing art education to Native Hawaiians throughout the communities of Hawai'i Island to perpetuate and develop strategies that expand the knowledge, respect and practical application of La'au Lapa'au, Lomilomi Ha Ha, La'au Kahea, and Ho'oponopono. *Hawai'i*

Kānehūnāmoku Voyaging Academy (Year 1 of 2) - $150,000 The purpose of this project is to provide opportunities to O'ahu youth to learn about and experience traditional Hawaiian navigation, and the dynamic and complex cycles of plant based resource management and skilled materials preparation used by ancient navigators to prepare for long distance voyages. *O'ahu*

Kohe Malamalama o Kanaloa - Protect Kaho'olawe Fund (Year 1 of 2) - $67,400 I Ola Kanaloa will strengthen the cultural identity and engagement of Native Hawaiian haumana, hui, and 'ohana on Hawai'i, Maui, Moloka'i, O'ahu & Kaua'i by providing them the opportunity to connect with, honor and care for the 'āina & cultural sites; revitalize cultural relationships; & learn cultural practices & protocols through Kaho'olawe. *Statewide*

Kula No Na Po'e Hawai'i (Year 1 of 2) - $20,000 This program creates a cadre of cultural practitioners with knowledge and proficiency in the carving of papa and pōhaku ku'i 'ai using traditional materials and methods. They will teach their community members how to make their own implements and will coordinate monthly gatherings to pound poi, thereby perpetuating a valued cultural practice. *O'ahu*

PA'I Foundation (Year 1 of 2) - $48,257
MAMo: Maoli Arts Month is a broad community-based effort to celebrate the depth, breadth, and diversity of the Native Hawaiian arts community, to create economic opportunities for Native Hawaiian artists and cultural practitioners by increasing their presence in museums and galleries, and to educate locals and visitors about Native Hawaiian art. *Statewide*

The Estria Foundation - $226,500
Mele Murals project *Statewide*

'AHAHUI EVENT GRANTS

'Aha Pūnana Leo. Inc. - $7,000
Pūlama Mauli Ola. *Hawai'i*

'Ahahui Kīwila Hawai'i O Mo'ikeha - $5,000
Ka Moku O Manokalanipō Pa'ani Makahiki. *Kaua'i*

East Maui Taro Festival - $7,000
24th Annual East Maui Taro Festival. *Maui*

Friends of the Future - $5,000
Waipi'o Kalo Festival. *Hawai'i*

Hawai'i Book & Music Festival - $7,000
Alana Hawaiian Culture Program at the 2016 Hawai'i Book & Music Festival. *O'ahu*

Hawaiian Canoe Racing Association - $8,000
2015 HCRA State Championship Canoe Regatta. *Hawai'i*

Hawaiian Kamali'i, Inc. - $6,000
The Pailolo Challenge. *Moloka'i*

Institute for Native Pacific Education and Culture - $6,500
Ho'i I Ke Ēwe 'Āina Kūpuna. *Hawai'i*

Ka Moloka'i Makahiki - $7,000
Ka Moloka'i Makahiki 2016. *Moloka'i*

Kai Loa. Inc. - $7,000
Makahiki Kuilima 2016. *O'ahu*

Kalihi-Palama Culture & Arts Society, Inc. - $5,000 Malia Craver Hula Kahiko Competition. *O'ahu*

Maui Historical Society - $7,000
Lei Day Heritage Festival 2016. *Maui*

Maui Native Hawaiian Chamber of Commerce - $8,000 Maui Native Hawaiian Chamber of Commerce Presents 9th Annual Business Fest. *Maui*

Moanalua Gardens Foundation - $10,000
Moanalua. He Wahi Pana. The 38th Annual Prince Lot Hula Festival. *O'ahu*

Moana's Hula Halau - $6,000
Festivals of Aloha - Maui Nui Style: "Ola ke kaiaulu i ke aloha o loko". *Moloka'i*

Nā Wahine O Ke Kai - $6,000
Nā Wahine O Ke Kai Women's Annual Moloka'i to O'ahu Canoe Race. *Moloka'i, O'ahu*

Na'alehu Theatre - $6,000
9th Annual Gabby Pahinui Waimānalo Kanikapila *O'ahu*

North Kohala Community Resource Center - $6,000 North Kohala Community Reunion 2015. *Hawai'i*

