INSTITUTIONAL CORRECTIVE ACTION RESPONSES FOR
THE A-133 FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED JUNE 30, 2012
Corrective Action Plan Related to the Schedule of Findings and Questioned Costs
Broadband Technology Opportunities Program
Year Ended June 30, 2012

Finding No. 12-01: Broadband Technology Opportunities Program - Significant Deficiency

Federal Agency: U.S. Department of Commerce

CFDA Number and Title: 11.557 – Broadband Technology Opportunities Program (BTOP) - ARRA

Questioned Costs: $289,612

Responsible Individual: Scott Yamashita, Administrative Services Manager, Information Technology Services (ITS)
Ellen Koppenheffer, Fiscal Administrator, ITS

Date Action Taken: Whistleblower amendment – on-going
Subcontractor invoices/reconciliation of quarterly labor rpts - Sep 2012
Invoice review – Nov 2012
Revised quarterly labor rpts – Dec 2012

The audit findings identified three issues: (1) The Whistleblower clause was not included in two contract service agreements; (2) Invoices from Oceanic Time Warner Entertainment Company, L.P. (TW) did not specify the amount of the Davis-Bacon labor costs; and (3) Invoices were not adequately reviewed before payment. The first issue relates to provisions of the ARRA (federal stimulus) legislation. The second issue characterizes any federally funded construction project, including ARRA. The corrective actions are described below:

1. Whistleblower provisions: One contract had been fully completed by the time this issue was identified so no amendment was made to that contract. The other contract is continuing and ITS is working with the Research Corporation of the University of Hawai‘i (RCUH), which issued the contract, and our contractor to amend the agreement to include the Whistleblower provisions as required by the ARRA Special Award Conditions. The contractor has informed UH that they are complying with the operational requirements of the Whistleblower clause. And they are diligently flowing down the Whistleblower clause to all of their subcontractors, as required.

More systemically, the Office of Research Services (ORS) will remind Fiscal Administrators (FA) and Project Staff, as well as RCUH and UH Procurement offices, to include the Whistleblower clause in contracts when required.

2. Davis-Bacon (DB) requirements: The responsible program, ITS, had no prior experience with managing federal construction projects and associated DB requirements. In addition, the primary contractor for the project, TW, is a telecommunications company rather than a “construction” company and also had no prior experience with these requirements. Nonetheless, prior to the external audit UH ITS had identified this issue and had already stopped paying invoices that lacked the necessary level of detailed documentation. ITS, with assistance from ORS, has worked closely with the contractor to develop processes that support the necessary complex requirements for this project. TW is now providing copies of subcontractor invoices with costs broken down into line items that will allow ITS to reconcile invoiced amounts to the DB forms for the relevant period. TW is now also providing a revised quarterly labor report that includes the DB Payroll number and Subcontractor invoice number for each service period. This facilitates the reconciliation of DB labor hours reported with invoices received and the DB forms. Moving forward invoices lacking this information will not
Corrective Action Plan Related to the Schedule of Findings and Questioned Costs
Broadband Technology Opportunities Program
Year Ended June 30, 2012

be paid until all required information is provided. The ITS manager of administrative services is also reconciling the DB and payroll-related reports provided by TW and its subcontractors. It should be noted that at no time were the actual terms of the DB Act violated.

More systemically, if UH accepts future federal construction contracts or grants with DB requirements that are not managed by the University’s Office of Capital Improvements, ORS will meet with the program and their contractors(s) to ensure that the program is prepared to manage the project in a fully compliant manner.

3. Improper invoice markup: Prior to the external audit UH ITS had already identified this issue. Although UH paid invoices to TW that included the markup a credit for the improper markup was provided on the subsequent invoice covering work performed during the FY12 fiscal year. At no time had UH paid more to TW than they were properly owed for work performed. To protect against future issues of this type, ITS has added another step in the review of documents. In addition to review by the responsible ITS fiscal administrator, the ITS manager of administrative services is now actively reviewing all invoices before payment. As noted above, he is also reconciling the DB and payroll-related reports to ensure compliance and accuracy in all documents provided by the contractor (and subcontractors).
Corrective Action Plan Related to the Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
University of Hawai‘i at Mānoa
Year Ended June 30, 2012

Finding No. 12-02:  Federal Perkins Exit Interview - Control Deficiency

Federal Agency:  U.S. Department of Education

CFDA Number and Title:  84.038 – Federal Perkins Loan Program

Responsible Individuals:  Susan Mabe, Collections Manager, General Accounting & Loan Collections (GALC)

Date Action Taken:  October 11, 2012

The General Accounting & Loan Collection Office (GALC) will work with Campus Partners to ensure that the on-line exit counseling notices are sent to the Federal Perkins loan borrowers on a timely basis. GALC will start monitoring the Federal Perkins loans for the on-line exit notice. For loans that are processed manually, GALC will have Campus Partners send the notice within the required timeframe.

