

**NATIONAL PARK SERVICE
HISTORIC PRESERVATION FUND
CORRECTIVE ACTION PLAN
For the
STATE OF HAWAII
STATE HISTORIC PRESERVATION DIVISION

FINAL REPORT & RECOMMENDATIONS
MAY 2013**

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EXECUTIVE SUMMARY

In July 2009, the National Park Service (NPS) conducted a technical site visit and evaluation of the Hawaii State Historic Preservation Division (SHPD), in accordance with the National Historic Preservation Act (the Act), as amended, 36 CFR 61.4, 43 CFR 12.83, and the Historic Preservation Fund Grant Manual, Chapter 1.F, which requires the NPS to conduct periodic program audits to ensure that State Historic Preservation Offices meet applicable accountability standards and that major aspects of the State's program are consistent with the mandates of the Act. The scope of the National Park Service review was limited to the Federal historic preservation program areas that are defined in Section 101.B.3 of the National Historic Preservation Act and funded by the National Park Service through an annual grant from the Historic Preservation Fund.

A pattern of several years of recurrent problems with SHPD's performance in conducting the federally mandated HPF activities made the site visit necessary.

- In December 2002, the Hawaii State Auditor issued a report following its audit of the Hawaii Department of Land and Natural Resources, including the SHPD, identifying mismanagement resulting in significant programmatic and financial risks for NPS-funded grant activities.
- In 2004, the Department of Interior Office of Inspector General (OIG) investigated the NPS oversight of HPF-funded activities in Hawaii, concluding that NPS had not taken sufficient steps to monitor the SHPD's correction of problems identified in the State audit.
- In October 2007, the OIG again reviewed the NPS oversight of the SHPD, and concluding that several of the corrective actions recommended in the 2002 audit report had not been implemented, impacting the SHPD's administration of Federally-mandated historic preservation responsibilities.

In response, NPS compiled a list of items for SHPD to submit to NPS to document compliance with the State Audit's recommendations. Between 2007 and 2009, NPS staff provided technical assistance to SHPD, both in Hawaii and from its Washington, DC offices to help in meeting the HPF program requirements. Because the SHPD continued to demonstrate problems meeting basic requirements of the HPF, NPS assembled a team of historic preservation and grants management professionals to visit the SHPD offices and evaluate its compliance, and to create a technical assistance plan for the office.

In the July 2009 site review, the NPS team determined that significant operational problems in several of the non-discretionary Federally-mandated HPF activities remained, including Survey and Inventory, Review and Compliance, National Register of Historic Places, Certified Local Government administration, and Historic Preservation Planning. These problems impacted SHPD operations, preventing the responsibilities delegated to States under the National Historic Preservation Act from being successfully fulfilled in Hawaii. In March 2010 the NPS generated a report following this site visit, designating the SHPD a "high-risk grantee" and developing a corrective action plan for the SHPD to implement in order to remain an approved State Historic Preservation Office (SHPO) as defined in the National Historic Preservation Act, and to continue to receive grant assistance from NPS through the Historic Preservation Fund (HPF).

The report compiled a series of corrective actions that spanned a 2-year time period. Implementation of these corrective actions identified a methodology to correct the problems identified in March 2010. The report included a timeline for these corrective actions, with detailed milestones. Failure to meet the

milestones would result in the suspension of Hawaii's HPF grant until SHPD proved to the NPS the office capable of executing mandatory legal responsibilities under the HPF grant. At the time, the NPS determined that the most critical deficiencies remained in the HPF program areas Survey and Inventory and Review and Compliance as well as administration.

The NPS established a position in the NPS Pacific West Region, Honolulu, (PWRH) for a period of two years, to provide oversight of this corrective action plan. The oversight extended to all Federally-mandated activities, and specifically reviewed all Section 106 determinations to ensure that the appropriate professionally qualified staff conducted reviews. This position, funded through the National Conference of State Historic Preservation Officers (NCSHPO) also monitored HPF funds to track them in accordance with grant administration guidelines.

The NPS sent a SHPD CAP review team to Honolulu in March 2012 to conduct a mid-process assessment of the SHPD corrective action plan. NPS noted at the conclusion of the mid-process review that the SHPD made positive progress across several of the key program areas including Certified Local Governments, Federal Historic Preservation Tax Credit Incentives, National Register nominations, as well as limited improvements in operational issues within the SHPD Kapolei office related to records, files and library materials. However, the team also noted that the Survey and Inventory program, critical to all of the SHPD operations, made little progress. Recruitment and retention of qualified staff remained an issue, as well as internal and external communication to address all aspects of the CAP.

In addition, the NPS provided technical assistance through the placement of two additional program staff starting in April 2011 (Ms. Deidre McCarthy for the CR-GIS program and Ms. Tanya Gossett to provide oversight of the statewide historic preservation plan). SHPD submitted two progress reports to the NPS in November 2012 and February 2013 which were both determined inadequate by the NPS. The review team returned in April 2013 for a final program review to determine completion of the high risk status mandated corrective actions and provide recommendations towards the next steps.