Pu'uhonua Society - $5,000
CONTACT 2016 art exhibit. *O'ahu*

Uhane Pohaku Na Moku O Hawaii. Inc. - $2,300 Ho'okupu Hula No Ka'u Cultural Festival. *Hawai'i*

University of Hawai'i - Leeward Community College - $6,500 Huli Aku. Huli Mai: Contemproray Traditional Practices. *O'ahu*

Young Women's Christian Association of Oahu - $5,000 Kokokahi Community Fair. *O'ahu*

EDUCATION
$2,863,000

PROGRAMMATIC GRANTS

After-School All-Stars Hawaii (Year 1 of 2) - $236,975 These out-of-school programs in two O'ahu (Nānākuli and Wai'anae) and three Hawai'i island (Ka'ū, Kea'au, and Pāhoa) Title 1 middle and intermediate schools operate at school sites to provide comprehensive after-school programs to improve proficiency in Reading and Math, as evidenced by Hawai'i State Assessment (HSA) test scores. This program provides an alternative to risky after-school activities, offers fun, social learning activities, and improves students' ability to advance to the next grade level. *Hawai'i*; *O'ahu*

Boys & Girls Clubs of Maui, Inc. (Year 1 of 2) - $184,000 The Power Hour Program provides a safe and nurturing environment for middle and high school youth to develop good study habits and where they can complete homework assignments, with the goal of improving Native Hawaiian student proficiency in Reading and Math so that they can increase standardized test scores. *Maui*

Educational Services Hawaii Foundation (Year 1 of 2) - $89,030
The 'Imi 'Ike Learning Centers target at-risk Native Hawaiians, currently or formerly in foster, kith, kin care, in grades 4 to 12 by engaging them in academic and socio-emotional programs, differentiated direct instruction and Hawaiian culture-based pedagogy, and meeting their multiple needs so they can meet or exceed standard-based testings in reading and math. *O'ahu*

Hui Malama Learning Center (Year 1 of 2) - $219,995 Hui Malama Learning Center addresses the complex educational and social needs of at-risk youth (those with emotional, cognitive, social, physical or behavioral issues, and lack fundamental literacy skills) aged 11-24 by providing holistic and integrated educational services to improve reading and math proficiency and increase standardized test scores. *Maui*

Chaminade University of Honolulu (Year 4 of 4) - $33,000 To support scholarships for Native Hawaiian nursing students. *O'ahu*

Hawai'i Community Foundation - $250,000 To support the OHA Higher Education Scholarships program. *Statewide*

Kanu O Ka 'Āina Learning 'Ohana - $1,500,000
To support Hawaiian-focused charter schools. *Statewide*

Univeristy of Hawai'i Foundation (Year 2 of 3) - $100,000 To support the Senator Daniel Akaka Scholarship Endowment. *Statewide*

University of Hawai'i - Office of Research Services (Year 1 of 2) - $250,000
To support the OHA Higher Education Scholarships program through the Native Hawaiian Science and Engineering Mentorship Program. *Statewide*

‘AHAHUI EVENT GRANTS
[NONE]

GOVERNANCE
$0

PROGRAMMATIC GRANTS
[NONE]

‘AHAHUI EVENT GRANTS
[NONE]

HEALTH
$1,531,224

PROGRAMMATIC GRANTS

Boys & Girls Club of the Big Island (Year 1 of 2) - $115,000 The Hua Ola Project will strengthen health for Native Hawaiian and other Club members by skillfully instilling healthy lifelong fitness and diet habits in the youth of 3 Boys & Girls Club of the Big Island communities through culturally responsive minds- and bodies-involved experiential healthy lifestyles education delivered by caring Club mentors. *Hawai‘i*

I Ola Lāhui, Inc. (Year 1 of 2) - $180,000 The Kūlana Hawai‘i project will provide comprehensive, culturally-minded weight and chronic disease management services to Native Hawaiian adults and their families to increase their engagement in healthy lifestyle behaviors such as dietary habits, physical activity, medication adherence, stress management, and reduce high risk behaviors such as smoking. *O‘ahu*

