



ORS Newsletter

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FROM THE DIRECTOR'S OFFICE

Aloha kākou,

The Office of the Vice President for Research and Innovation recently completed a reorganization that was approved, effective January 1, 2020 (please see: <https://www.hawaii.edu/research/wp-content/uploads/2017/04/OVPRI-Summary-Org-Chart.pdf> for our updated organizational chart).

As part of this reorganization, the Office of Research Services (ORS) reorganized the sections under the ORS and modified the management structure for two of our four sections: Contracts & Grants Administration and Extramural Funds Accounting. Our newly established ORS Management Team has been meeting to review, revise, and modify current ORS policies, procedures, and/or practices with a focus of improving efficiencies and reducing administrative burden relating to extramural award administration. As part of this process, we will also be reaching out to our research community stakeholder groups via multiple channels to gather input to assist us with this process. If you have any suggestions or issues that you feel would be helpful for us to consider, please feel free to contact our office at 956-8259.

Finally, and as we have done in the past, we would like to again remind everyone on the importance for PIs, co-PIs, and key personnel to disclose Financial Conflicts of Interest (FCOI), as truthfully and accurately as possible, when disclosure of FCOI is required. The number of violations relating to conflict of interests of researchers has been significantly increasing over the last two years and is widely being reported on a frequent basis. If you have any questions relating to FCOI, please contact coi@hawaii.edu.

- Lenny Gouveia, Jr.

FY2019 SINGLE AUDIT

The FY2019 Single Audit and Financial Audits were presented to the BOR in early December. The reports have been posted to the Budget & Finance page at <https://www.hawaii.edu/offices/budget-finance/>

There were eight compliance findings. Five were related to Student Financial Aid and three were for federal awards received from the U.S. DOE. Of the three federal award findings:

- One related to RCUH payroll. An RCUH employee was accidentally compensated for 30 hours in a single day due to an input error. This finding also cited payroll approved by individuals who had not been authorized by the current PI. In this instance, there was a PI change but the new PI did not re-delegate signing authority to those approving the timesheets. RCUH is upgrading their payroll system to include controls that will prevent such overpayments. They will also be sending periodic reminders to update any delegations, especially when there are key personnel changes.
- Second finding related to the lack of obtaining prior approval from the sponsor for a change in key personnel. In this particular case, the PI had other U.S. DOE awards that did not require prior sponsor approval so therefore assumed that this applied to the GEAR UP program as well. Our sponsor was subsequently notified and accepted the change.
- Third finding was due to a \$250 stipend being charged to the wrong grant. The correction was made as soon as it was identified.

Audit reminders / concerns:

ORS Compliance will be the primary contact to the auditors. To avoid providing auditors with inconsistent information, responses should be reviewed by both the PI and FA before forwarding to ORS. If responses are not clear or consistent please discuss with ORS.

One area of concern that arose during this past audit was related to the requirement to notify the sponsor of a change in key personnel during a No Cost Extension (NCE) period. Although the auditors dismissed the finding citing no deviation to the approved budget, there may be a larger underlying issue. **If work is being performed during a NCE period with no available budget, the PI and FA should ensure that other extramural sources of funds are not being used to cover any additional costs incurred.**

We seem to run into some difficulty every year in obtaining evidence that a performance / technical report was submitted to the sponsor by the due date. Please remind your PIs / project staff to retain documentation (i.e. print screen of the confirmation, email confirming timely submission). Also, if there are valid reasons why deadlines cannot be met, please retain evidence of communication with the sponsor that support our efforts to resolve any issues.

Should you have any questions, please contact Dawn Kim, Financial Compliance Manager at dawnkim@hawaii.edu.

OBSERVATIONS AND COMMENTS ON INTERNAL CONTROLS RELATED TO EXTRAMURAL AWARDS

In conducting the University's annual audit, our external auditor Accuity LLP (Accuity) considers the effectiveness of internal controls over financial reporting. For FY2019 Accuity reported comments and observations related to (1) untimely execution of purchase orders (POs); (2) untimely submission of travel completion reports; and (3) untimely submission of performance and financial reports. The following comments and observations are identified year after year. Efforts must be made to comply with the applicable [University](#) and [RCUH](#) policies and procedures.

Untimely Execution of Purchase Orders

Five purchase orders 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 the University 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. Several of these POs were for honorariums and delays appear to be primarily related to obtaining certain documents (i.e. WH-1). Such documents should be requested early enough so that the PO can be processed in advance and the honorarium can be given immediately following the event.

Untimely Submission of Travel Completion Report

A travel completion was submitted more than 21 calendar days from the end date of the trip. Failure to submit travel completions in a timely manner exposes the University 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, the University may under IRS regulations report advance amounts as income to the employee.

Untimely Submission of Performance and Financial Reports

A Financial Report and a Report of Inventions and Subcontracts were submitted 3 and 37 days respectively after the deadline. Failure to submit required reports in a timely manner exposes the University to an undue risk of noncompliance with the provisions of the award and Title 2 CFR Part 200.

Should you have any questions, please contact Dawn Kim, Financial Compliance Manager at dawnkim@hawaii.edu.

PROPOSED REVISIONS TO TITLE 2 OF THE CODE OF FEDERAL REGULATIONS (CFR)

The Office of Management and Budget is proposing to revise sections of Title 2 of the Code of Federal Regulations (CFR) Subtitle A-OMB Guidance for Grants and Agreements. The [proposed revisions](#) are limited in scope to support implementation of the President's Management Agenda, Results-Oriented Accountability for Grants Cross-Agency Priority Goal (Grants CAP Goal) and other Administration priorities; implementation of statutory requirements and alignment of 2 CFR with other authoritative source requirements; and clarifications of existing requirements in particular areas within 2 CFR.

These proposed revisions are intended to reduce recipient burden, provide guidance on implementing new statutory requirements, and improve Federal financial assistance management, transparency, and oversight.

Changes that may significantly impact the University include the following:

- Support for Domestic Preferences for Procurement – For Federal procurements, we must maximize the use of goods, products and materials produced in the U.S.
- Recipients cannot incur obligations for the entire performance period when an award is incrementally funded and funding has not been received for a subsequent budget period within the approved performance period (i.e. software licenses, subscriptions).
- Eliminate termination for cause provision - Federal sponsors may terminate awards if objectives are not being met, even though there are no violation of any terms or conditions.
- Increase closeout period from 90 to 120 days.
- Expand the use of the de minimis 10% rate to any entity (except State/Local governments, Indian tribes) that does not have a currently approved IDC rate.

Comments are due by 3/23/2020. If you would like ORS to submit comments on behalf of the University, please send them to dawnkim@hawaii.edu by 3/16/2020.