



August 12, 2021

VIA EMAIL

The Honorable Ronald D. Kouchi
Senate President
415 South Beretania Street
Hawai'i State Capitol, Room 409
Honolulu, Hawai'i 96813

VIA EMAIL

The Honorable Scott K. Saiki
Speaker, House of Representatives
415 South Beretania Street
Hawai'i State Capitol, Room 431
Honolulu, Hawai'i 96813

Re: **"Follow-Up on Recommendations from Report No. 18-08, *Audit of the Office of Hawaiian Affairs' Competitive Grants and Report on the Implementation of 2013 Audit Recommendations*," Report No. 21-10**

Dear President Kouchi and Speaker Saiki:

We are attaching a copy of our "Follow-Up on Recommendations from Report No. 18-08, *Audit of the Office of Hawaiian Affairs' Competitive Grants and Report on the Implementation of 2013 Audit Recommendations*," Report No. 21-10. The audit was performed pursuant to Section 23-7.5, Hawai'i Revised Statutes, and is a report on the Office of Hawaiian Affairs' implementation of the recommendations made in Report No. 18-08, *Audit of the Office of Hawaiian Affairs' Competitive Grants and Report on the Implementation of 2013 Audit Recommendations*, published in June 2018.

The report is accessible through our website at:
<https://files.hawaii.gov/auditor/Reports/2021/21-10.pdf>.

If you have questions about the report, please contact me.

Very truly yours,

Leslie H. Kondo
State Auditor

LHK:emo

Attachment
ec/attach:

Members of the Senate
Members of the House of Representatives
Carol Taniguchi, Senate Chief Clerk
Brian Takeshita, House Chief Clerk

Follow-Up on Recommendations from Report No. 18-08, *Audit of the Office of Hawaiian Affairs’ Competitive Grants and Report on the Implementation of 2013 Audit Recommendations*

A Report to the Governor
and the Legislature of
the State of Hawai‘i

Report No. 21-10
August 2021



OFFICE OF THE AUDITOR
STATE OF HAWAII



OFFICE OF THE AUDITOR STATE OF HAWAII

Constitutional Mandate

Pursuant to Article VII, Section 10 of the Hawai'i State Constitution, the Office of the Auditor shall conduct post-audits of the transactions, accounts, programs and performance of all departments, offices and agencies of the State and its political subdivisions.

The Auditor's position was established to help eliminate waste and inefficiency in government, provide the Legislature with a check against the powers of the executive branch, and ensure that public funds are expended according to legislative intent.

Hawai'i Revised Statutes, Chapter 23, gives the Auditor broad powers to examine all books, records, files, papers and documents, and financial affairs of every agency. The Auditor also has the authority to summon people to produce records and answer questions under oath.

Our Mission

To improve government through independent and objective analyses.

We provide independent, objective, and meaningful answers to questions about government performance. Our aim is to hold agencies accountable for their policy implementation, program management, and expenditure of public funds.

Our Work

We conduct performance audits, which examine the efficiency and effectiveness of government programs or agencies, as well as financial audits, which attest to the fairness of financial statements of the State and its agencies.

Additionally, we perform procurement audits, sunrise analyses and sunset evaluations of proposed regulatory programs, analyses of proposals to mandate health insurance benefits, analyses of proposed special and revolving funds, analyses of existing special, revolving and trust funds, and special studies requested by the Legislature.

We report our findings and make recommendations to the governor and the Legislature to help them make informed decisions.

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<https://auditor.hawaii.gov>



PHOTO: OFFICE OF THE AUDITOR

Follow-Up on Recommendations from Report No. 18-08, *Audit of the Office of Hawaiian Affairs’ Competitive Grants and Report on the Implementation of 2013 Audit Recommendations*

Section 23-7.5, Hawai‘i Revised Statutes, requires the Auditor to report to the Legislature annually on each audit recommendation more than one year old that has not been implemented by the audited department or agency. We follow up on recommendations in two ways. First, annually, we ask agencies to report the status of their implementation of our audit recommendations. We compile agencies’ self-reported implementation status in a consolidated report. Second, we conduct an “active” follow-up two to three years after issuance of the audit report containing the recommendations where we, independently, assess the agency’s progress in implementing each recommendation and issue a separate follow-up report. This report presents the results of our follow-up on the Office of Hawaiian Affairs’ implementation of the 11 audit recommendations made in Report No. 18-08, *Audit of the Office of Hawaiian Affairs’ Competitive Grants and Report on the Implementation of 2013 Audit Recommendations*.