SUMMARY CAP FINDINGS

This report represents the status of the SHPD CAP elements including the two year program, and the additional period from October 1, 2012 through April 2013 when the final review and assessment was conducted. The NPS finds that SHPD successfully completed several CAP elements, specifically the Statewide Historic Preservation Plan, however many CAP elements remain to be accomplished or addressed at all. In spite of the sustained technical assistance and overview provided by the NPS to guide the SHPD, we find, to date, that continuing unresolved issues and uncertainty remain regarding whether the SHPD will sustain the limited improvements made over the last two years and continue to stabilize and improve the SHPD program and its operational capacity under the leadership of the current Administrator; the issue of exempt staff and no civil service positions in the professional staff and the lack of fiscal accountability and reporting remain serious concerns.

The SHPD remains on high risk status and the NPS will develop further guidance through a new Corrective Action Plan (CAP-2) to be implemented following the release of this final report and extending through June 30, 2014. The second CAP will not include the same level of NPS daily involvement, but will provide more structured supervision to encourage completion of the mandated actions. Upon the conclusion of the second CAP period, NPS will provide guidance to help sustain improvements made. If SHPD makes no further progress toward meeting the mandated actions, the NPS will suspend all or a portion of the HPF grant assistance and redirect that funding to activities that will ensure satisfaction of the mandated actions. **See the Corrective Action Plan (2) document attached for specific required actions.**

CAP 1 Mandated Action/Recommendation	CAP 1 Final Technical Review Finding
MCA-SI-1: Develop procedural steps for survey	Not achieved or completed
MCA-SI-2: Establish and maintain a current and accessible statewide inventory	Partially achieved but not completed
MCA-SI-3: Archival specialist	Not achieved or completed
Rec-SI-1: Trained staff	Not attempted or completed
Rec-SI-2: Standard survey forms	Attempted but not completed
Rec-SI-3: Preservation of existing data	Attempted but not completed
Rec-SI-4: Partnerships to implement inventory	Attempted but not completed
Rec-SI-5: DocuShare	Attempted but not completed
MCA-RC-1: Coordinated staff reviews	Partially achieved but not completed
MCA-RC-2: Develop procedures for review and compliance	Partially achieved but not completed
Components: a, c, d, f, j	Partially achieved but not completed
Components: b, e	Not achieved or completed
Components: f(1), f(2), g, h	Achieved and completed
Components: i	Unable to determine
MCA-RC-3: Professionally qualified staff	Partially achieved but not completed
Components: a	Partially achieved but not completed
Components: d	Not achieved or completed
Components: c	Achieved and completed
Components: b	Unable to determine
MCA-RC-4: Staff training	Partially achieved but not completed
Components: a, b	Partially achieved but not completed

Rec-RC-1: Technical Assistance	Not attempted or completed
Rec-RC-2: SHPD work with ACHP to identify Section 106 alternatives	Attempted but not completed
Rec-RC-3: Reach out to stakeholders	Unable to determine
MCA-NR-1: Documented review procedures	Achieved and completed
MCA-NR-2: National Register tracking logs	Partially achieved but not completed
MCA-NR-3: Initiate annual training for State Review Board	Achieved and completed
Rec-NR-1: Integrate National Register data with complimentary program areas	Not attempted or completed
Rec-NR-2: Promotion of National Register program	Attempted but not completed
Rec-NR-3: National Register training	Not attempted or completed
Rec-NR-4: Encourage listing of Native Hawaiian and archaeological resources	Attempted but not completed
MCA-CLG-1: Follow existing Hawaii CLG procedures manual and notify CLGs about annual evaluations	Achieved and completed
Rec-CLG-1: Support County of Hawaii to be CLG	Attempted but not completed
Rec-CLG-2: Revise and update CLG procedures	Partially achieved but not completed
Rec-CLG-3: Ensure work meets SOI standards	Attempted and completed
MCA-PP-1: Postpone plan revision activities	Fully achieved and completed
MCA-PP-2: Develop and follow a plan revision process	Fully achieved and completed
MCA-PP-3: Provide roles for SHPD, HPRB, and island Burial Councils in plan revision effort	Fully achieved and completed
MCA-PP-4: Provide role for Native Hawaiian Organizations in plan revision effort	Fully achieved and completed
MCA-PP-5: Provide public and stakeholder participation in the plan revision effort	Fully achieved and completed
MCA-PP-6: Submit draft state plan to NPS for review and approval	Fully achieved and completed
Rec-PP-1: Seek plan revision guidance from other SHPOs	Fully achieved and completed
Rec-PP-2: Seek other sources of personnel and funding to support plan revision	Fully achieved and completed

BACKGROUND

The National Historic Preservation Act of 1966 (as amended), (NHPA), directs the Secretary of the Interior acting through the NPS director, to issue regulations governing the SHPOs as well as fund and administer an adequate program, including matching grants to states to carry out the mandates of the NHPA.