Kōkua Kalihi Valley Comprehensive Family Services (Year 1 of 2) - $143,000
The Ehuola ‘Ohana Health Project will foster health from the first breath through the last, preventing chronic disease through a conceptual framework of nā‘au, ‘āina and kai, kanaka, mauli and ola. Native Hawaiian keiki, mākua, wahine hāpai and their kane will learn cultural practices supporting nutrition and birthing, reclaiming a legacy of health. *O‘ahu*

Kualapu‘u Public Conversion Charter School (Year 1 of 2) - $135,256 The Project Pū‘olo will work to reduce the rate of childhood obesity in students in grades K-6 and empower students and families in making positive health choices through a school-based initiative that integrates physical activity, health and nutrition education, and family engagement with in-school student support and clinical health services. *Moloka‘i*

Salvation Army-Family Treatment Services (Year 1 of 2) - $112,000 The Ola Kino Maika‘i project will provide women in residential substance abuse treatment, and their children, obesity prevention and intervention to prevent excessive weight gain while women are engaged in smoking cessation and learning to live a drug free lifestyle and to prevent feeding practices that could result in obesity in their children. *O‘ahu*

The Queen’s Medical Center (Year 1 of 2) - $190,000 The Hana Ola Project will implement a culturally relevant, community-based program based on health and nutrition education, and physical activity to reduce the incidence and severity of obesity among Native Hawaiians, in order to improve their overall well-being, and reduce the burden of cardiovascular disease risk factors. *Maui*

Kaua‘i Food Bank, Inc. - $38,000
To implement the “Backpack Program” at Hawaiian focused charter schools on Kaua‘i. *Kaua‘i*

Lunalilo Home - $597,468
To complete building and infrastructure repairs to the existing Lunalilo Home facilites to maintain an environment of safety and comfort for residents. *O‘ahu*

‘AHAHUI EVENT GRANTS

Kula no na Po‘e Hawai‘i - $7,000
Ho‘okahi Palekana -- Papakolea ‘Ohana Health Fair 2016. *O‘ahu*

Maui Family Support Services, Inc. - $6,500
Na Makua Kane: Celebration of Fathers. *Maui*

YMCA of Honolulu - $7,000
YMCA Healthy Kids Day - E Ola Na Keiki. *O‘ahu*

HOUSING
$3,456,124

PROGRAMMATIC GRANTS

Hawaiian Community Assets (Year 1 of 2) - $265,059 Increasing economic self-sufficiency of Native Hawaiians through stable housing will provide financial literacy education, housing couseling, and asset building products to 500 low-income Native Hawaiians to rent or own homes. *Statewide*

Effective Planning and Innovative Communication Inc. (DBA EPIC Ohana) (Year 1 of 2) - $16,675 Hawai‘i Youth Opportunities Initiative Opportunity Passport provides financial literacy training and matching funds for security deposit/first month’s rent for young people through age 25 who were in foster care. *Statewide*

Council for Native Hawaiian Advancement (Year 1 of 2) - $174,390 Hawai‘i Individual Development Account will provide financial education, counseling, and match savings grants up to $5,000 to eligible Native Hawaiian first-time home buyers in Hawai‘i to support 40 new homeowners by addressing barriers to homeownership. *Statewide*

Department of Hawaiian Home Lands - $3,000,000 To cover debt service on bonds issued by DHHL that will be used to establish infrastructure support for Native Hawaiian affordable housing opportunities. *Statewide*

‘AHAHUI EVENT GRANTS
[NONE]

INCOME
$674,550

PROGRAMMATIC GRANTS

Parents and Children Together (Year 1 of 2) - $261,500 Ready to Work and Career Support Services will increase the incomes of Native Hawaiians by delivering services that promote employability and job retention including job preparation training, vocational and 2-year degree scholarships, and high school equivalancy preparation. *O‘ahu*

Goodwill Industries of Hawai‘i, Inc. (Year 1 of 2) - $221,550 Employment Core and Career Support Services for Native Hawaiians will improve their ability to obtain higher-wage employment, thereby increasing their economic self-sufficiency. *Hawai‘i*