Susan Mabe will implement procedures to ensure that the University is in compliance with the exit notice requirement.
Corrective Action Plan Related to the Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
University of Hawai'i West O'ahu
Year Ended June 30, 2012

Finding No. 12-03: Return of Title IV Funds - Control Deficiency

Federal Agency: U.S. Department of Education

CFDA Number and Title: 84.063 – Federal Pell Grant

Questioned Costs: $99

Responsible Individual: Lester Ishimoto, Financial Aid Officer, University of Hawai'i West O'ahu

Date Action Taken: June 26, 2012

The normal process for calculating Return of Title IV is to have one person do the R2T4 calculation which involves identifying the last date of attendance (LDA), school charges, and funds disbursed; performing the calculation using FAA Access to CPS Online, and printing the results. A second person checks for errors, adjusts the student award in Banner, notifies the student of the amounts owed, and contacts the Cashier to return funds to the Federal Government. Most times, errors are caught, however in this case; the error was not detected probably because both people misread the second LDA similarly.

A greater effort will be made in the future to ensure the second review is more thorough.
Corrective Action Plan Related to the Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
University of Hawaiʻi West Oʻahu
Year Ended June 30, 2012

Finding No. 12-04: Federal Direct Student Loans Exit Interview - Significant Deficiency

Federal Agency: U.S. Department of Education
CFDA Number and Title: 84.268 – Federal Direct Student Loans
Responsible Individual: Lester Ishimoto, Financial Aid Officer, University of Hawaiʻi West Oʻahu
Date Action Taken: January 3, 2013

Exit report for the period in question reran on January 3, 2013 using correct parameters. Additional students that were identified were sent Exit Interview letters noting term that they ceased attendance (if they were not already sent a letter when identified in a previous report). Persons involved in the loan exit process were made aware of the proper parameters and the procedures instructions were changed and noted on January 9, 2013.
Corrective Action Plan Related to the Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
University of Hawai‘i at Hilo
Year Ended June 30, 2012

Finding No. 12-05: Grace Period Notification - Control Deficiency

Federal Agency: U.S. Department of Education

CFDA Number and Title: 84.038 – Federal Perkins Loan

Responsible Individual: Jeff Scofield, Financial Aid Director, University of Hawai‘i at Hilo

Date Action Taken: Immediately

The error occurred in the aftermath of the Mānoa Campus fire. This extraordinary incident caused a change in normal operating procedures. In the event of future disasters, the UH Hilo Financial Aid Office will work closely with GALC staff to ensure that proper communication continues as required.
Finding No. 12-06: Return of Title IV Funds - Control Deficiency

Federal Agency: U.S. Department of Education

CFDA Number and Title: 84.063 – Federal Pell Grant

Questioned Costs: $1,703

Responsible Individual: Steven Chigawa, Financial Aid Administrator, Windward Community College

Date Action Taken: June 5, 2012

The institutional portion of the unearned aid was returned to the Title IV program on June 5, 2012, immediately after we became aware of this occurrence. In addition, a secondary review of the last date of attendance will be conducted each semester by a second Financial Aid Office staff member to ensure an accurate assessment of dates and the timely return of unearned Pell grant funds.
Corrective Action Plan Related to the Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
Kapi'olani Community College
Year Ended June 30, 2012

Finding No. 12-07: Return of Title IV Funds - Control Deficiency

Federal Agency: U.S. Department of Education

CFDA Number and Title: 84.063 – Federal Pell Grant

Questioned Costs: $278

Responsible Individual: Jennifer Bradley, Financial Aid Administrator, Kapi'olani Community College (KCC)

Date Action Taken: June 29, 2012 and on-going

On June 29, 2012, we calculated the return of title IV aid and returned the appropriate amount to the Federal programs.

The institution is reviewing current policies and procedures in regard to the return of Title IV aid and completion of review/award of financial aid applications. The timely review of financial aid award eligibility affected the timing of Post-Withdrawal Disbursement.

Actions taken as of August 1, 2012:

a. KCC Financial Aid Office has been working with the UH System Financial Aid Specialists in systemizing financial aid processes to review and determine financial aid eligibility on a timely basis. This process includes, but is not limited to, the review of KCC's entire financial aid processes including Return of Title IV, funds responsibilities (reconciling and reporting disbursements), etc. This should minimize late awarding which can affect the late Post-Withdrawal Disbursement for complete withdrawals that occur prior to award.

b. KCC is reviewing and updating current Return of Title IV policies and procedures, and other processes, to ensure compliance of calculating and returning refunds within required deadlines.

c. KCC is training new financial aid specialists, re-training and cross training financial aid specialists in financial aid functions and new processes. Processes are being reviewed and changes documented so in the event of turnover or extended absences someone could or is able to assist in the transitions.
Finding No. 12-08: Federal Direct Student Loans Exit Interview - Significant Deficiency

Federal Agency: U.S. Department of Education

CFDA Number and Title: 84.268 – Federal Direct Student Loans

Responsible Individual: Jennifer Bradley, Financial Aid Administrator, Kapiʻolani Community College

Date Action Taken: October 2012 and on-going

In October 2012, we reviewed Exit Counseling procedures and ran several reports to compare for accuracy. Between November 13 – 16, 2012, the institution sent Exit Counseling notifications to students. The notifications included a letter with reference to the Federal Student Aid NSLDS website for counseling and a brochure regarding rights and responsibilities as a borrower.

The institution continues to review and is working on updating current policies and procedures in regard to Federal Direct Student Loan Exit Interview. We have adopted the Banner process RRREXIT to identify students who have met requirements for exiting. We are looking at other ways to monitor enrollment. This is a continuing process until the process is refined. We have consulted with the UH System Financial Aid Officer for assistance and guidance.

Though the position is still vacant; training, re-training and cross-training of current employees of these processes is on-going.