**We found the
Office of Hawaiian
Affairs has
implemented 10
and partially
implemented 1 of the
11 recommendations
made in our report.**

The Office of Hawaiian Affairs

The Office of Hawaiian Affairs (OHA) is a unique state agency. Established by the State Constitution, independent of the executive branch, its primary responsibility is to better the conditions for Native Hawaiians. OHA is the principal agency responsible for the performance, development, and coordination of programs and activities relating to Native Hawaiians. OHA's other purposes include assessing the policies and practices of other state agencies that impact the Hawaiian community and conducting advocacy efforts for its Hawaiian beneficiaries.

Hawai'i's constitution requires that OHA be governed by a Board of Trustees (Board) comprised of at least nine members chosen by the State's electorate for staggered four-year terms. The Board is led by a chairperson and a vice chairperson. OHA Trustees have fiduciary responsibilities, including a duty of prudence (to exercise reasonable care, skill, and caution); a duty of loyalty (to act solely in the best interests of beneficiaries); a duty of impartiality (to be impartial with respect to the various beneficiaries, in consideration of the diverse interests of present and future beneficiaries); and a duty with respect to co-Trustees (using reasonable care to prevent co-Trustees from committing a breach of trust and to obtain redress if a breach occurs).

The Chief Executive Officer (CEO) of OHA is appointed by a majority of the Board and leads OHA's Administration. The CEO is assisted by a Chief Operating Officer (COO) and the directors of five divisions – Advocacy, Community Engagement, Research, Resource Management: Financial Assets, and Resource Management: Land Assets. At present, OHA's Administration consists of its CEO, COO, Chief Financial Officer, Human Resources Director, Senior Legal Counsel, and the directors of Advocacy, Community Engagement, Research, Resource Management: Land Assets, and Systems Office. Once the positions are permanently filled, the Information Technology director and Operations manager will be included as part of OHA's Administration.

Why we did the audit in 2018

In 2018, we conducted a performance audit of OHA pursuant to Sections 10-14.55 and 23-7.5, Hawai‘i Revised Statutes (HRS).¹ We issued two reports about funding mechanisms used by OHA to support organizations and individuals; Report No. 18-03 evaluated OHA policies and actions regarding use of its non-competitive grants (Kūlia Initiatives and CEO Sponsorships) and the use of its Fiscal Reserve and Trustee Allowances; and Report No. 18-08 evaluated OHA policies and actions regarding its competitive grants. A follow-up report on OHA’s implementation of the audit recommendations contained in Report No. 18-03 is being issued separately.

What we found in 2018

In Report No. 18-08, *Audit of the Office of Hawaiian Affairs’ Competitive Grants and Report on the Implementation of 2013 Audit Recommendations*, we focused on OHA’s use of grants to support Native Hawaiian programs and services. We found that while the policies and procedures for OHA’s competitively awarded grants were for the most part defined, there were shortcomings in the way awarded grants were monitored and evaluated. Section 10-17, HRS, requires OHA to monitor and evaluate every grant to ensure compliance with the purpose and intent of the grant, and to determine whether the intended results were achieved.

At the time of our audit, OHA’s Grants Program Standard Operating Procedures (Grants SOP) manual described four funding resources that involved competitive and non-competitive processes, including:

GRANT NAME	GRANT PROCESS	DESCRIPTION
‘Ahahui Grants	Competitive	Provide support to eligible organizations hosting community events. Events are typically single occurrence events open to the larger community.
Community Grants	Competitive	Provide support for programmatic services over a two-year period, awarded through a competitive grants process.