University of Hawai‘i on behalf of Maui College (Year 1 of 2) - $175,000
CareerLink will provide support services, financial literacy and employment readiness workshops, GED preparation, scholarships, and employment opportunities to Native Hawaiians in Maui County. *Maui*

‘AHAHUI EVENT GRANTS

Hawai‘i Construction Career Days - $10,000
Big Island Construction Career Day. *Hawai‘i*

Hawaii First Community Ventures - $6,500 ‘Ohana First at Hawai‘i First. *Hawai‘i*

LAND
$1,088,200

PROGRAMMATIC GRANTS

Ka Honua Momona International (Year 1 of 2) - $100,000 The purpose of this project is to return momona (health and abundance) to the land and people of Moloka‘i through the community-based restoration of two ancient Hawaiian fishponds. *Moloka‘i*

Kāko‘o ‘Ōiwi (Year 1 of 2) - $121,700
The purpose of this project is to restore and effectively manage ecologically and geographically linked kīpuka within He‘eia, increasing the capacity and resilience of ecological and food-producing systems in our ahupua‘a for the benefit of Hawaiians and other community members on O‘ahu. *O‘ahu*

Kōkua Kalihi Valley Comprehensive Family Services (Year 1 of 2) - $100,000 The purpose of this project is to restore the health of the Kalihi ‘ahupua‘a by promoting cultural practices for kama‘āina (residents) and malihini (visitors) to ultimately improve the health of the Māluawai watershed thereby ensuring its long-term sustainability. *O‘ahu*

Kua‘āina Ulu ‘Auamo (Year 1 of 2) - $100,000
KUA will build and strengthen at least 3 “communities of practice” for ‘āina-based food production, providing targeted, coordinated (1) facilitation, (2) technical assistance/training, and (3) communications that will join together the efforts of at least 30 rural Hawaiian communities to increase community-based, Hawaiian-centered food production. *Statewide*

Ma Ka Hana Ka ‘Ike (Year 1 of 2) - $78,300
The purpose of Māhele Farm is to provide agricultural skills training to Hāna keiki, ‘ohana, and kūpuna to promote sustainable food crop management, strengthen relationships between our ‘āina and community, increase the health of this kīpuka, and enhance local stewardship of land-based cultural resources. *Maui*

Hawai‘i Community Foundation (Years 1 & 2 of 3) - $50,000 To support the Hawai‘i Environmental Funders Group (EFG). *Statewide*

Kumano I Ke Ala O Makaweli - $13,500
To support the Aloha ‘Āina After-School Program as part of the State’s R.E.A.C.H. initiative. *Kaua‘i*

The Trust for Public Land - $500,000
To support the acquisition of the Kuamo‘o battlefield and burial grounds of Kona. *Hawai‘i*

‘AHAHUI EVENT GRANTS

Kailapa Community Association - $8,000
Nā Kilo ‘Āina Camp Kawaihae. *Hawai‘i*

Nā Mamo o Mū‘olea - $9,700
7th Annual Hāna Limu Festival. *Maui*

North Shore Community Land Trust - $7,000
3rd Annual North Shore Food Summit. *O‘ahu*

Culture
$864,800

Education
$2,863,000

Governance
$0

Health
$1,531,224

Housing
$3,456,124

Income
$674,550

Land
$1,088,200

Grants total
$10,477,898

2016 SPONSORSHIPS

The Office of Hawaiian Affairs sponsors events that address the needs of the Native Hawaiian Community. Sponsorships provide funding support to organizations whose programs and events benefit the Hawaiian Community.

Sponsorships are generally awarded to support various community events that serve or support Native Hawaiians or increase awareness of Hawaiian culture and history.

