

Board of Directors Meeting

Tuesday, March 1, 2022
Virtual meeting
9:00 a.m.

Meeting
BOARD OF DIRECTORS
The Research Corporation of the University of Hawaii
Tuesday, March 1, 2022
Virtual Meeting
9:00 a.m.

A G E N D A

Public Testimony on Agenda Items

Due to the COVID-19 pandemic, this will be a virtual meeting. Written testimony will be accepted in lieu of in-person testimony and may be submitted via email to rcuhed@rcuh.com; U.S. mail to 2800 Woodlawn Drive, Suite 200, Honolulu, HI 96822; or facsimile at (808) 988-8319. All written testimony submitted are public documents and will be posted on the board's website. Individuals wishing to provide oral testimony for the virtual meeting are encouraged to register via email to rcuhed@rcuh.com no later than 7:00 a.m. on the day of the meeting to be accommodated. If you are unable to register prior to 7:00 a.m. on the day of the meeting, please call (808) 988-8314. Oral testimony will be limited to three (3) minutes per testifier. Individuals interested in observing the virtual meeting may view the livestream here: <http://hawaii.edu/itunesu/zoom/?s=rcuh>.

1. Call to Order
2. Public Comment Period (if applicable)
3. Approval of Minutes of the December 14, 2021 meeting
4. Financial Statement for January 2022
5. Report of Audit Committee:
 - a. N&K CPAs Fee Proposal for FY 2022 Audit
6. Executive Director's Report
 - a. Legislative Update
 - i. UH Executive Policy 12.207
 - b. HR Director/IT Position Recruitment
 - c. 2022-2026 Strategic Plan Update
 - i. Move to East-West Center
7. Recognition of Outgoing Board Member Michael Maberry
8. Adjournment

c: Office of the Lieutenant Governor

Individuals who require special needs accommodations may request assistance in writing to rcuhed@rcuh.com or call (808) 988-8311 three (3) business days prior to the scheduled meeting.



DRAFT Minutes
BOARD OF DIRECTORS
The Research Corporation of the University of Hawai'i
December 14, 2021
Virtual Meeting

PRESENT:

Eugene Bal, Kelli Goodin, Ken Hayashida, David Karl, Michael Maberry, Vassilis Syrmos. Excused: Diane Paloma. Absent: Joseph Pickard

RCUH Staff: Leonard Gouveia, Nelson Sakamoto, Glenn Yee, Kaylee Hull
Attorney General's Office: Reese Nakamura
Strategic Planner: Peter Adler

CALL TO ORDER:

The meeting was called to order by Chair Bal at 9:04 a.m.

PUBLIC COMMENT PERIOD (IF APPLICABLE)

No written or oral testimony was received.

APPROVAL OF MINUTES OF THE NOVEMBER 15, 2021 MEETING

Upon motion made (Maberry), seconded (Hayashida), and duly carried, the minutes of the November 15, 2021 meeting was approved as circulated.

FINANCIAL STATEMENT FOR NOVEMBER 2021

Mr. Yee presented the balance sheet for November 2021, which reflected approximately \$42.1 million in assets and \$32.5 million in liabilities, which equaled \$9.6 in retained earnings. He reminded the board that this only reflects a picture in time and that RCUH is transaction-oriented so a fluctuation of cash is typical; it depends on the timing of payments and collections of receivables and advances.

Mr. Yee reviewed the income statement, which reflects five months of activity. He stated that RCUH is slightly under-budget and correspondingly, RCUH has also spent less, resulting in a positive operating income. Mr. Yee also noted that RCUH has a number of vacancies resulting in a decrease in salaries and wages, but acknowledged that staff burnout is a concern. He highlighted that RCUH's volume of business totaled \$120 million at the end of November, which averages to approx. \$24 million of expenditures being run through RCUH each month. Lastly, Mr. Yee reviewed RCUH's cash flow statement, which reflected \$22 million in cash disbursements in November 2021.