HPF grant funds are awarded annually to the Hawaii SHPD and are matched with State of Hawaii funding. In FY11 the HPF grant awarded to the Hawaii SHPD was \$570,695; in FY12 it was \$574,945.

Fiscal Year	HPF Grant Amount	CLG Grant Amount	Notes	State Match (40%)
FY09	\$538,629	\$53,863		\$359,086
FY10	\$571,458	\$57,145		\$380,972
FY11	\$570,695	\$57,070		\$380,463
FY12	\$574,945	\$57,495	CLG Pending approval	\$383,297
FY13 (partial 48%)	\$554,874	\$55,487	Approval Pending	\$369,916
	\$2,810,601	\$281,060		\$1,873,734

By accepting the annual HPF grant award, SHPOs agree to comply with a variety of activities mandated by the National Historic Preservation Act. These program areas include review and compliance; survey and inventory, the Certified Local Government program, National Register of Historic Places, public consultation and education, certification of Federal historic preservation tax incentives, and preservation planning.

SHPOs are required to document that grant-assisted work meets the Secretary's standards and other requirements outlined in the *Historic Preservation Fund Grants Manual*. Failure by the Hawaii SHPD over a long period of time to provide adequate documentation, program compliance, fiscal management and accountability, and significant community expressions of concern through publicity, the Legislature and other methods led to the July 2009 NPS Technical Site Visit and evaluation of the Hawaii SHPD.

During federal fiscal years FY11 and FY12, approximately \$575K was provided each year to the Hawaii SHPD through the Historic Preservation Fund Grant Program (HPF), administered by the NPS and matched 60% federal/40% state with additional State funding. During the last two years, there was approximately \$1.9 M (Federal and State appropriations) available for the operation and execution of the Hawaii SHPD programs including personnel, operations, grants, equipment and infrastructure.

The Corrective Action Plan (CAP-1) established by the NPS to address the operational and programmatic deficiencies found in the Hawaii State Historic Preservation Division (SHPD) was implemented in spring 2010 and officially concluded on September 30, 2012. The NPS designed the CAP to address shortcomings in the operations and administration of the Hawaii SHPD that are mandated by the National Historic Preservation Act. Under the terms of Hawaii's annual HPF Grant and as the result of the 2009 review of SHPD operations, the NPS placed the Hawaii SHPD on high-risk status in spring 2010. The NPS notified the SHPD of the expected reporting and deliverables to be submitted by the SHPD at

the conclusion of the CAP, by October 1, 2012. The Hawaii SHPD delivered their October report but it was found to be inadequate and the SHPD was notified by the NPS in November to revise and resubmit their CAP report by February 01, 2013.

The NPS has prepared documentation to guide decertification of the SHPD office should it become necessary. The document, Loss of Approved State Program Status under the National Historic Preservation Act, as Amended (otherwise referred to and known as Plan B) has been reviewed by both the NPS and the ACHP and describes the variety of processes and program implications for the SHPD and the State of Hawaii should decertification be implemented.

The NPS required that the Hawaii SHPD implement all the CAP mandatory requirements and corrective actions by September 30, 2012. Should the Hawaii SHPD be unable to complete components of the CAP, the NPS required that they submit sufficient documentation showing progress and steps that would be taken to complete the requirements by spring 2013. Between September 30, 2012 and February of 2013, the SHPD had an opportunity over several months to fine tune its operations, processes and programs in anticipation of the NPS final review. This final review took place in April 2013 by a team from the NPS including technical experts, staff, and program managers.

Finally, it should be noted that in addition to providing oversight of the federal grant requirements it became necessary to also evaluate and integrate oversight of the Hawaii SHPD operational, administrative and fiscal components because within the office as well as program areas, the functions became inseparable, each having an impact on the other across federal and state areas. Furthermore, upon delegation of high risk status, all funding used to execute and support SHPD activities and operations to meet the CAP are subject to be audited and reviewed.

It is, and always has been, a challenge for the Hawaii SHPD to fulfill both the mandates of a very strong historic preservation law at the state level and the federal program areas, particularly when it is dependent on the staffing levels allowed by the Legislature. The diversity and volume of project reviews strains the program but is also very important. That said, with adequate staff and program management and oversight it should be possible to balance the competing yet complementary interests.

NPS OVERSIGHT PROCESS

The NPS has provided staff, technical assistance and funding to support the Hawaii SHPD program since 2009 when Ms. Paula Creech was detailed to the Hawaii SHPD for 9 months. In 2010, the NPS executed a multi-year cooperative agreement with the National Council of Historic Preservation Officers (NCSHPO) to engage a full-time Liaison position for the CAP Oversight process. Larry Oaks, former SHPO of Texas and Alabama, was hired into the position in August 2010 and remained with the project until late October 2011 when he left Hawaii to return to Texas. With the concurrence and full support of the NPS Pacific West Region, the NPS appointed a new SHPD CAP Liaison in Hawaii, Melia Lane-Kamahele, who carried the position as a collateral duty and served through the completion of the formal 2-year CAP process (September 2012). She remained on the project until the close of the CAP review in spring 2013 at which time a determination was made regarding the status of the CAP process and next steps.