	ORGANIZATION	AWARD	PURPOSE	LOCATION
CULTURE	Bishop Museum	$3,500	Making Waves: 17th Annual Dinner	*Oʻahu*
	Edith Kanakaʻole Foundation	$25,000	Kanawai o Mauna a Wakea Stewardship	*Hawaiʻi*
	Hawaiʻi Convention Center	$4,950	Sunset Mele on the Rooftop	*Oʻahu*
	Hawaiʻi Maoli	$10,000	On behalf of the Hawaiʻi Ponoʻī Coalition to support 2016 ONIPAʻA	*Oʻahu*
	Hiʻipaka	$10,000	Waimea Valley Summer Concert Series	*Oʻahu*
	Historic Hawaiʻi Foundation	$3,500	2015 Kamaʻāina of the Year Award	*Oʻahu*
	Hui o Heʻe Nalu, Inc.	$1,000	Cultural and educational activities	*Oʻahu*
	Kamaʻaha Education Initiative	$5,000	ʻAimalama Lunar Conference	*Oʻahu*
	Kaʻonohi Foundation	$1,500	Sacramento Aloha Festival in California	*Continent*
	Ke Kukui Foundation	$1,000	"3 Days of Aloha Festival" in Washington	*Continent*
	Let's Roll Foundation	$1,000	"A Hula Dancers Salute" in Arizona	*Continent*
	Living Life Source Foundation	$10,000	Pasifica Festival 2016 and PAA Conference in New Zealand	*Polynesia*
	Na Koa Opio	$1,000	Makahiki Ceremonies	*Hawaiʻi*
	Nā Pualei o Likolehua	$5,000	Merrie Monarch	*Hawaiʻi*
	Native Hawaiian Legal Corporation	$1,000	"Hoʻomalu ka Lehua i ka Wao" annual dinner	*Oʻahu*
	Pacific Justice and Reconciliation Center	$1,000	Support Native Hawaiian spiritual and cultural based programs in correctional facilities	*Oʻahu*
	Pohai ʻo Kamehameha	$1,000	10TH Annual Kalani Aliʻi Awards	*Oʻahu*
	Waimea Hawaiian Homesteaders' Assoc.	$10,000	Hānau Ke Aliʻi performance touring Molokaʻi and Lānaʻi	*Molokaʻi*
	West Honolulu Rotary Club	$1,000	David Malo Award Banquet	*Oʻahu*
EDUCATION	Ahupuaʻa o Molokaʻi	$1,250	ʻAha Hoʻomoloa Kīhei event to honor UH-Maui College Hawaiian Studies students	*Molokaʻi*
	Koʻolaupoko Hawaiian Civic Club	$2,500	Kū i ke Kamaʻaina Awards & Scholarship Benefit Luau	*Oʻahu*
	Lau Kanaka no Hawaiʻi	$500	32nd Annual Scholarship Luau in Arizona	*Continent*
	Mana Maoli	$1,500	Mana Mele Music & Multimedia Academy	*Oʻahu*
	Piʻilani Hawaiian Civic Club of Colorado	$1,500	14TH Annual Hoʻolaulea in Colorado	*Continent*
GOVERNANCE	Asian and Pacific Islander Association	$5,000	10TH Annual APIASF Scholarship benefit in New York	*Continent*
	Association of Hawaiian Civic Clubs	$5,000	Association of Hawaian Civic Clubs 57TH Annual Convention in Nevada	*Continent*
	Council for Native Hawaiian Advancement	$10,000	14TH Annual Native Hawaiian Convention	*Oʻahu*
	Hawaiʻi Maoli	$10,000	On behalf of the Association of Hawaiian Civic Clubs 56TH Annual Convention	*Maui*
	Hawaiʻi Wildlife Fund	$20,000	KUʻE: The Hui Aloha ʻĀina Anti-Annexation Petitions	*Statewide*
	National Congress of American Indians	$5,000	NCAI 72ND Annual Convention & Marketplace in California	*Continent*
	National Indian Education Association	$2,500	NIEA Convention Pre-Conference Day in Washington, D.C.	*Continent*
	National Indian Education Association	$5,000	NIEA 46TH Annual Convention & Trade Show in Oregon	*Continent*
	Smithsonian Institution, National Museum of the American Indian	$10,000	NMAI Annual Native Hawaiian Cultural Festival in Washington, D.C.	*Continent*
	The Biographical Research Center	$20,000	Production of "This Native Daughter" promotional trailer	*Statewide*
	University of Hawaiʻi Foundation on behalf of Kamakakūokalani	$2,500	United Nations Permanent Forum on Indigenous Issues in New York	*Continent*