¹ Section 10-14.55, HRS, requires the Auditor to conduct an audit of OHA at least every four years; the report was our seventh audit pursuant to this mandate.

GRANT NAME	GRANT PROCESS	DESCRIPTION
Kūlia Initiatives	Non-Competitive	Provide support for programmatic services or projects requested outside of the formal grant application process. Initiated by an OHA Trustee or the Administration, grants are awarded through a process involving administrative review and Board approval. There is no solicitation process for Kūlia Initiatives.
CEO Sponsorships	Non-Competitive	Provide support to community organizations for events or projects. Grants are awarded through an administrative review process outside of OHA's formal grant application process. There is no solicitation process for CEO Sponsorships.

OHA's 'Ahahui and Community Grants involved a solicitation process that notified the public of available grant funding opportunities and details of eligibility criteria. These grants, awarded through a competitive process, made up 35 percent of OHA's total grant spending; non-competitive grants, such as OHA's Kūlia Initiatives and CEO Sponsorships, accounted for the rest. (OHA's Kūlia Initiatives and CEO Sponsorships were awarded under a non-competitive administrative review process and were addressed in Report No. 18-03.)

In Report No. 18-08, we found that OHA did not consistently meet the statutory requirements to monitor and evaluate 'Ahahui Grants and mostly met monitoring and evaluation requirements for Community Grants.

We also found the program primarily responsible for administering grants, the Transitional Assistance Program (TAP)², followed the policies and procedures for the planning, solicitation, application, review, and recommendation phases for the 'Ahahui and Community Grants process cycles, but that a standard operating procedures manual for 'Ahahui Grants did not include steps for monitoring and evaluating grants that had been awarded. For example, we found that TAP did not track if grantees were in compliance with grant requirements or evaluate whether they were in good standing and eligible for future OHA grants.

² TAP is now known as the Grants Program.

What we found in 2021

In response to Report No. 18-08, OHA instituted specific policies and actions related to its use of ‘Ahahui Grants and Community Grants.

‘Ahahui and Community Grants

Report No. 18-08, *Audit of the Office of Hawaiian Affairs’ Competitive Grants and Report on the Implementation of 2013 Audit Recommendations*, reviewed OHA policies and actions regarding its use of ‘Ahahui and Community Grants. These types of grants are awarded through a *competitive* process, which involves a solicitation process that provides notice to the public of available grant funding opportunities and details of eligibility criteria. As reported in Report No. 18-08, the competitive grants process includes planning, solicitation, eligibility, application, review, recommendation, contracting, award processing, monitoring, reporting, closeout, and evaluation. As noted in our earlier report, state law (Section 10-17, HRS) requires OHA to monitor and evaluate every grant to ensure compliance with the purpose and intent of the grant, and to determine whether the intended results were achieved.

Following Report No. 18-08, OHA revised its Grants SOP. As part of that process, a Grant Agreement used in the awarding of ‘Ahahui and Community Grants was revised and now includes mandated performance requirements. The Grant Agreement also now includes a certification the grantee is in compliance with Section 10-17, HRS, as well as applicable federal, state, and county laws and has obtained licenses and permits required to conduct grant activities and provide grant services. OHA also revised the grant solicitations process to require that applicants sign a Board Governance Certification Form stating the organization has bylaws or policies that govern how business is conducted. The bylaws or policies must include provisions addressing conflicts of interest and the organization’s compliance with Section 10-17(c)(2), HRS. An assessment component was also added to the grant closeout process that considers the grant’s benefit to the Hawaiian community, alignment to OHA’s “vision and strategic result,” and recognition and benefits to OHA. According to OHA, assessment responses are used to determine whether an organization may receive future funding.

In 2019, OHA developed and implemented an information management system to ensure grants are monitored and evaluated consistently. OHA’s Grants Portal serves as an electronic filing system for grant solicitations, applications, awarded contracts, and grantee reporting documents; documents are tracked throughout the granting process, enabling OHA to electronically track pre-award, award, and post-award documents. The system also serves as a repository for

Definition of Terms

WE DEEM recommendations:

Implemented

where the department or agency provided sufficient and appropriate evidence to support all elements of the recommendation;

Partially Implemented

where some evidence was provided but not all elements of the recommendation were addressed;

Not Implemented

where evidence did not support meaningful movement towards implementation, and/or where no evidence was provided;

Not Implemented - N/A

where circumstances changed to make a recommendation not applicable; and

Not Implemented - Disagree

where the department or agency disagreed with the recommendation, did not intend to implement, and no further action will be reported.

