



# ORS Newsletter

February 2021

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## FISCAL YEAR 2020 SINGLE AUDIT

On December 22, 2020 the Office of Management and Budget (OMB) released an [Addendum to the Fiscal Year \(FY\) 2020 Compliance Supplement](#). With this addendum, the OMB has granted institutions that received COVID funding a three-month extension to submit their Single Audits. As a result, our FY2020 Single Audit will be issued no later than June 30, 2021 and after completion, will be posted to the University of Hawaii (UH) Budget & Finance page at <https://www.hawaii.edu/offices/budget-finance/>.

Although the FY2020 report has not been finalized, our external auditors, Accuity LLP (Accuity), have issued five (5) compliance findings so far. Three (3) are related to the Student Financial Aid cluster and the following two (2) are related to research awards:

1. [NASA IRTF—Unauthorized Payroll Expenditures](#). Auditors noted that the individual who certified an employee's electronic timesheet in the Research Corporation of the University of Hawaii's (RCUH) HR AMP system was not the principal investigator (PI) listed in the grant document. Furthermore, although the employee's electronic time sheet was retroactively approved by the PI, the delegation of approval authority from the PI to the individual who ultimately certified the employee's electronic timesheet was done after-the-fact. Failure by UH project personnel to adhere to the designated approval processes for salaries and wages exposes us to the risk of noncompliance with federal regulations and potential unallowable costs.

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2. Title VII—Unallowable Stipend Expenditures. Auditors noted that changes to the criteria used to determine the stipend amount distributed to a participant were verbally communicated to participants who attended a program event. However, these changes were not formally documented and provided to all program participants. Failure to adhere to the allowable cost principles of Title 2 U.S. CFR Part 200 exposes UH to an undue risk of misuse of federal funds and may ultimately jeopardize UH's ability to obtain future federal funding.

In conducting UH's annual audit, Accuity also considers the effectiveness of internal controls over financial reporting. To date, Accuity has provided comments and observations related to 1) untimely execution of purchase orders (POs); and 2) untimely submission of travel completion reports. These same comments and observations are identified year after year. Efforts must be made to comply with the applicable [UH](#) and [RCUH](#) policies and procedures.

1. Untimely Execution of Purchase Orders. Two POs were executed and approved after the goods or services were received. An executed and approved purchase order serves as an indication that a formal agreement between the vendor and UH regarding the nature and price of the goods or services has been reached. The lack of an executed purchase order creates an undue risk for the misuse of public funds.
2. Untimely Submission of Travel Completion Report. In four (4) instances, travel completions were submitted more than 21 calendar days from the end date of the trip. Failure to submit travel completions in a timely manner exposes UH to the untimely receipt or disbursement of public funds; increasing the risk of misuse. In accordance with [AP 8.851 "Employee Out-of-State and Intra-State Travel"](#), if an employee fails to substantiate expenses within 60 days of the return date of the trip, UH may, under IRS regulations report advance amounts as income to the employee.

General audit reminders:

For the annual Single Audit, ORS Financial Compliance serves as the primary contact for the auditors. To avoid providing auditors with inconsistent information, responses should be reviewed by both the PI and fiscal administrator, as applicable, before forwarding to ORS. If responses are not clear or consistent please discuss them with ORS Financial Compliance.

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## FISCAL YEAR 2020 SINGLE AUDIT (CONTINUED)

As in prior years, we seem to encounter difficulties in obtaining evidence that a performance and/or technical report was submitted to the sponsor in a timely manner. Please remind your PIs and/or project staff to make sure to obtain and retain submission documentation (e.g., print screen of the submission confirmation, or email confirming timely submission). Also, if there are valid reasons why deadlines cannot be met, please retain written evidence of communication and approval or acknowledgement by the sponsor. Documentation of sponsor notification and approval should also be retained for changes in level of effort by key personnel.

Should you have any questions, please contact Dawn Kim, ORS Financial Compliance Manager at [dawnkim@hawaii.edu](mailto:dawnkim@hawaii.edu).

## PREPARING FOR FISCAL YEAR 2021 SINGLE AUDIT OF COVID-19 AWARDS

Although our fiscal year (FY) 2020 Single Audit is still in progress, it is a good time to start preparing for the FY2021 Single Audit, especially as it applies to our COVID-19 awards. As referenced in the previous article, the Office of Management and Budget (OMB) issued an [Addendum to the FY2020 Compliance Supplement](#) this past December. This addendum provides audit guidance for programs with COVID-19 expenditures that are considered major programs. To be considered a major program, annual expenditures incurred by the University of Hawaii for a particular program (identified by CFDA number) must be equal to or exceed \$3,000,000. While we have received a number of COVID-19 awards, our Higher Education Emergency Relief (HEERF – CFDA 84.425E, F and L) from the U.S. Department of Education and the Coronavirus Relief Fund (CRF - CFDA 21.019) from the Department of the Treasury (via State of Hawaii Department of Budget and Finance) will definitely be considered major programs and be selected for audit. We highly encourage both principal investigators and fiscal administrators on these awards to review the audit programs outlined in the referenced addendum and especially take note of the special reporting requirements for the HEERF awards. Since we are technically a subrecipient under the CRF award, the State of Hawaii is ultimately responsible for the reporting, but we may receive documentation requests for their audits.

If you have any questions or would like to discuss further, please contact Dawn Kim, ORS Financial Compliance Manager, at [dawnkim@hawaii.edu](mailto:dawnkim@hawaii.edu).