REPORT OF AUDIT COMMITTEE

Director Hayashida served as chair for the Audit Committee and reported that the committee met with N&K CPAs in October to review and accept the audited financial statements for FY21. He noted that the auditors provided an unmodified opinion and found no significant deficiencies. Upon motion made (Maberry), seconded (Karl), and duly carried, the Board ratified the Audit Committee's acceptance of the audited financial statements for Fiscal Year 2021.

EXECUTIVE DIRECTOR'S REPORT

ED Gouveia explained that he wouldn't address all of the points in his written report to allow more time to discuss the strategic plan, but he would remark on a few items.

- COVID-19 Vaccination Plan: RCUH has been working closely with the University in developing its COVID-19 Vaccination Policy, which was released on Dec. 3, 2021. However, a few days later a federal district court issued a nationwide injunction against Executive Order 14042, which mandated vaccinations for federal contractors. This resulted in a postponement of RCUH's policy and Human Resources Director Nelson Sakamoto is working with RCUH's attorneys on a plan moving forward.
- 2017-2021 RCUH Strategic Plan: ED Gouveia noted that this would be the final report that addresses the 2017-2021 Strategic Plan, which was developed by former Executive Director Sylvia Yuen. He felt that most items of this plan have been completed, but the main carryover item is the replacement of the AS400 for the RCUH Financial System.
- Assistant Facility Security Officer: ED Gouveia announced that Director of Corporate Services Kaylee Hull has been named Assistant Facility Security Officer. He will remain as the Facility Security Officer until the role has been transitioned to another individual.
- East-West Center move: ED Gouveia reported that he met with East-West Center (EWC) staff last week to look at additional space at Burns Hall. It appears that RCUH will be able to lease out at least two more offices while it conducts an internal evaluation of its existing space. ED Gouveia hopes to present a plan at the next board meeting.

Chair Bal asked how many staff would have to move from the Manoa Innovation Center (MIC) to EWC. ED Gouveia explained that half of RCUH's core staff are at MIC, while the other half are at Burns Hall. He added that RCUH's employee count is currently on the lower end. ED Gouveia believes that being in a single location will be a tremendous asset for both RCUH staff and UH researchers. When asked about the cost of the move, ED Gouveia clarified that RCUH has looked into this issue and he believes that it will be the same or slightly under what RCUH is currently paying for both locations. He expressed that RCUH is trying to be as efficient as possible and do its part to save as much as it can.

Director Hayashida asked about the percentage of staff that is coming into the office and whether RCUH is looking into a hybrid workplace model. ED Gouveia disclosed that the plan is to move to a hybrid model, which is why space allocation is important. He shared that UH has been working hard on its own telework policy and that RCUH will try to be in sync with the University's policy. ED Gouveia estimated that 6-10 employees (out of 40) may be able to work remotely, but noted that number could change. He expressed that this policy is complicated and there are a lot of issues to address, but this could be an opportunity for cost savings. However, ED Gouveia emphasized that it is important to not lose focus on the services that RCUH provides to researchers.

Director Karl broached the topic of annual salary adjustments for RCUH's core staff. Given the number of open positions and potential cost savings with the new lease, he asked whether there would be any possibility of a mid-year bonus for the core staff. Director Karl noted that the quality of service could be impacted by staff morale, which must be at a low-point given the lack of salary adjustments for the past three years.

ED Gouveia shared that he was proud of RCUH's core staff for doing more with less, but acknowledged that the rest of the state is experiencing the same hardships. He is concerned about raising issues of inequality if he were to allow raises for RCUH core staff. ED Gouveia also acknowledged that there is a difference from project staff, who are funded by federal awards, and does not feel it would be appropriate to distribute raises at this time in the midst of a hiring freeze.

Director Syrmos thanked ED Gouveia for his leadership on this difficult subject and concurred with his decision. He suggested that RCUH core staff are basically paid from Research Training and Revolving Funds (through the UH management fee) and that it would be unfair if UH employees paid out of RTRF do not receive an increase, while RCUH employees did.