The Liaison role under Mr. Oaks involved meeting regularly with partners, community members, SHPD administration and staff, contractors and others such as federal, state and county agencies. These various groups interacted with the Liaison to identify process, workflow, tasks, review drafts, consult/develop and communicate about technical issues with software and hardware, beta test software, complete inventories, procurement and attend various types of board meetings including public scoping, State Board and Commission meetings, and attend trainings and brainstorming sessions.

The Liaison role under Ms. Lane-Kamahele evolved to provide more daily/weekly interaction with the SHPD program area staff. This included assistance with contractors and contract components (intake form, DocuShare, statewide plan, fiscal and budgetary, GIS, IT and inventory), staffing and workplan analyses, strategic planning and general oversight of operations.

Additionally the role of Liaison required attending meetings and compiling notes as well as developing regular written and verbal communication with the SHPD Administrator and staff, NPS program and technical staff, DLNR administration, legislative and congressional offices. The Liaison role also required regular notification to NPS leadership of progress and milestones, deliverables and regular progress reporting. NPS staff included HPF staff as well as others assigned as technical specialists on various aspects such as GIS/IT and Planning who also contributed large amounts of in-kind time and talent to addressing specific subject matter areas, meeting time, review and comment of documents and other types of support.

The oversight function evolved into a much more time consuming process than initially envisioned for the NPS and quickly shifted from being a collateral duty to an almost full-time engagement in spite of the initial proposal to provide only oversight. This was due to an increasingly complex series of issues that were not being addressed by the SHPD Administrator in a timely, strategic manner. These included lack of cooperation from the SHPD administration; a lack of strategic vision and planning on the part of the SHPD Administrator; the SHPD Administrator's lack of understanding of administrative, operational and fiscal processes; a strong disconnect between the SHPD Administrator and SHPD program and administrative staff; recruitment and retention problems; basic lack of communication, accountability and transparency to the public and disconnects between DLNR administration and the SHPD.

Funds from the NCSHPO cooperative agreement that were not expended for the Liaison salary and support following Mr. Oaks departure from Hawaii were redirected into training programs for SHPD staff

(attendance at tax credit training, Cultural Resource GIS training) and used to support travel costs for technical assistance staff on site in Hawaii.

The SHPD program review and CAP assessment in Spring 2013 was conducted to determine if the Hawaii SHPD would remain a certified state program as defined by the National Historic Preservation Act and included all available Hawaii SHPD staff (in person or by phone). The review incorporated standard procedures and metrics used by the NPS to review state historic preservation operations. In addition, the Hawaii review also focused on specific CAP elements to ensure that they were completed and that there were procedures in place (documented and used) to meet various tasks and reporting requirements. The review also included random document checks and fiscal review to evaluate operational and fiscal practices.

SPECIFIC CORRECTIVE ACTION PLAN AREAS

SURVEY AND INVENTORY PROGRAM AREA

Survey is activity directly pertinent to the location, identification, and evaluation of historic and archeological resources. Inventory activity relates to the maintenance and use of previously gathered information on the absence or presence of historic and archeological resources within the State.

Survey and Inventory (S/I) forms the backbone of the Historic Preservation program, as significant sites are identified and records maintained of the sites. This data directly impacts Planning, National Register, Preservation Tax Incentives, and Review and Compliance (R/C), and will lead to informed decision making regarding Hawaii's irreplaceable historic and prehistoric resources.

Minimum Approval Criteria:

The State directs and conducts a comprehensive statewide survey to identify eligible properties for the National Register and maintains an inventory of such properties.

Program Requirements:

- National Historic Preservation Act, as amended, §101(b)(3)(A)
"...It shall be the responsibility of the State Historic Preservation Officer to administer the State Historic Preservation Program and to - ...in cooperation with Federal and State agencies, local governments, and private organizations and individuals, direct and conduct a comprehensive statewide survey of historic properties and maintain inventories of such properties."
- Procedures for State, Tribal, and Local Government Historic Preservation Programs, 36 CFR 61.4(b)
It is the responsibility of the SHPO to carry out the duties and activities that section 101(b) of the Act describes.
- Survey Program Requirements (6.H.2)
- Inventory Program Requirements (6.H.2)

Review Team Findings:

Survey and Inventory: While progress has been made in re-establishing the GIS and beginning the development of an inventory database with recent hires of the GIS and IT Specialists, the program still lacks a comprehensive research design for a statewide inventory, and a widely accessible public database to support the basic program functions of the office. The archeological branch on the Big Island has maintained current records and information for sites and resources in addition to limited access to use of GIS capabilities. Had the Hawaii SHPD engaged information management sooner the S/I program would have been closer to achieving the CAP goal. Unfortunately, however, the SHPD did not hire staff to undertake the development of the inventory database until the conclusion of the CAP period. Consequently the SHPD has failed to make sufficient progress in this CAP mandate. There has been no systematic effort to conduct or maintain a comprehensive statewide survey since the 1970s. There is no comparable survey information for the state's cultural properties; legacy data exists and is organized by TMK numbers in paper files maintained in the Kapolei office. While we are encouraged that the State Plan's Goal # 2 identifies the need for a comprehensive survey and inventory, and by the

office's statement that it plans to develop a standard survey form for architecture, as well as commission several surveys this year, the SHPD still does not meet the basic Federal mandate. NPS has not accepted the combined Survey and Inventory/Review and Compliance document as submitted prior to September 30, 2012.