‘Ahahui and Community Grants

‘Ahahui Grants are awarded to eligible organizations hosting one-time community events that are determined to align with OHA's vision and strategic plan; provide significant benefits to the Native Hawaiian community; and offer OHA public relations, recognition benefits, and community engagement opportunities.

Community Grants are for programmatic services over a two-year period, and are awarded to organizations across the state to fund projects that align with OHA's strategic priorities.

email communications and required grant documents, enabling OHA to verify the receipt of necessary documents. The system provides real time status updates that verify grant assessment and grant monitoring and that grant reports are completed and submitted as required. The portal enables OHA to generate reports for each grant on a real-time dashboard that also serves as a checklist for each grant. According to OHA, program and monitoring reports ensure that performance requirements and grant deficiencies are documented and that identified corrective actions are implemented.

The Grants Portal is accessible through the OHA Grants Program webpage on the agency's website. Activities including online grant applications, evaluations, monitoring, and reporting are available to users.

A Grants Management System Administrator manages the portal for long-term grants record-keeping and provides training on the portal to the public through meetings, presentations, and direct communication via phone, email, and in-person.

According to OHA, "Program Improvement Standard Operating Procedures" (Program SOP) as of March 2021, serve as "a general guide to the evaluation procedures for grants and other contracts, programs, and projects" funded by OHA. The document goes on to state "the purpose of Program Improvement is to provide administrative and programmatic findings and recommendations" necessary "to ensure contracts, programs, and projects are properly executed and implemented in accordance with the terms and conditions stated in the contract or grant agreement, and to identify outputs, outcomes, and impact" on both OHA and its beneficiaries. According to the procedures, evaluations include a review of all information available in a file concerning a contract and may include orientation meetings with the grantee and the performance of "exploratory analyses" to determine the feasibility of future contracts. Responsible personnel—termed "program improvement staff"—are required by OHA procedures to develop a list of contracts targeted for evaluation. They are also required to develop findings regarding whether contract outputs and outcomes are achieved, as well as develop recommendations regarding those findings. Electronic copies of the evaluation report are distributed to OHA's Grants Division and the Board. The evaluation report is also posted on OHA's website. Upon completion of a grant, it is the responsibility of OHA's Program Improvement Program (PIP) to perform grant evaluations.

Recommendations and their status

Our follow-up efforts were limited to reviewing and reporting the implementation status of our audit recommendations. We did not explore new issues or revisit old ones that did not relate to the original recommendations. The following details the audit recommendations made, and the current implementation status of each recommendation based on our review of information and documents provided by OHA, and other publicly available information.

Exhibit 1 Audit Recommendations by Status



Source: Office of the Auditor

Recommendation 1a

OHA should improve its overall administration and reporting of grants by ensuring that all grants are awarded and administered consistent with the requirements set forth in Section 10-17, HRS.

Implemented

Comments

In response to Report No. 18-08, *Audit of the Office of Hawaiian Affairs' Competitive Grants and Report on the Implementation of 2013 Audit Recommendations*, OHA's Grants Program SOP were revised to include mandated performance requirements. OHA's Grant Agreement now includes a certification the grantee is in compliance with Section 10-17, HRS, as well as applicable federal, state, and county laws and has obtained licenses and permits required to conduct grant activities and provide grant services. Additionally, OHA's grant solicitation process now requires applicants to sign a Board Governance Certification Form stating the organization has bylaws or policies that govern how business is conducted, including conflicts of interest and the organization's compliance with Section 10-17(c)(2), HRS.

Recommendation 1b

OHA should improve its overall administration and reporting of grants by developing and documenting a process to ensure a complete list of grants is properly maintained and reported. As part of this process, OHA should consider establishing a master list of all grants and reconciling TAP's grant records against the grant records of fiscal and other OHA divisions.