## TECHNOLOGY TRANSFER UPDATES

Three new University of Hawaii (UH) policies have been established relating to technology transfer activities and the Hawaii State Ethics Code (State Ethics Code).

Under the State Ethics Code, all state employees are prohibited from creating a conflict of interest with their state duties or position when taking a second job or starting a private business. New [Regents Policy 12.211](#), [Executive Policy 12.206](#) and [Administrative Procedure 12.206](#) fulfill UH's responsibility to review for potential conflicts of interest and compliance with certain sections of the State Ethics Code granted to UH under Act 38. The Office of the Vice President for Research and Innovation (OVPRI) and the Office of Innovation and Commercialization (OIC) are leading these efforts.

[Administrative Policy 12.206](#) lays out the process for review of any technology transfer activity. UH employees, including students and RCUH employees, may request a review of current or planned technology transfer activities. To request a review, individuals can complete the "Request for Review of Technology Transfer Activity" form and submit the form to the OIC. The form is available on the OIC website at [www.hawaii.edu/research/ethics](http://www.hawaii.edu/research/ethics).

UH employees that do not complete a review by UH through these procedures may be subject to disciplinary action and/or have their activities referred to the State Ethics Commission for review.

### **What is Act 38?**

In 2017, the state legislature passed Act 38 related to technology transfer activities at UH. Act 38 confers to UH regulatory and oversight responsibilities of certain sections of the State Ethics Code for technology transfer activities sponsored by UH. Prior to Act 38, UH employees who participated in technology transfer activities were required to have these activities reviewed by the State Ethics Commission for potential conflicts of interest.

### **What is "technology transfer"?**

Technology transfer is the process of transferring scientific findings from the public sector to the private sector for the purpose of commercial development and application for personal or financial gain. Examples of technology transfer activities include: disclosing inventions and discoveries, creating joint ventures, limited partnerships, or other corporate forms; allocating equity shares, partnership interests, or other forms of participation; identifying new technologies; protecting technologies through patents and copyrights; and forming development and commercialization strategies, arrangements, or projects.

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## TECHNOLOGY TRANSFER UPDATES (CONTINUED)

### How do I disclose my invention or discovery?

UH employees & students can disclose their invention or discovery to the Office of Technology Transfer (OTT) using a UH disclosure form. Forms are available on the OTT website (<https://www.hawaii.edu/research/disclosing-an-invention/>) or the online form can be completed at [www.hawaii.edu/myinvention](https://www.hawaii.edu/myinvention) (UH login required). OTT's mission is to see UH technologies make an impact in the world and will work with you to develop a commercialization strategy.

For more information, see [www.hawaii.edu/research/ethics](https://www.hawaii.edu/research/ethics) or contact the Office of Innovation and Commercialization at [ois@hawaii.edu](mailto:ois@hawaii.edu).

## LIMITED SUBMISSION PROPOSALS

You have found a program you want to apply to, but there is a limitation on the number of proposals an institution can submit. A determination will need to be made with an internal pre-review, but who do you contact and what is the procedure?

At the University of Hawaii (UH), the following offices are responsible for overseeing the internal selection process through the coordination of an internal review and notification to the applicants regarding the selections:

**For UH Manoa**, contact the Office of the Vice Chancellor for Research at [ovcrinfo@hawaii.edu](mailto:ovcrinfo@hawaii.edu). The OVCR limited submission website can be found at: <https://manoa.hawaii.edu/ovcr/lso/>.

**For UH Hilo**, contact the Research Office Coordinator, Bruce Mathews, at [bmathews@hawaii.edu](mailto:bmathews@hawaii.edu).

**For UH West Oahu**, contact Chancellor Maenette Benham at [mabenham@hawaii.edu](mailto:mabenham@hawaii.edu).

**For UH Maui College and all community colleges**, contact Interim Associate Vice President for Academic Affairs, Tammi Oyadomari-Chun at [tammi@hawaii.edu](mailto:tammi@hawaii.edu).

If the limited submission opportunity is a "per institution" (as opposed to a "per campus") limitation and there are more interested principal investigators than there are submission slots available, a systemwide competition will be held by the Office of the Vice President for Research and Innovation.

ORS reserves the right to **not submit** or withdraw any proposal to a limited submission funding opportunity without appropriate UH approvals from the relevant offices noted above.

If you have eligibility questions for a particular funding opportunity, please contact your [assigned ORS Pre-Award Specialist](#).

## ORS HELPLINE FREQUENTLY ASKED QUESTIONS

### **I am an approver on a myGRANT proposal on multiple levels (e.g., as principal investigator and department chair). Will I need to approve the proposal more than once?**

No, you only have to approve the proposal once, even if you are an approver on multiple levels.

### **What if our department requires the approval of a secondary chair or dean if the primary chair or dean is serving as the principal investigator?**

In this situation, you will need to add the appropriate person as an ad-hoc approver.

1. Go to the "Summary/Submit" section and click on the "Ad Hoc Recipients" button.
2. Set the "Action Requested" to "Approve", then use the magnifying glass to search for the appropriate person and click the "add" button.

Note: If the proposal has already been routed for approval, you will need to click the "send ad hoc request" button at the bottom of the "Summary/Submit" section.

### **I have created a myGRANT proposal in error or no longer wish to use it. What should I do?**

You should cancel the proposal by going to the "Summary/Submit" section, then clicking the "Cancel proposal" button at the bottom of the section. The proposal can still be viewed and copied, but cannot be submitted to routing once cancelled.