CAP-1 Mandated Corrective Actions:

MCA-SI-1. Develop Procedural Standards for Survey. The Hawaii SHPD must develop and implement written procedural standards to ensure and document that survey work is conducted and reports produced that minimally meet the Secretary of Interior standards for Identification and Evaluation, and that work is conducted or supervised by individuals who meet the professional qualification standards in accordance with 36 CRF.61 (6.H.2.a). These procedures must be submitted to the NPS for approval prior to implementation.

Findings: NOT ACHIEVED OR COMPLETED.

- The current combined SOPs as submitted by the Hawaii SHPD were commented on and were not approved by the NPS. With the current changes in the programs and workflow, a determination has been made that they need to be revised to reflect current workflow and process in the office and include staff perspectives and professional input as well as be inclusive of all program areas. **See CAP-2.**
- We further note that the current combined SOP document was revised by the SHPD program staff on short notice in February 2013. For many of the staff it was the first time they had been engaged with the materials as they had not previously been included or asked to provide input in the SOP development process between October 2012 and February 2013. Despite their valiant efforts over 6 days, the document still lacks clarity and inclusiveness. The process to revise and update the CAP report should have engaged the program line staff during the previous calendar year when the CAP was first implemented.
- Finally we note that the SOPs do not fully discuss the topic of maritime archeology, data collection and management; there is no discussion of NEPA; no discussion of the connection between the inventory, review and the National Register programs.

MCA-SI-2. Establish and Maintain a Current and Accessible Statewide Inventory. The Hawaii SHPD must establish a functional, coherent, standardized, and accessible inventory system that meets the Secretary's Standards. The inventory must be integrated into a database of all of the State's inventory data, and accessible from all SHPD branches. All survey data resulting from review and compliance activities, CLG sub-grants, or in-house surveys, must be incorporated into the State's inventory. Property site types and periods of significance should be used and field identified in order to facilitate research and planning. Careful consideration and review of the existing systems and records must be studied to ensure that sufficient information is included to make decisions about the significance of properties. Such a system will greatly expedite analysis of existing data and development of consistent and defensible statements of significance and treatment options. It will provide a gauge of preservation needs and provide a crucial liaison between the Hawaii SHPD and preservation partners (6.H.2.d, 6.H.2.e). NPS recommends that this inventory be on-line, ideally web- and GIS-based. Given the review workload, the inventory should be updated on a frequent and regular basis, so that the most current

and up-to-date information is available to SHPD's professional staff reviewers and to researchers and contractors.

Findings: PARTIALLY ACHIEVED BUT NOT COMPLETED.

- There has been significant progress made but the statewide inventory corrective action remains incomplete. The hiring of the GIS Specialist and the process to analyze legacy GIS data sets, develop and implement workflow and create a site geodatabase¹, all represent much-needed progress towards the establishment of the functional GIS component of the statewide inventory at the Hawaii SHPD. Unfortunately, however, the SHPD did not hire staff to undertake the development of the inventory geographic database until the conclusion of the CAP period, which significantly delayed progress.
- The GIS Specialist has created the geodatabase structure, has incorporated some legacy data and has developed a data plan for the identification of next steps. However, there is currently no plan developed for the incorporation of new data being generated. **See CAP-2.**
- There has been a good-faith effort in the development of the companion inventory database schema by the IT Specialist.
- The hiring of the IT Specialist provided stability and a process to begin upgrading the networking and data management (internal and external) for the Hawaii SHPD as well as the development of intake process modules and a database. Working together, GIS and IT have created a strong basis for an information management framework and early workflow process that will guide the Hawaii SHPD to the full development of the statewide inventory and its multiple program area components. Again, however, the SHPD did not hire this position until the conclusion of the CAP period, which significantly delayed progress.
- It should be noted that both the GIS Specialist (9 months on the job) and the IT Specialist (5 months on the job) have made outstanding progress in establishing and developing their program areas and have integrated their strategic planning where possible to guide next steps, reducing duplication of effort and encouraging consultation, collaboration and integration with program staff and partners. All of this has occurred in a very short period of time.
- The lack of strategic planning and understanding of the critical need for the statewide inventory, on the part of the Administration, as part of the SHPD mandatory grant requirements has hampered the progress of the division to move forward. There remains a large staff learning curve to develop and execute integrated program planning, data collection and management standards. Other challenges include data processing, records management, and records integration. All of this requires robust, integrated data and information coupled with staff support and participation.

