

NEIL ABERCROMBIE
GOVERNOR



KALBERT K. YOUNG
DIRECTOR

LUIS P. SALAVERIA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER
PUBLIC UTILITIES COMMISSION

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

August 12, 2013

To: Mr. Howard Todo, Vice President and Chief Financial Officer
University of Hawaii System

From: Kalbert K. Young
Director of Finance

Subject: Request for Exemption from Finance Memorandum (FM) No. 13-05

Your memorandum requesting an exemption from FM No. 13-05, New Methodology for Assignment of Appropriation Symbols for Federal Awards, dated June 28, 2013, has been reviewed.

I understand that the University of Hawaii has effectively managed federal awards as evidenced by their unqualified A-133 audits. As such, I approve your request for exemption from FM No. 13-05, contingent upon the University providing the necessary detail reports as requested by the Department of Budget and Finance.

As we will continue to refine the budget and accounting process and the overall management of the State's federal awards, I appreciate your offer to provide the technical expertise which may be necessary to develop a more effective federal awards management system. We will keep you informed of our strategic direction as this project progresses.

The University's support of this project is appreciated and we look forward to working with you and your staff.

c: Mr. Mark Anderson

Attachment



UNIVERSITY
of HAWAII
SYSTEM

Howard S. Todo
Office of the Vice President for Budget & Finance
and Chief Financial Officer

June 28, 2013

MEMORANDUM

TO: The Honorable Kalbert K. Young
Director of Finance

FROM: Howard Todo
Vice President
Chief Financial Officer

SUBJECT: REQUEST FOR EXEMPTION FROM FINANCE MEMORANDUM NO. 13-05

Pursuant to your May 28, 2013 Memorandum, our University System staff met with Budget and Finance staff to discuss the requirements of Finance Memorandum No. 13-05 vis-à-vis the University's (UOH) existing grants management system. Our Office of Research Services (ORS) presently manages federal and state reporting on all federal grants, both our formula-based grants appropriated within the state budget and our extramural, non-appropriated competitive contracts and grants. These federal contracts and grants are made directly between the UOH (recipient) and the respective federal agencies, based on OMB Circulars A-110 and A-21. OMB Circular A-110 further specifies the administrative guidelines that UOH must follow to be a direct recipient and steward of federal funds. In addition, UOH as a recipient of such federal funds is also subject to OMB Circular A-133, which requires a separate annual compliance audit independent from the State's annual financial audit.

While we understand the necessity for the State of Hawai'i to establish a consolidated system to ensure more effective accounting and reporting for federal grants, we believe that our existing grants management system, as evidenced by our unqualified A-133 audits, presently fulfills the intended requirements of FM No. 13-05. You can view these audits at the following link:
<http://www.ors.hawaii.edu/files/compliance/a133/>

Thus, as discussed in the meeting referred to above with Budget and Finance staff, we respectfully request that ALL federal grant awards to the UOH, both formula-based appropriated federal funds and extramural contracts and grants, be exempt from FM No. 13-05, and that the UOH be allowed to continue to manage and report on all federal awards using our existing system.

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REQUEST FOR EXEMPTION FROM FINANCE MEMORANDUM NO. 13-05

June 28, 2013

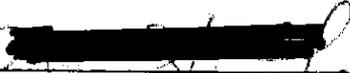
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The UOH, through our ORS, will continue to provide federal grant award reports to the State as has been our past practice. We will also continue to participate in the Grant Hui meetings, and are offering any technical assistance that we may provide to the Grant Hui based upon our years of successful management of federal awards.

We appreciate your favorable consideration of our request. Please don't hesitate to contact me at 956-8903 or via htodo@hawaii.edu if you have questions.

c: Mark Anderson

Approved / Not Approved



Kalbert K. Young
Director of Finance

Aug 13, 2013
Date