	ORGANIZATION	AWARD	PURPOSE	LOCATION
HEALTH	ALU LIKE, Inc.	$5,000	Gerontology Society of American Conference in Florida	*Continent*
	American Diabetes Association	$10,000	STEP OUT: WALK TO STOP DIABETES	*Oʻahu*
	Asian & Pacific Islander American Health Forum	$25,000	Voices2015: Moving Health Forward national conference in Washington, D.C.	*Continent*
	Hawaiʻi Psycological Association	$1,000	HPA 2015 Annual Convention	*Oʻahu*
	Hoʻomau Ke Ola, Inc.	$25,000	Project Aukahi o ka ʻĀina	*Oʻahu*
	Kualoa-Heʻeia Ecumenical Youth (KEY) Project	$1,600	KEY Project 12TH Annual Koʻolau ʻOhana Festival	*Oʻahu*
	Lunalilo Home	$3,000	24TH Annual Golf Tournament	*Oʻahu*
	Lunalilo Home	$200	2016 Annual Benefit Lūʻau	*Oʻahu*
	Pacific Islander Health Partnership	$4,500	Native Hawaiian and Pacific Islander Health Summit in California	*Continent*
	PAʻI Foundation	$6,900	Participation at Healing Our Spirit Worldwide Indigenous People's Conference in New Zealand	*Polynesia*
	Peninsula Conflict Resolution Center	$2,000	Pacific Islander Needs Assessment Project in California	*Continent*
	The Queens Medical Center	$5,000	Everlasting Legacy of Giving Dinner	*Oʻahu*
	University of Hawaiʻi, Office of Research Services on behalf of John A. Burns School of Medicine	$23,913	Native Hawaiian Health Improvement Task Force	*Statewide*
HOUSING	Hawaiʻi Habitat for Humanity	$4,000	Tri-State Habitat Conference in Oregon	*Continent*
	Hawaiian Community Assets, Inc.	$2,650	Homeownership Month in Washington, D.C.	*Continent*
	Hoʻolehua Homestead Association	$750	Hoʻolehua & Palaʻau 90th Celebration of Homesteads	*Molokaʻi*
	Waiʻanae Kai Hawaiian Homestead Association	$10,000	On behalf of the Sovereign Councils of Hawaiian Homelands Assembly to support the Annual SCHHA Convention	*Oʻahu*
	Native Hawaiian Chamber of Commerce	$10,000	Annual ʻŌʻō Awards	*Oʻahu*
LAND	Ala Kahakai Trail Association	$2,000	Kaʻū community stewardship project	*Hawaiʻi*
	Kailapa Community Association	$2,000	To support operational funds	*Hawaiʻi*
	Kānehūnāmoku Voyaging Academy	$18,860	Hālau Holomoana voyaging program access trip to Papahānaumokuākea Marine National Monument	*Statewide*
	Kōkua Kalihi Valley Comprehensive Family Services	$750	Mālama I Kekahi for Hoʻoulu ʻĀina	*Oʻahu*
	Kure Atoll Conservancy	$5,000	Support for field equipment for use within the Papahānaumokuākea Marine National Monument	*Statewide*
	National Marine Sanctuary Foundation, Inc.	$10,000	"Human Dimensions of Large Scale Marine Protected Areas" - 10TH Anniversary Reception for Papahānaumokuākea Marine National Monument	*Statewide*
	Papahana Kuaola	$1,750	3RD annual fundraiser	*Oʻahu*
	The Medical Foundation for the Study of the Environment	$22,180	Intertidal monitoring research in Papahānaumokuākea Marine National Monument	*Statewide*

Culture
$96,450

Education
$7,250

Governance
$95,000

Health
$113,113

Housing
$17,400

Income
$10,000

Land
$62,540

Sponsorships total

$401,753

2016 UNAUDITED FINANCIAL STATEMENTS

The following financial statements for the fiscal year beginning July 1, 2015 and ending June 30, 2016 were prepared internally by the Office of Hawaiian Affairs and were not reviewed by any external auditor. OHA makes no representations as to the accuracy of these financial statements. When audited financial statements become available, they will be available online at oha.org.