Implemented

Comments

Grants are now monitored and evaluated through the OHA Grants Portal.

According to OHA, it has developed and implemented an information management system that ensures grants are monitored and evaluated consistently. OHA's Grants Portal serves as an electronic filing system for grant solicitations, applications, awarded contracts, and grantee reporting documents; documents are tracked throughout the granting process, enabling OHA to electronically track pre-award, award, and post-award documents. The system also serves as a repository for

email communications and required grant documents, enabling OHA to verify the receipt of necessary documents. The system provides real time status updates that verify grant assessment and grant monitoring. Grant reports are completed and submitted as required. The portal enables OHA to generate reports for each grant on a real time dashboard that serves as a checklist for each grant. According to OHA, program and monitoring reports ensure that performance requirements and grant deficiencies are documented and that identified corrective actions are implemented. At the end of each quarter, the Grants Program staff issues reports to the Administration and other OHA divisions for their reconciliation and reporting.

The Grants Portal is accessible through the OHA Grants Program webpage on the agency's website. Activities including online grant applications, evaluations, monitoring, and reporting are available to users. OHA's Grants Management System Administrator manages the portal for long-term grants record-keeping and provides training on the portal to the public through meetings, presentations, and direct communication via phone, email, and in-person.

Recommendation 2a

OHA should improve its administration of 'Ahahui Grants by monitoring, tracking, and documenting grantees' compliance with grant agreement terms and conditions, submission of required grant documents, and achievement of applicable performance measures for use in future grant application reviews and award decisions.

Implemented

Comments

Grants SOP now include policies and procedures ensuring grants are consistently monitored and reviewed.

Information about agreement terms and conditions, required grant documents, and performance measures is housed in OHA's information management system. According to OHA, the Grants Portal also serves as a repository for email communications and required grant documents, enabling OHA to verify the receipt of necessary documents. The system provides real time status updates that verify grant assessment and grant monitoring. Grant reports are completed and submitted as required. The portal enables OHA to generate reports for each grant on a real time dashboard that serves as a checklist for each grant.

Grants SOP require staff to complete a Quarterly Grant Assessment Report that addresses whether the key activities are being completed as described in the grant and contract; whether the grantee is on track to meet outcomes; and whether there are major issues or challenges that may negatively impact project implementation. The report requires a manager's certification stating that the information in the quarterly report is true and accurate.

Recommendation 2b

OHA should improve its administration of 'Ahahui Grants by formally evaluating the information gathered from grantee final reports and OHA staff attendance reports to determine whether events met criteria and should be funded in the future.

Implemented

Comments

Grants SOP now include policies and procedures ensuring grants are consistently monitored and evaluated to determine whether 'Ahahui Grants events meet criteria and should be funded in the future. Grants SOP were revised to include, among other things, reviews of Attendance Report Forms completed by OHA staff and Final Report Forms completed by grantees to determine whether it is worthwhile for OHA to consider funding the event again in the future. OHA's Attendance Report Form is completed by staff in the close-out phase. The report now includes an assessment of the event including the event's impact and benefit to Hawaiians, OHA recognition at the event, and whether it is worthwhile for OHA to consider funding the event in the future.

Recommendation 2c

OHA should improve its administration of 'Ahahui Grants by requiring OHA personnel to attend 'Ahahui Grant-funded events to monitor and evaluate the events to ensure grants are used consistent with the purpose and intent of the grant, and achieved the expected results; and ensuring that staff reports are submitted by the established deadline.