ED Gouveia conveyed that he understands the difficulty since there has been an increase in federal funding and more work with less people. He noted his appreciation for the core staff and declared that we are currently in the process of change, which was the professional development topic at RCUH's October core staff meeting. Chair Bal thanked Director Karl for bringing up this initiative, but he thinks this is representative of RCUH's aim in the new strategic plan, which is to become more tightly integrated with the University.

2022-2026 STRATEGIC PLAN REVIEW AND RATIFICATION

Mr. Adler explained that the goal of the meeting is to bring the plan to adoption and congratulated RCUH's leadership and board for their hard work. He pointed out that this draft incorporates notes from the last board meeting, and includes some consolidations and elaborations. Mr. Adler also applauded RCUH's formatting of the strategic plan, which he uses as a model for other agencies and businesses. He praised the board for actively monitoring the progress of its strategic plan at its quarterly board meetings and noted that this is an amendable living document.

Chair Bal asked the directors whether they felt their personal review has been satisfied. ED Gouveia explained that the 2022 Annual Plan at the end of the document lists the objectives RCUH plans to focus on in the next year. He ensured the Board of Directors that RCUH will keep them informed and have open discussions on issues.

Upon motion made (Hayashida), seconded (Maberry), and duly carried, the board accepted the 2022-2026 RCUH Strategic Plan. ED Gouveia thanked the board and staff for their hard work and noted that the plan incorporates feedback and suggestions from the field so that RCUH can improve its services.

ADJOURNMENT

The meeting adjourned at 9:46 p.m.

Kaylee Hull
Executive Administrator

NOTE: Unless otherwise noted in minutes, all motions were passed unanimously.

**RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
BALANCE SHEETS
JANUARY 31, 2022 and 2021**

ASSETS	<u>2022</u>	<u>2021</u>
CASH AND CASH EQUIVALENTS	\$ 22,093,658	\$ 13,370,669
RESTRICTED CASH (RETIREE MEDICAL AND LIFE INSURANCE)	1,700,000	1,700,000
TIME CERTIFICATES OF DEPOSIT	13,072,329	12,274,718
SHORT TERM INVESTMENT	2,991,552	3,000,000
RECEIVABLES	-	-
PREPAID EXPENSES	<u>97,828</u>	<u>376,052</u>
TOTAL CURRENT ASSETS	<u>39,955,367</u>	<u>30,721,439</u>
FIXED ASSETS (Less accumulated depreciation of \$7,363,619 and \$6,483,660 for FY 2022 and FY 2021, respectively)	<u>2,385,381</u>	<u>3,077,926</u>
TOTAL ASSETS	<u>\$ 42,340,748</u>	<u>\$ 33,799,365</u>
LIABILITIES AND RETAINED EARNINGS		
LIABILITIES:		
ACCOUNTS PAYABLE	\$ 214,231	\$ 262,544
ACCRUED EXPENSES AND PAYROLL TAXES WITHHELD	2,662,953	2,427,724
ADVANCES		
UNIVERSITY OF HAWAII, NET	16,142,062	10,695,951
OTHER SPONSORING AGENCIES, NET	4,249,516	2,325,534
WORKER'S COMPENSATION RESERVE	2,774,849	2,835,748
UNEMPLOYMENT RESERVE	1,745,475	1,002,556
VACATION PAY OUT RESERVE	<u>406,851</u>	<u>521,412</u>
TOTAL CURRENT LIABILITIES	<u>28,195,937</u>	<u>20,071,469</u>
ACCRUED SUPPLEMENTAL RETIREMENT BENEFITS	1,909,689	1,637,982
RETIREE MEDICAL AND LIFE INSURANCE BENEFITS	<u>2,582,805</u>	<u>2,607,709</u>
TOTAL LIABILITIES	<u>32,688,431</u>	<u>24,317,160</u>
RETAINED EARNINGS:		
INVESTED IN CAPITAL ASSETS	2,385,381	3,077,926
DESIGNATED FOR:		
WORKING CAPITAL	6,190,607	5,329,561
PROJECT CONTINGENT LIABILITIES RESERVE	<u>1,076,329</u>	<u>1,074,718</u>
TOTAL RETAINED EARNINGS	<u>9,652,317</u>	<u>9,482,205</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>\$ 42,340,748</u>	<u>\$ 33,799,365</u>