¹ A geodatabase is a database (not a spreadsheet) designed to store, query and manipulate geographic information and spatial data.

MCA-SI-3. Archival Specialist. Hawaii SHPD should hire or contract with a specialist (archivist, library specialist etc.) to design and implement a historic/cultural resource inventory database and a digitized library of SHPD cultural resources reports. This inventory and library should be readily accessible to the Hawaii SHPD professional staff and to researchers and contractors conducting Section 106 or State 6E assessments.

Findings: NOT ACHIEVED OR COMPLETED.

- Currently the Hawaii SHPD has not filled the CAP required Librarian/Archivist position. The NPS provided an approval to delay filling the position subject to the Hawaii SHPD request to the FY13 state legislature for funding. The agreement with the NPS and the Hawaii SHPD confirmed that the position was to be filled no later than June 30, 2013.
- To date, the Librarian position is not filled and must be approved and funded following the reorganization and the establishment of an Information Management Branch within the Hawaii SHPD. This process is pending union approval.
- Furthermore, the Hawaii SHPD has failed to identify a formal process to implement library services and records management in the interim. The Hawaii SHPD currently utilizes an Assistant Archeologist to supervise volunteers and library activities which has negatively impacted her capacity to conduct project reviews in a timely manner. Her efforts need to be redirected back to program needs, not administrative and operational activities.

CAP-1 Recommendations:

Recommendation S-I-1. Trained Staff. At least one experienced staff person should be trained in the use of the inventory and library database and this staff person's time should be dedicated to maintenance of this inventory.

Findings: NOT ATTEMPTED OR COMPLETED.

- This recommendation cannot be met because there is no comprehensive statewide inventory or database of library materials.
- Dedicated staff will need to be hired and trained. The Librarian/Archivist position will bring some stability and process to the program and can provide direction and training to staff in various programs.

Recommendation S-I-2. Standard Survey Forms. Historic property site survey forms should be standardized to allow the recording of appropriate information about Hawaiian, archeological, architectural, historic/cultural landscape, and underwater resources. If separate forms are used for each resource type, each form should cross reference site forms for other types of cultural resources to facilitate recognition of the diversity of cultural resources in a particular area.

Findings: ATTEMPTED BUT NOT COMPLETED.

- There are currently standard survey forms for archeological and architectural surveys. The architectural survey forms need to be revised to incorporate National Register survey fields and other categories of information pertinent to Hawaii specific vernacular architecture types.

Recommendation S-I-3. Preservation of Existing Data. Data contained in existing files and maps that are in fragile or damaged condition should be transferred to more permanent media.

Findings: ATTEMPTED BUT NOT COMPLETED.

- The Hawaii SHPD currently has no professional capacity to manage archival records nor has made any data transfers to stable media that the review team was made aware of. Until the Librarian/Archivist position is filled or the workload otherwise assigned to current Hawaii SHPD staff, the program remains unable to meet this recommendation.

Recommendation: Hire document management specialist(s) (temporary staff, interns etc.) to reduce document backlog and integrate information. Consider long-term permanent position to document management specialist(s) who will be responsible for document scanning, integration, management and access.

Recommendation S-I-4. Partnerships to Implement Inventory.

Findings: ATTEMPTED BUT NOT COMPLETED.

- The Hawaii SHPD currently has no statewide inventory in place that can integrate with the systems available in other agencies and organizations. There have been preliminary discussions with the Office of Hawaiian Affairs and other agencies and organizations regarding information sharing and collaboration. Until such time as the Hawaii SHPD completes the statewide inventory and infrastructure to support the inventory, they will not be in a position to share data. The Hawaii SHPD will continue to engage with partners and organizations to support the development of their programs, data and information through the GIS and IT programs.

Recommendation S-I-5. DocuShare. Hawaii SHPD should continue to digitize library files using the existing DocuShare system. All Hawaii SHPD staff should be fully trained in the use of the DocuShare system and any inventory database systems.

Findings: ATTEMPTED BUT NOT COMPLETED.

- The Xerox DocuShare Content Management system is a robust technology that allows materials and documents to be scanned, indexed, sorted, routed, tracked and filed in specific categories and subfolders electronically. This program was implemented originally as a joint project between SHPD and State parks to share the costs and obtain the software, and scan 200,000 documents. State Parks completed the procurement documentation, IT staff provided technical support in the purchase; SHPD staff (Conti and Stephenson) worked on the initial versions of the process and scanning SOPs.
- The SHPD embarked on a project to scan documents (archeological reviews, reports, inventory surveys, burial treatment plans etc.) and it is still ongoing. To facilitate this, the Kapolei SHPD office upgraded their existing infrastructure.
- The functionality of DocuShare for processing materials has recently been revisited to explore other alternatives. The lack of knowledge about the projects underway in the SHPD, the lack of workflow design before DocuShare implementation and the lack of

knowledge about the system requirements and capabilities directly impacted the decision the Administrator made to explore digital intake. **See CAP-2.**