Implemented

Comments

Grants SOP now include policies and procedures ensuring grants are consistently monitored and evaluated to determine whether 'Ahahui Grants events met criteria and should be funded in the future. The

Grants Program now coordinates the administration of ‘Ahahui Grants with OHA Community Outreach Program staff to ensure ‘Ahahui Grant-funded events are attended by OHA personnel who monitor and assess events to confirm that grants are used consistent with the purpose and intent of the grant, and that the grants have achieved expected results. OHA uses an Excel spreadsheet to identify and track the event’s attendance by OHA’s Community Outreach Program staff. Attendance Report Forms and Closeout Report Forms are required, and Grants SOP have been revised to ensure staff reports are submitted by established deadlines; specifically, two email notifications to the Grant Monitor are required - the first notification is sent seven days prior to the deadline, and the second notification is sent one day after the due date. The Grant Manager and assigned staff also receive notifications and can follow-up with OHA staff assigned to monitor the grant as needed.

Grants SOP have been revised to include, among other things, reviews of Attendance Report Forms completed by OHA staff and Final Report Forms completed by grantees. OHA’s Attendance Report Form is completed by staff in the post-award phase. The report now includes an assessment of the event, including the event’s impact and benefit to Hawaiians, OHA recognition at the event, and whether it warrants future funding.

Grants are monitored through the Grants Portal which tracks pre-award, award, and post-award documents. Program and monitoring reports help to ensure that performance requirements and grant deficiencies are documented and that identified corrective actions are implemented. The Grants Portal is accessible through the OHA Grants Program webpage on the agency’s website.

Recommendation 2d

OHA should improve its administration of ‘Ahahui Grants by clarifying and documenting the responsibilities and processes for monitoring and evaluating all ‘Ahahui Grants, and updating existing policies and procedures, as necessary.

Implemented

Comments

Grants SOP now include policies and procedures clarifying and documenting the responsibilities and processes for monitoring and evaluating all ‘Ahahui Grants. According to OHA, policies and procedures were updated as part of that process.

According to OHA, the Grants Program now administers competitive and non-competitive programs and contracts and is structured as follows:

- In accordance with OHA statutory and management directives, the Grants Program Manager directs grant policies and procedures, supervises Grants Program staff to ensure the coordination of grant programs, processes, and contracts are strategically aligned, and oversees the implementation of quality assurance function, control, and activities.
- The Lead Grants Specialist conducts and provides management oversight for desktop and on-site monitoring for program performance and grant compliance, assists the Grants Program Manager by facilitating workflow among other OHA programs, and manages Grants Program staff as assigned by the Grants Program Manager.
- The Grants Specialist plans and develops solicitations; coordinates the grant application review process, including evaluation of eligibility and other program requirements; prepares grant recommendations; drafts grant agreements; monitors contract compliance, including performance assessments, site visits, and document reviews; processes payments in accordance with grant agreement(s); and serves as the principal liaison between grantees and OHA.

‘Ahahui Grants are reviewed and approved by the CEO; Joint Committees of Beneficiary Advocacy and Empowerment, and Assets and Resource Management; and the Board.

Grants SOP revised procedures now assign the grant monitoring responsibility to Grants Program and Community Outreach staff, who coordinate to ensure OHA staff attend and monitor ‘Ahahui events. According to OHA, the purpose of grant monitoring, which consists of both desktop and on-site monitoring, is to assess the progress of the grantee’s performance and expenditures to determine if terms and conditions of the grant agreement are met; ensure that the grant is implemented in a timely manner in compliance with all grant agreement requirements; identify noncompliance with grant agreement specifications; develop and implement actions to reinforce, improve, correct, or supplement grantee performance, as appropriate; and identify technical assistance needs and provide proactive support.

Upon completion of a grant, it is the responsibility of OHA’s Program Improvement Program to perform grant evaluations. For OHA, grant evaluations are summative in nature and generally are not scheduled

until the grant has been fully disbursed and closed out. PIP reviews all information available in the file concerning the contract; performs comprehensive evaluations that may include orientation meetings and visits to the grantee offices; performs exploratory analyses to determine the feasibility of a future contract; develops a listing of contracts targeted for an evaluation; and develops findings and recommendations. A Program Improvement Manager distributes the final report to the Board and OHA's Grants Division. A copy of the report is also posted on OHA's website and is accessible by the public.

Recommendation 2e

OHA should improve its administration of 'Ahahui Grants by implementing a formal, documented system to ensure that grant files are complete and contain all necessary documents, including grantee final reports and OHA staff attendance reports, such as a checklist for each grant.