Office of Hawaiian Affairs | State of Hawai'i

STATEMENT OF NET POSITION

For the Fiscal Year Ending June 30, 2016 (Dollars in thousands)

	Governmental Activities
ASSETS:	
Petty cash	$ 2
Cash	
Held in State Treasury	8,047
Held in bank	17,643
Held by investment managers	9,380
Restricted cash	184
Accounts receivable, net	4,740
Interest and dividends receivable	40
Inventory, prepaid items and other assets	829
Notes receivable, net:	
Due within one year	2,447
Due after one year	7,276
Investments	334,347
Capital assets - net	252,871
Total assets	637,806
DEFERRED OUTFLOWS OF RESOURCES	2,527
Total assets and deferred outflows of resources	$ 640,333
LIABILITIES:	
Accounts payable and accrued liabilities	$ 6,178
Due to State of Hawai'i	3,359
Due to other fund	-
Long-term liabilities:	
Due within one year	1,564
Due after one year	51,666
Total liabilities	62,767
DEFERRED INFLOWS OF RESOURCES	2,301
Total liabilities and deferred inflows of resources	65,068
COMMITMENTS AND CONTINGENCIES	
NET POSITION:	
Invested in capital assets, net of related debt	225,290
Restricted	27,152
Unrestricted	322,823
Total net position	575,265
Total liabilities, deferred inflows of resources and net position	$ 640,333

Office of Hawaiian Affairs | State of Hawai'i

STATEMENT OF ACTIVITIES

For the Fiscal Year Ending June 30, 2016 (Dollars in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES:				
Board of trustees	$ 2,722	$ -	$ -	$ (2,722)
Support services	18,582	5,365	-	(13,217)
Beneficiary advocacy	24,934	-	958	(23,976)
*Ho'okele Pono LLC	372	-	249	(123)
*Hi'ilei Aloha LLC	5,011	4,417	-	(594)
Unallocated depreciation	2,299	-	-	(2,299)
Total governmental activities	$ 53,920	$ 9,782	$ 1,207	$ (42,931)
GENERAL REVENUES:				
State allotments, net of lapsed appropriations				$ 3,218
Public land trust revenue				15,100
Unrestricted contributions				300
Interest and investment losses				(3,760)
Nonimposed employee fringe benefits				213
TRANSFERS				320
Total general revenues and transfers				15,391
CHANGE IN NET POSITION				**(27,540)**
NET POSITION:				
Beginning of year				602,805
NET POSITION AT JUNE 30, 2016				**$ 575,265**

* Represents results of fiscal year January 1 - December 31, 2015.

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GOVERNMENTAL FUNDS - BALANCE SHEET

For the Fiscal Year Ending June 30, 2016 (Dollars in thousands)

	General Fund	Public Land Trust	Federal Grants	*Ho'okele Pono LLC	*Hi'ilei Aloha LLC	Other	Total
ASSETS:							
Petty cash	$ -	$ 1	$ -	$ -	$ 1	$ -	$ 2
Cash:							
Held in State Treasury	636	7,411	-	-	-	-	8,047
Held in bank	-	8,559	6,145	34	2,610	295	17,643
Held by investment managers	-	1,930	7,450	-	-	-	9,380
Restricted cash	-	-	184	-	-	-	184
Accounts receivable	-	4,331	126	95	179	9	4,740
Due from other fund	-	-	-	-	-	-	-
Interest and dividends receivable	-	1	39	-	-	-	40
Inventory, prepaid items and other assets	-	80	-	1	149	-	230
Notes receivable:							
Due within one year	-	343	2,104	-	-	-	2,447
Due after one year	-	666	6,610	-	-	-	7,276
Investments	-	329,424	4,923	-	-	-	334,347
Total assets	$ 636	$ 352,746	$ 27,581	$ 130	$ 2,939	$ 304	$ 384,336
LIABILITIES:							
Accounts payable and accrued liabilities	$ 500	$ 5,062	$ 129	$ 23	$ 464	$ -	$ 6,178
Due to State of Hawai'i	-	3,059	300	-	-	-	3,359
Due to other fund	-	-	-	-	-	-	-
Total liabilities	500	8,121	429	23	464	-	9,537
COMMITMENTS AND CONTINGENCIES							
FUND BALANCES:							
Fund balances:							
Nonspendable -							
Inventory, prepaid items & security deposits	-	80	-	1	149	-	230
Restricted for:							
Beneficiary advocacy	-	-	49	-	-	-	49
Native Hawaiian loan programs	-	-	20,619	-	-	-	20,619
Long-term portion of notes receivable	-	-	6,610	-	-	-	6,610
Committed to -							
DHHL-issued revenue bonds	-	38,597	-	-	-	-	38,597
Assigned to:							
Support services	59	6,836	-	-	-	-	6,895
Beneficiary advocacy	97	3,692	-	-	-	304	4,093
*Ho'okele Pono LLC	-	-	-	106	-	-	106
*Hi'ilei Aloha LLC	-	-	-	-	2,326	-	2,326
Long-term portion of notes receivable	-	666	-	-	-	-	666
Public Land Trust	-	294,754	-	-	-	-	294,754
Unassigned	(20)	-	(126)	-	-	-	(146)
Total fund balances	136	344,625	27,152	107	2,475	304	374,799
Total liabilities and fund balances	$ 636	$ 352,746	$ 27,581	$ 130	$ 2,939	$ 304	$ 384,336

