Dear Dr. Syrmos,

The Office of Naval Research, Seattle, has performed a virtual onsite Property Management System Analysis (PMSA) for the University of Hawaii (UoH). The PMSA was performed IAW FAR, OMB, and ESRB (Engineering and Systems Review Branch) guidance.

The objective of the PMSA is to ascertain the University of Hawaii's property control system's ability to protect, preserve, account for, and control Government property. The PMSA included various tests and analyses of the institution's internal management controls for property management, inventory procedures, reports, disposition activities, and other areas deemed necessary to perform the PMSA.

**Records Reviewed:**

ONR records indicate the total value of ONR administered property in possession of the University of Hawaii as of May 2021 is as follows:

<table>
<thead>
<tr>
<th>Contract/Grant</th>
<th>Government Property</th>
<th>Government Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>HQ0034-16-2-0001</td>
<td>$384,900.83</td>
<td>$0.00</td>
</tr>
<tr>
<td>N00014-17-1-2267</td>
<td>$5,602,816.17</td>
<td>$0.00</td>
</tr>
<tr>
<td>N00014-18-L-0148</td>
<td>$50,826,943.11</td>
<td>$0.00</td>
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<tr>
<td>N00014-19-1-2284</td>
<td>$1,460,712.66</td>
<td>$0.00</td>
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<tr>
<td>N00014-20-1-2355</td>
<td>$72,868.58</td>
<td>$0.00</td>
</tr>
<tr>
<td>FA9451-20-D-0004/FA945120F0004</td>
<td>$6,666,800.80</td>
<td>$0.00</td>
</tr>
<tr>
<td>NNG17VR08C</td>
<td>$303,576.96</td>
<td>$106,221.56</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$65,318,619.11</strong></td>
<td><strong>$106,221.56</strong></td>
</tr>
</tbody>
</table>
• The University's most recent A-133 audit, dated January 4, 2020, had no findings associated with the control of Government titled property.

• The University's property policies and procedures have been reviewed for completeness and are considered adequate.

• The University conducted annual inventory accountability between November 2019 and March 2021.

• The University submitted annual property reports timely.

• The University completed an annual self-assessment on January 29, 2021.

Previous Year’s (2020) Findings: None

FY2021 Findings: None

FY2021 Recommendations:

1. Acquisition – The University’s acquisition process was reviewed for sample tags 154299, 154351, and 154553. UH received the Contracting Officer’s prior approval for tag 154299. For the other two tags, the parent contract terms and conditions (T&C) did mention the requirement for hardware and software components but did not detail what items can or should be purchased in the performance of the contract. Additionally, the University had trouble providing documentation to support pre-purchase screening and prior approval for tag 154351.

   • The University should review the current pre-acquisition process to ensure requirements are clear and that the PI follows the University process. All pre-acquisition steps should be documented.
   • When the contract is vague, the PI should seek pre-approval to purchase non-deliverable equipment from the sponsoring agency and document.
   • The University should ensure that the acquisition of CAP and received Government property is reported to the ACO, per FAR 52.245-1 (f)(vi).

2. Utilization – AP 8.52 does not address rental charges. Please review FAR 45.301 and update.

3. Cannibalization – During the virtual PMSA, it was discovered the PI was preparing to cannibalize UoH tags 129019 and 129020 before obtaining PCO approval. FAR 52.245-1 (c)(3) requires that the University obtain PCO approval before cannibalizing any GP/CAP. The University should update the current policy and procedures to incorporate appropriate steps for the PI to follow, including documenting the contract file.

4. Notification - The University should implement a process that notifies ONR when an item of Government Property (CAP) is fully operational. Notification should be structured so that it complies with FAR 52.245-1 (f)(1)(iii)(A).
5. **DoD Procurement Toolbox** - The University CAAO should ensure (1) they have access to PIEE (https://piee.eb.mil/) and the GFP tool; and (2) familiarize themselves with the training provided by DoD Procurement Toolbox (https://dodprocurementtoolbox.com/site-pages/gfp-training (viewable in Internet Explorer.))

Based upon the results of this PMSA and in the judgment of the Property Administrator, the property control system at the University of Hawaii and all associated DoDAACs is compliant in protecting, preserving, accounting for and controlling Government-owned property. Please contact the undersigned with any questions or concerns regarding PMSA.

Sincerely,

Digitally signed by
RAGAN.OZMA.ALLICIA.1235269828
Date: 2021.05.27 12:09:45 -07'00'

Ozma Ragan
ACO/AGO/PA
ONR Seattle, WA

CC:
R. Gurr
L. Erickson
S. Izumi