Implemented

Comments

OHA has implemented an information management system to ensure grants are monitored and evaluated consistently. The Grants Portal serves as an electronic filing system for grant solicitations, applications, awarded contracts, and grantee reporting documents; documents are tracked throughout the granting process, enabling OHA to electronically track pre-award, award, and post-award documents. The system also serves as a repository for email communications and required grant documents. The system provides real time status updates that verify grant assessments, grant monitoring, and grant reports are completed and submitted as required. The portal enables OHA to generate reports for each grant on a real-time dashboard that serves as a checklist for each grant. According to OHA, program and monitoring reports ensure that performance requirements and grant deficiencies are documented and that identified corrective actions are implemented. OHA's Grants Portal is accessible through the OHA Grants Program webpage on the agency's website.

Grants SOP were revised to include reviews of Attendance Report Forms and Final Report Forms.

Recommendation 3a

OHA should improve its administration of Community Grants by monitoring, tracking, and documenting grantees' compliance with grant agreement terms and conditions, submission of required grant documents, and achievement of applicable performance measures for use in future grant application reviews and award decisions.

Partially Implemented

Comments

Grants SOP now include policies and procedures ensuring grants are consistently monitored and evaluated. Community grants are also monitored through OHA's Grants Portal which serves as an electronic filing system for grant solicitations, applications, awarded contracts, and grantee reporting documents; documents are tracked throughout the granting process, enabling OHA to electronically track pre-award, award, and post-award documents.

Grants SOP require staff complete a Quarterly Grant Assessment Report. Staff are required to address whether key activities are being completed as described in the grant and contract, whether the grantee is on track to meet the outcomes, and whether there are major issues or challenges that are negatively impacting project implementation. The report requires a manager's certification stating that the information in the quarterly report is true and accurate.

Grants SOP were also revised to include reviews of Attendance Report Forms and Final Report Forms. OHA's Attendance Report Form is completed by staff in the close-out phase. The report now includes an assessment of the event, including the event's impact and benefit to Hawaiians, OHA's recognition at the event, and whether it is worthwhile for OHA to consider funding this event again in the future.

Community Grants are awarded for a term of two years. According to OHA, all Quarterly Reports, Grant Assessments and the grantee's Final Report Form are considered by the Grants Program Specialist when completing OHA's Closeout Report to determine the grantee's final eligibility status for future OHA grant applications. However, any Closeout Reports for Community Grants awarded in October 2019 cannot be completed until the grants end in late 2021. Because grantees and OHA have not had an opportunity to complete required reports, we deem this recommendation to be partially implemented.

Recommendation 3b

OHA should improve its administration of Community Grants by monitoring the scheduling and performance of on-site visits to ensure that visits are conducted annually, and results are communicated to grantees in a timely manner.

Implemented

Comments

Grants SOP were revised to include policies and procedures ensuring grants are consistently monitored and evaluated. According to OHA, the purpose of on-site monitoring is to provide a more in-depth review of the grantee's program and to address grant issues and concerns. It is recommended for all grants as determined by the Grants Program Manager and is required if the Grants Program Manager determines that the grant may be at risk for failure or there are discrepancies that require an on-site visit. Any area of noncompliance may be considered, including complaints by participants, grantee failure to meet performance expectations on over half of the critical performance measures without corrective action implemented, and concerns regarding expenditures that have not been addressed by the grantee.

The on-site monitoring process includes, but is not limited to, scheduling and conducting on-site visits with the grantee that include program observation, site tours, and interviews with staff and participants to determine compliance, as well as preparing a report. The report is reviewed and signed by the Grants Program Manager and sent to the grantee. The Grants Program Specialist provides technical assistance and/or corrective action assistance to support grantees' compliance with grant agreement terms and conditions.

For virtual monitoring visits, OHA includes a meeting agenda that requests a virtual tour of the grantee's facility, discussion about the grantee's compliance with grant agreement terms and conditions, and staff interviews. The Grants Program Specialist conducts weekly meetings that incorporate tracking of on-site and virtual monitoring visits.