- The SHPD staff and office learned about the capacity and usefulness of DocuShare to the efforts of DLNR State Parks staff who offered their in-kind expertise and assistance to help the SHPD staff develop workflows, SOPs, and training to begin to familiarize them with the process. The training program was incorporated into a preliminary SHPD office workflow process to manage documents and requests for consultation through review and compliance. The Hawaii SHPD's intention was the eventual integration of DocuShare with a web-based intake form, and linkage with the GIS currently under development.
- The DocuShare system continues to be utilized at the Hawaii SHPD but not to full capacity. Some staff have received training in the use of DocuShare, scanning, and directing materials internal to the system and utilizing it in conjunction with the intake database.

Recommendation: Hire document management specialist(s) (temporary staff, interns etc.) to reduce document backlog and integrate information. Consider long-term permanent position to document management specialist(s) who will be responsible for document scanning, integration, management and access. **See CAP-2.**

Recommendation: The NPS further recommends that the staff develop integrated, comprehensive workflow and data management processes to implement DocuShare until such time as the IT Specialist has completed review of complementary systems which would allow for document scanning, management and query. **See CAP-2.**

Geographic Information Systems (GIS)

Although not a specific mandated action under the CAP, GIS is fundamental to all programs at the state historic preservation office and forms the underlying framework to deal with inventory data. The recommendations in the March 2010 CAP report (MCA-SI-2) specifically identified the need for an inventory database. To meet that need, the NPS articulated the need to resurrect GIS to facilitate access to the statewide inventory (which would allow the office to meet some of their legally mandated requirements and responsibilities across a variety of program areas with related data and interoperable functions).

To date, substantial progress has been made to rebuild the GIS and IT capacity in the SHPD offices. The office now has a GIS Specialist in place that provides technical assistance regarding GIS and IT issues. In further coordination and consultation with the staff of the DLNR IT office which supports the SHPD (Loos, formerly Smith and Ribilla), Hawaii SHPD hired an IT Specialist (Alan Smith) to initiate procurement of services and software.

The SHPD installed and upgraded hardware and software in support of the GIS program. Staff have been trained in current versions of GIS and are familiar with basic systems to access and query information in connection with review/compliance and survey/inventory operations; legacy Hawaii SHPD GIS and GPS data has been converted into a new Hawaii SHPD Geodatabase based on the NPS CR-

GIS standards and adapted to meet SHPD needs. The GIS specialist has developed a workplan to deal with the backlog of non-GIS data generated (such as correspondence logs, burial records) between 2005 and the present. A comprehensive work plan for the SHPD GIS Program is under development. The process to develop GIS was addressed very late in the CAP timetable.

In 2009 SHPD utilized part of the \$30K in funds specifically for GIS to contract with the Pacific Disaster Center (PDC) for a workflow and systems analysis that cost \$12K. Their report was delivered to the SHPD in January 2010. NPS received an electronic version of the 2010 PDC report in 2012 and upon review, can state it supports the additional GIS analysis and review conducted by Deidre McCarthy and others during April-May 2012. The findings are remarkably similar in workflow, process, and estimates of software, hardware, infrastructure and execution. Of note is the discussion of data conversion, document backlog situation, the implementation of Docushare and linkages needed with GIS.

It would have been extremely helpful for the NPS technical staff to have seen the PDC document prior to commencing a new assessment. The NPS recognized the need to avoid duplication of effort and further noted that the PDC review of 2010 did provide independent confirmation of the NPS findings. Note that there are also limitations for the GIS and network access, bandwidth and connectivity issues for the neighbor islands offices which are being resolved by alternative methods such as swapping external hard drives.

NATIONAL REGISTER OF HISTORIC PLACES PROGRAM AREA

The National Register Program Area includes activity directly pertinent to the documentation and evaluation of a historic or archeological resource for their potential eligibility for listing in the National Register of Historic Places.

Minimum Approval Criteria:

State nominates eligible properties to the National Register of Historic Places.

Program Requirements:

National Historic Preservation act, as amended, §101(b)(3)(B)

“It shall be the responsibility of the State Historic Preservation Officer to administer the State Historic Preservation Program and to -- ...identify and nominate eligible properties to the National Register and otherwise administer applications for listing historic properties on the National Register.”