NOTES:

- 1) This balance sheet does not include accruals for liabilities related to project expenditures.
- 2) Outstanding purchase orders totaled \$56,990,965 and \$47,915,659 at January 31, 2022 and 2021, respectively.

RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE PERIOD ENDED JANUARY 31, 2022 and 2021

	FYE 6/30/22 BUDGET	YTD ACTUAL	% OF BUDGET	YTD LAST YEAR
REVENUES:				
UNIVERSITY OF HAWAII	\$ 7,058,000	\$ 3,661,195	51.9%	\$ 3,850,240
OTHER SPONSORING AGENCIES	596,725	498,758	83.6%	331,064
INTEREST AND OTHER INCOME	176,440	77,379	43.9%	124,763
TOTAL OPERATING REVENUES	7,831,165	4,237,332	54.1%	4,306,067
OPERATING EXPENSES:				
SALARIES & WAGES	3,744,739	1,747,835	46.7%	1,966,066
FRINGE BENEFITS	999,623	450,270	45.0%	492,099
INFO TECH SERVICES	452,051	191,797	42.4%	262,535
HUMAN RES./PAYROLL SYSTEM	629,323	327,996	52.1%	326,668
SUPPLIES	96,200	36,421	37.9%	24,475
TRAVEL	8,500	-	0.0%	-
CPA SERVICES	47,120	47,120	100.0%	47,120
UTILITIES	20,880	8,129	38.9%	7,237
RENTAL - SPACE/EQUIP/OTHER	322,500	172,082	53.4%	174,770
REPAIRS & MAINTENANCE	500	-	0.0%	-
BANK FEES	24,000	14,055	58.6%	13,864
TRANSPORTATION	500	-	0.0%	-
BOARD OF DIRECTORS MEETINGS	7,000	-	0.0%	8
INSURANCE	493,420	315,164	63.9%	252,854
PROFESSIONAL/TECHNICAL SUPPORT	179,272	107,739	60.1%	76,253
DISCRETIONARY FUND	10,000	952	9.5%	1,634
STAFF DEVELOPMENT	5,350	8,127	151.9%	718
TRAINING MATERIAL DEVELOPMENT	80,000	45,213	56.5%	6,927
RETIREE MEDICAL AND LIFE INS BENEFITS	-	-	0.0%	-
TUITION SUPPORT	37,500	24,571	65.5%	36,770
UH RESEARCH AWARDS	16,500	-	0.0%	-
OTHER	106,600	47,437	44.5%	57,162
DEPRECIATION EXPENSE	855,000	498,750	58.3%	492,100
CLAIMS & SETTLEMENTS	-	22,080	0.0%	-
PROJ OVERRUNS & DISALLOWANCE	-	-	0.0%	189
TOTAL OPERATING EXPENSES	8,136,578	4,065,738	50.0%	4,239,449
OPERATING INCOME (LOSS)	\$ (305,413)	\$ 171,594		\$ 66,618
INVESTMENT IN CAPITAL ASSETS				
FIXED ASSETS	-	-		-
IT SYSTEM DEV - INFO TECH SERVICES	750,000	-		183,246
IT SYSTEM DEV - HR/PAYROLL SYSTEM	268,953	53,309		126,629
TOTAL INVESTMENT IN CAPITAL ASSETS	\$ 1,018,953	\$ 53,309		\$ 309,875

**RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
RETAINED EARNINGS (NET ASSETS)
JANUARY 31, 2022**

CHANGES IN RETAINED EARNINGS

	INVESTED IN CAPITAL ASSETS	WORKING CAPITAL	PROJ CONTING LIABILITIES	TOTAL OPER FUND BALANCE
BEGINNING BALANCE	\$ 2,830,822	\$ 5,573,572	\$ 1,076,329	\$ 9,480,723
OPERATING INCOME	(498,750)	670,344	-	171,594
INVESTMENT IN CAPITAL ASSETS	53,309	(53,309)	-	-
ENDING BALANCE	<u>\$ 2,385,381</u>	<u>\$ 6,190,607</u>	<u>\$ 1,076,329</u>	<u>\$ 9,652,317</u>

VOLUME OF BUSINESS

	FY 2022	FY2021
UH PROJECTS		
EXTRAMURAL	\$ 129,972,833	\$ 124,769,428
INTRAMURAL (GRS)	8,328,393	8,677,611
REVOLVING & SSF	17,131,006	15,799,096
DIRECT PROJECTS		
FEDERAL	219,700	215,260
NON-FEDERAL	13,647,800	8,074,374
	<u>\$ 169,299,732</u>	<u>\$ 157,535,769</u>

UH EXTRAMURAL AWARDS

(obtained from UH Office of Research Services)

	FY 2022	FY 2021	VARIANCE	% VARIANCE
Fiscal Year to Date (Jul 01 to Jan 31)	\$ 337,404,136	\$ 315,945,676	21,458,460	6.8%
12 month period (Feb 01 to Jan 31)	506,638,186	495,022,432	11,615,754	2.3%
3 month period (Nov 01 to Jan 31)	90,693,857	69,633,935	21,059,922	30.2%

**RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED JANUARY 31, 2022 and 2021**

	CURRENT MONTH	FY 2022 YEAR-TO-DATE	FY 2021 YEAR-TO-DATE
BEGINNING CASH BALANCE	\$ 19,229,373	\$ 21,749,404	\$ 14,518,614
Receipts:			
UH Projects	24,579,099	134,955,368	132,588,214
Direct Projects	475,189	14,888,284	7,842,511
Revolving Funds and Other	1,125,297	8,570,650	7,739,632
UH Management Fee	-	1,321,645	1,933,193
	<u>26,179,585</u>	<u>159,735,947</u>	<u>150,103,550</u>
TCD Redemption	-	4,750,000	7,650,000
Total Receipts	<u>26,179,585</u>	<u>164,485,947</u>	<u>157,753,550</u>
Disbursements:			
Vendors	11,366,699	74,563,429	64,521,756
UH Payroll Clearing	217,722	1,477,570	1,716,619
Salaries & Wages	6,614,881	48,303,998	47,558,415
Payroll taxes	2,866,510	20,503,974	20,051,668
TIAA-CREF	1,074,457	7,262,250	7,040,396
HMSA/Kaiser/HDS	1,192,371	8,235,432	8,100,571
TCD Purchase	-	3,796,000	6,900,000
Short Term Investment Purchase	-	-	3,000,000
Other	-	-	-
	<u>23,332,640</u>	<u>164,142,653</u>	<u>158,889,425</u>
Total Disbursements	<u>23,332,640</u>	<u>164,142,653</u>	<u>158,889,425</u>
Increase(Decrease):			
Petty Cash Balances	(500)	(2,650)	100
Bank of Hawaii (PR)	-	-	(12,170)
Savings - TCD	-	-	-
Retricted Cash - Retiree Health Ben	-	-	-
Other	17,840	3,610	-
	<u>17,340</u>	<u>960</u>	<u>(12,070)</u>
ENDING CASH BALANCE	<u>\$ 22,093,658</u>	<u>\$ 22,093,658</u>	<u>\$ 13,370,669</u>

NOTES:

This statement of cash flow does not include transactions for revolving accounts or specialized service facilities which are processed by journal entry transactions.