* Represents results of fiscal year January 1 - December 31, 2015.

GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Fiscal Year Ending June 30, 2016 (Dollars in thousands)

	General Fund	Public Land Trust	Federal Grants	*Ho'okele Pono LLC	*Hi'ilei Aloha LLC	Other	Total
REVENUES:							
Public land trust revenue	$ -	$ 15,100	$ -	$ -	$ -	$ -	$ 15,100
Intergovernmental revenue	-	-	475	249	-	-	724
Appropriations, net of lapses	3,218	-	-	-	-	-	3,218
Charges for services	-	5,804	-	-	4,452	69	10,325
Interest and investment losses	-	(3,760)	483	-	-	-	(3,277)
Donations and other	-	284	16	-	-	-	300
Non-imposed fringe benefits	213	-	-	-	-	-	213
Total revenues	3,431	17,428	974	249	4,452	69	26,603
EXPENDITURES:							
Board of Trustees	40	2,682	-	-	-	-	2,722
Support services	1,560	17,960	-	-	-	9	19,529
Beneficiary advocacy	2,101	21,672	1,161	-	-	-	24,934
*Ho'okele Pono LLC	-	-	-	407	-	-	407
*Hi'ilei Aloha LLC	-	-	-	-	4,947	-	4,947
Total expenditures	3,701	42,314	1,161	407	4,947	9	52,539
OTHER FINANCING (USES) SOURCES:							
Proceeds from/to debt	-	2,203	-	-	-	-	2,203
Net transfers (to) from other funds	-	157	(156)	137	656	(474)	320
Net change in fund balance	(270)	(22,526)	(343)	(21)	161	(414)	(23,413)
FUND BALANCES:							
Beginning of year	406	367,151	27,495	128	2,314	718	398,212
End of year	$ 136	$ 344,625	$ 27,152	$ 107	$ 2,475	$ 304	$ 374,799

* Represents results of fiscal year January 1 - December 31, 2015.



HONOLULU
560 N. Nimitz Highway
Honolulu, HI 96817
Phone: 808.594.1888
Fax: 808.594.1865

EAST HAWAIʻI (HILO)
Wailoa Plaza, Ste. 20-CDE
Hilo, HI 96720
Phone: 808.933.3106
Fax: 808.933.3110

WEST HAWAIʻI (KONA)
75-1000 Henry St., Ste. 205
Kailua-Kona, HI 96740
Phone: 808.327.9525
Fax: 808.327.9528

MOLOKAʻI
Kūlana ʻŌiwi, P.O. Box 1717
Kaunakakai, HI 96748
Phone: 808.560.3611
Fax: 808.560.3968

LĀNAʻI
P.O. Box 631413
Lānaʻi City, HI 96763
Phone: 808.565.7930
Fax: 808.565.7931

KAUAʻI / NIʻIHAU
4405 Kukui Grove St., Ste. 103
Līhuʻe, HI 96766-1601
Phone: 808.241.3390
Fax: 808.241.3508

MAUI
33 Lono Ave., Suite 480
Kahului, HI 96732-1636
Phone: 808.873.3364
Fax: 808.873.3361

WASHINGTON, D.C.
211 K St. NE
Washington, D.C. 20002
Phone: 202.506.7238
Fax: 202.629.4446

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