Recommendation 3c

OHA should improve its administration of Community Grants by clarifying and documenting the responsibilities and processes for monitoring and evaluating all Community Grants, and updating existing policies and procedures, as necessary.

Implemented

Comments

Grants SOP were revised to include policies and procedures clarifying and documenting the responsibilities and processes for monitoring and evaluating all Community Grants and updating existing policies and procedures, as necessary.

Section 10-17, HRS, requires OHA to monitor and evaluate every grant to ensure compliance with the purpose and intent of the grant, and to determine whether the intended results were achieved. For OHA, grants administration includes the following functions and related procedures: planning, solicitation, application, review, recommendation, contracting, monitoring, and evaluation for each grant program.

The Grants Program administers competitive and non-competitive programs and contracts and is structured as follows:

- In accordance with OHA statutory and management directives, the Grants Program Manager directs grant policies and procedures, supervises Grants Program staff to ensure the coordination of grant programs, processes, and contracts are strategically aligned, and oversees the implementation of quality assurance function, control, and activities.
- The Lead Grants Specialist conducts and provides management oversight for desktop and on-site monitoring for program performance and grant compliance, assists the Grants Program Manager by facilitating workflow among other OHA programs, and manages Grants Program staff as assigned by the Grants Program Manager.
- The Grants Specialist plans and develops solicitations; coordinates the grant application review process, including evaluation of eligibility and other program requirements; prepares grant recommendations; drafts grant agreements; monitors contract compliance, including performance assessments, site visits, and document reviews; processes payments in accordance with grant agreement(s); and serves as the principal liaison between grantees and OHA.

Community Grants are reviewed and approved by the CEO; Joint Committees of Beneficiary Advocacy and Empowerment, and Assets Resource Management; and the Board.

Grants are monitored through the Grants Portal which tracks pre-award, award, and post-award documents.

Grants SOP have been revised and now assign the grant monitoring responsibility to Grants Program and Community Outreach staff, who coordinate to ensure OHA staff attend and monitor events. According to OHA, the purpose of grant monitoring, which consists of both desktop and on-site monitoring, is to assess the progress of the grantee's performance and expenditures to determine if terms and conditions of the grant agreement are met; ensure that the grant is implemented in a timely manner in compliance with all grant agreement requirements; identify noncompliance with grant agreement specifications; develop and implement actions to reinforce, improve, correct, or supplement grantee performance, as appropriate; and identify technical assistance needs and provide proactive support.

Upon completion of a grant, it is the responsibility of OHA's PIP to perform grant evaluations. For OHA, grant evaluations are summative in nature and generally are not scheduled until the grant has been fully disbursed and closed out. PIP reviews all information available in the file concerning the contract; performs comprehensive evaluations that may include orientation meetings and visits to the grantee offices; performs exploratory analyses to determine the feasibility of a future contract; develops a listing of contracts targeted for an evaluation; and develops findings and recommendations. The Program Improvement Manager distributes the final report to the Board and OHA's Grants Division. A copy of the report is also posted on OHA's website and is accessible by the public.

Recommendation 3d

OHA should improve its administration of Community Grants by implementing a formal, documented system to ensure that grant files are complete and contain all necessary documents, including on-site monitoring reports, such as a checklist for each grant.

Implemented

Comments

OHA has implemented an information management system to ensure grants are monitored and evaluated consistently. OHA's Grants Portal serves as an electronic filing system for grant solicitations,

applications, awarded contracts, and grantee reporting documents throughout the granting process, enabling OHA to electronically track pre-award, award, and post-award documents. The system also serves as a repository for email communications and required grant documents, enabling OHA to verify the receipt of necessary documents, and provides real time status updates that verify grant assessments, grant monitoring, and grant reports are completed and submitted as required. The portal enables OHA to generate reports for each grant on the real-time dashboard that serves as a checklist for each grant. Program and monitoring reports also ensure that performance requirements and grant deficiencies are documented and that identified corrective actions are implemented. OHA's Grants Portal is accessible through the OHA Grants Program webpage on the agency's website.