February 7, 2022

Mr. Glenn Yee
Director of Finance
Research Corporation of the University of Hawaii
Submitted via e-mail to
GYee@rcuh.com

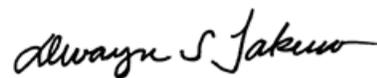
Thank you for giving us the opportunity to express our interest in continuing to provide professional audit services for the Research Corporation of the University of Hawaii (Corporation). We understand the services requested include the audit of the financial statements and schedule of management fees of the Corporation as of and for the year ended June 30, 2022. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Based on our discussions, our proposed fees are estimated to be \$46,800.

We have also enclosed the external peer review report of N&K CPAs, Inc. for the year ended June 30, 2020.

We would be pleased to meet with you to answer any questions you may have. We hope to have the opportunity to continue to work with you.

Sincerely,

N&K CPAs, Inc.



Dwayne S. Takeno
Principal

Enclosure: External Peer Review Report of N&K CPAs, Inc.

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

December 2, 2020

To the Shareholders of N&K CPAs, Inc.
and the Peer Review Committee of the Oregon Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of N&K CPAs, Inc. (the firm) in effect for the year ended June 30, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included audits performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and audits of employee benefit plans

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of N&K CPAs, Inc. in effect for the year ended June 30, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. N&K CPAs, Inc. has received a peer review rating of *pass*.

FRANKEL ZACHARIA LLC

Frankel Zacharia, LLC



RCUH BOARD OF DIRECTORS MEETING – MARCH 1, 2022 EXECUTIVE DIRECTOR'S REPORT

This report presents programmatic updates and summarizes RCUH's major initiatives since the Board's December 14, 2021 meeting. It begins with updates, followed by a status report of the actions taken toward RCUH's 2022-2026 Strategic Plan.

UPDATES

Legislative Update

There has been significant activity this legislative session with two bills that would alter RCUH's statute and impact its operations. RCUH has submitted written and oral testimony in opposition to [SB2304](#) and [SB3267](#) but both bills have passed the Senate Higher Education Committee with amendments, despite receiving opposition from researchers and administrators. As of February 22, 2022, SB2304 was scheduled for a hearing and SB3267 was recommended to be passed with amendments by the Senate Ways and Means (WAM) Committee.

RCUH continues to oppose both bills because we do not feel that the proposed changes are appropriate or necessary at this time. RCUH and UH have already addressed many of these concerns in the UH Task Force Report, which was submitted prior to the start of the 2022 legislative session. The task force report includes numerous recommendations that both parties had planned to address prior to these proposed bills. These bills also include ambiguous language and will create additional layers of bureaucracy for extramural research projects, which has continued to be a bright spot for the University. For these reasons, RCUH will continue to oppose the passing of these bills and will apprise the Board of Directors throughout the legislative session.

On February 18, 2022, Senator Donna Mercado Kim's office sent a letter to Regent Benjamin Kudo who chairs the UH Board of Regents Committee on Independent Audit. In the letter (see Attachment A) Senator Kim requested that the Internal Auditor conduct an audit of all revolving accounts managed by the Research Corporation of the University of Hawai'i. Since an operational audit is part of RCUH's strategic plan ([see Goal 3](#)), RCUH does not oppose this effort and is working with UH to evaluate the use of UH's Internal Auditor to conduct a comprehensive audit of RCUH's operations in order to identify efficiencies and improvements between the two entities.

On a related note, the University of Hawai'i released [Executive Policy 12.207](#) on February 13, 2022, to address several issues that concerned legislators. This new policy was retroactively effective January 2022 and is scheduled for a three-year review cycle. The UH policy effectively dismantled RCUH's Dual Employment Policy, and its effects on RCUH's Revolving accounts are still to be determined. RCUH is currently reviewing its policies that are affected by EP 12.207, and will revise for consistency.

Recruitment for Director of Human Resources

After 30 years of service with RCUH, Director of Human Resources Nelson Sakamoto announced his plans to retire by the end of this fiscal year. Upon receiving this notice, the RCUH Leadership Team secured the services of an executive recruiter to assist with finding a successor. The job position was posted on RCUH's website on February 4, 2022 and will remain open until March 4, 2022. The recruiter has received a high amount of interest in the position. The timeline to onboard a new Human Resources Director will be mid-to late April.

ACTIONS TAKEN TOWARD GOAL ACHIEVEMENT RCUH 2022 – 2026 STRATEGIC PLAN

Goal 1. Evaluate and implement recommendations from the RCUH Task Force.

- **Update the UH/RCUH Internal Agreement.** Initial discussions have started with the UH. However, progress has been complicated and slowed by current legislative bills and recent UH Executive Policy changes that are expected to impact revolving accounts and extramural projects service ordered to RCUH. Completion of negotiations by the targeted date of April 30, 2022 will likely need to be delayed. Discussion and evaluation with President Lassner is ongoing.
- **Collaborate with UH in an effort to minimize IT costs.**
 - **Collaborate with UH IT on solicitation and implementation of MFA system.** After multiple discussions with UH VPIT/CIO Garret Yoshimi, it was determined that RCUH could not be added onto UH's existing DUO agreement for Multi-Factor Authentication (MFA) without significant increased cost to UH. Once this was determined, RCUH proceeded to secure software that would allow DUO to be incorporated into PeopleSoft for the Human Resources Portal and Employee Self-Service. Current discussions are underway to determine an implementation and rollout plan for the HR Portal, Financial Portal, Training Portal, and Outlook webmail.
 - **Miscellaneous – Joint IT personnel for RCUH.** RCUH lacks an IT Administrator to provide strategic guidance and manage the RCUH IT systems. Preliminary discussions have been made with UH IT for consideration of an arrangement of some sort with an effort to decrease RCUH's IT costs and increase coordination and consistency with UH policies by having a full-time person at RCUH's direction, but use UH's help to supplement and help guide/mentor that person.

Goal 2. Clarify RCUH's identity with UH and the State.

- **Ensure stakeholders understand RCUH's role and limitations.**
 - **Develop marketing strategy, materials for outreach purposes.** The "Introduction to RCUH" presentation that was shared at the October 25, 2021 Board of Directors meeting has been updated with Fiscal Year 2021 data and published on RCUH's website. The 32-page PDF includes hyperlinks to additional information and resources, and provides a more comprehensive look at RCUH's operations as a whole. RCUH Leadership anticipates using this presentation to introduce RCUH to potential stakeholders and to onboard new board members and core staff.

RCUH's 2021 Annual Report is currently available at www.rcuh.com and a limited number was printed and distributed to the Top 100 Principal Investigators in FY 21, as well as select UH administrators and legislative committees. The report highlights RCUH's work over the calendar year, and provides human resources and financial data for the fiscal year ending June 30, 2021. This year RCUH spotlighted three (3) projects—the UH John A. Burns School of Medicine SimTiki Simulation Center, the UH School of Ocean and Earth Science and Technology ALOHA Cabled Observatory, and the Hawai'i Small Business Development Center.

Goal 3. Reform RCUH's Internal Operations.

- **Identify and implement efficiencies in RCUH's operations.**
 - **Evaluate internal procedures and streamline for efficiencies.** RCUH revised [Policy 2.203 Vendor Terms and Conditions](#) to match UH's policy, which essentially allows UH PIs and FAs to approve certain terms and conditions for purchases below \$25,000. This should allow for more efficiency in RCUH's operations and less administrative burden for researchers. Other changes are also under consideration and evaluation.
 - **Establish a single physical location for core staff.** In January 2022, RCUH conducted an anonymous survey for core staff to assess their interest in telework. Approximately 73% of respondents affirmed their interest in working remotely post-pandemic, while 18% expressed no interest and 9% were unsure. The majority of those interested indicated a preference to telework 2-3 days per week. Staff also shared their concerns, anticipated challenges, and estimated productivity levels if they were to work remotely. RCUH Leadership is currently evaluating a draft of the RCUH Telework Policy which is aligned with UH's policy and guidelines. In the meantime, RCUH has reviewed its current square footage at Burns Hall and secured a total of four additional offices on the fourth floor, which is expected to be enough space to accommodate all of RCUH's core staff with a significant reduction in rental costs.

Goal 4. Increase engagement and outreach to clients.

- **Strengthen relationships with PIs, FAs, and Project Staff.**
 - **Miscellaneous – Service awards.** RCUH recognizes employees for their continuous, long and dedicated service beginning at 10 years and every five years thereafter. Each recipient receives a certificate and a small monetary award. This year we recognized 113 employees, including a UH Cancer Center employee with 40 years of service and three (3) RCUH core staff members. More than a dozen principal investigators chose to personally recognize their employees. One employee wrote, "...thank you, and the broader RCUH organization for this acknowledgment. It has been an honor and a privilege to be associated with RCUH..."
- **Improve external communications to projects.**
 - **Conduct annual forum on research-related topics.** Extramural funding continues to increase at the UH and much of it is being led by senior researchers across UH campuses. In the 2022 virtual forum, we want to explore passing the baton, or sharing the keys to success with the next generation of researchers. Presenters and a date are still being confirmed.

Other Items of Interest:

- **New Direct Projects.** RCUH has accepted the State of Hawai'i Department of Health - Development Disabilities Division Project. RCUH will be providing HR and fiscal administrative support to support training and startup of new services, the development of a training and certification framework for workforce development of Direct Support Professionals (DSPs), training to develop positive approaches for individuals with challenging behaviors, and research analytics for critical incident response and continuous quality improvement. The project will provide dedicated project coordination and program costs for specific ARPA initiatives, and a

research/evaluation position in order to support successful implementation and promote sustainable impacts of key activities in the ARPA Spending Plan. The estimated total budget for the project is \$3.1 million.



The Senate

STATE CAPITOL
HONOLULU, HAWAII 96813

February 17, 2022

Mr. Ben Kudo
University of Hawaii Board of Regents
Chair, Committee on Independent Audit
2444 Dole Street
Bachman Hall, Room 209
Honolulu, HI 96822

Dear Chair Kudo:

In your capacity as Chair of the Committee on Independent Audit of the Board of Regents (BOR), I am requesting an audit to be done by the Internal Auditor for all revolving accounts managed by the Research Corporation of the University of Hawaii (RCUH).

As you know, revolving accounts are University of Hawaii (UH) accounts that are self-sustaining, income-generating projects established for the purpose of supporting a Specialized Service Facility, a Recharge Center, or Other Sales and Service activities. Revolving accounts should relate to and promote the non-profit research and training mission of UH and cannot be used to generate profit. The use of revolving accounts to manage extramurally funded awards is strictly prohibited. The establishment and management of revolving accounts must comply with UH Administrative Procedure (AP) 12.204 Revolving Account Service Orders to RCUH and applicable UH policies.

The reason behind requesting such an audit is based on information that was provided to my office by RCUH via a memorandum dated September 24, 2021 in which RCUH provided a list of revolving accounts as of June 30, 2021. I was concerned to find that many of the accounts were not following AP 12.204, and I questioned the RCUH Executive Director about this issue various times - a joint WAM-HRE informational briefing in August 2021, a budget briefing in January 2022, and an HRE hearing this month.

I implore you, as the BOR Independent Audit Chair, to look into this matter, include this topic as an agenda item at your next committee meeting, and take the necessary steps and action to initiate an audit by the Internal Auditor.

February 17, 2022
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I would appreciate a response to this request and any action you intend or not intend to take prior to your committee's next scheduled meeting.

Sincerely,

A handwritten signature in black ink, appearing to read 'Donna Mercado Kim', with a stylized, cursive script.

Donna Mercado Kim
Chair, Senate Committee on Higher Education

cc: Mr. Randolph Moore, Chair, BOR
Mr. Eugene Bal III, Chair, RCUH
Mr. Leonard Gouveia, Executive Director, RCUH