- National Historic Preservation Act, as amended, §101(d)(6)(C)
- Procedures for State, Tribal, and Local Government Historic Preservation Programs, 36 CFR 61.4(b)(3)(i)
- National Register of Historic Places, 36 CFR 60.6 (selected sections) – <http://www.nps.gov/history/nr/regulations.htm>
- Chapter 6 of the Historic Preservation Funds Grants Manual
- National Register Program Requirements (6.C.6 and 6.I.2)

Review Team Findings:

National Register of Historic Places: The management of the Historic Sites Review Board (HSRB) has improved during the CAP. The Board has received basic training in its responsibilities, its SOP has been revised (although it still needs work), and the meeting minutes are now being prepared in a timely manner and being posted to the SHPD website. However, the State has forwarded a total of two new nominations to the National Register in two years. The State has not resolved the issue of reconciling standards for listing on the state and national registers in order to facilitate the forwarding of properties approved by the HSRB to the National Register. SHPD staff charged with overseeing the National Register program, whose salaries are paid using either the Federal HPF grant or the HPF match, spend the majority of their time addressing State-mandated activities rather than the Federal requirements. This has significantly impacted the SHPD’s ability to meet its required Federal mandates.

CAP -1 Mandated Corrective Actions:

MCA-NR-1. Documented Review Procedures. Hawaii SHPD must develop and implement written review procedures to document decisions and recommendation for National Register nominations. These procedures must ensure that when an evaluation of a property is made, applicable National Register criteria are clearly identified, a statement explaining the significance or non-significance of the property is fully documented, and that the review was conducted by staff meeting the appropriate Professional Qualification Standards.

Findings: ACHIEVED AND COMPLETED.

- The National Register SOP was submitted by the Hawaii SHPD and approved by the NPS. These now need revision to reflect current workflow and process in the office, include

staff perspectives and professional input as well as be inclusive of all program areas. See CAP-2.

MCA-NR-2. National Register Tracking Logs. Hawaii SHPD must develop and implement written standard National Register review procedures and tracking logs that meet statutory and regulatory requirements for the National Register Program Area. Hawaii SHPD should initiate a system to track the review and listing status of all incoming National Register Nominations.

Findings: PARTIALLY ACHIEVED BUT NOT COMPLETED.

- The Hawaii SHPD tracks National Register nominations by paper and manual files.

Recommendation: Develop a digital tracking log tied to the inventory and intake processes. See CAP-2.

MCA-NR-3. Initiate annual training in National Register procedures for State Review Board. Each member of the Hawaii State Sites Review Board should receive the Manual for State Historic Preservation Review Boards (by hard copy or email) upon approval of the Governor and assignment to the Board.

Findings: ACHIEVED AND COMPLETED.

Recommendation: Review Board members are provided with a packet of information but it needs to be updated and presented in a more professional, comprehensive format.

Recommendation: The full complement of professional subject matter experts should be represented on the Review Board; there are currently two (2) board members vacant representing archeology and cultural specialists.

CAP-1 Recommendations:

Recommendation-NR-1. Integrate National Register Data with Complementary HPF Program Areas. Procedures should be developed to incorporate new data derived from Survey/Inventory and Review/Compliance Program elements in order to operate a dynamic and flexible set of historic contexts, preservation criteria, and goals/priorities for National Register nominations.

Findings: NOT ATTEMPTED OR COMPLETED.

- The current National Register SOP document prepared on contract does not address the integration of the National Register data with complementary programs. See CAP-2.

Recommendation-NR-2. Promotion of National Register Program. Greater efforts should be made to promote the National Register process. Consideration should be given to undertaking a comprehensive look at ways that the Hawaii SHPD can promote interest, cooperation, and involvement of preservation partners, CLGs and the public in the National Register process.

Findings: ATTEMPTED BUT NOT COMPLETED.

- Note that the SHPD website does contain current National Register nominations and listing information.

- Other efforts to promote National Register programs are negatively impacted by State 6E review obligations.

Recommendation-NR-3. National Register Training. Develop a National Register training module for University students submitting National Register Nominations.

Findings: NOT ATTEMPTED OR COMPLETED.

Recommendation-NR-4. Encourage Listing of Native Hawaiian and Archeological Resources. Collaborate with educational institutions and Native Hawaiian Organizations to increase the number of Native Hawaiian cultural and archeological sites listed in the National Register.

Findings: ATTEMPTED BUT NOT COMPLETED.

REVIEW AND COMPLIANCE PROGRAM AREA

Review and Compliance (R/C) refers to State activities that advise and assist public (Federal, State, and local government) agencies in carrying out their historic preservation responsibilities broadly described and established under Section 106 and 110 of the National Historic Preservation Act, as amended, and implemented through 36 CFR 60, 61, 63, and 800; as well as in other Federal historic preservation-related law. State and local government responsibilities are those established in specific State or local legal and regulatory mandates which parallel in intent and objective the Federal Laws cited above.

Minimum Approval Criteria:

State cooperates with the Secretary of Interior, Advisory Council on Historic Preservation, and other Federal agencies, local governments or organizations and individuals to ensure that historic properties are taken into consideration at all levels of planning and development.

Program Requirements:

- National Historic Preservation Act, as amended, §101(b)(3)
(E) It shall be the responsibility of the State Historic Preservation Officer to administer the State Historic Preservation Program and to --...advise and assist, as appropriate, Federal and State agencies and local governments in carrying out their historic preservation responsibilities;
(F) cooperate with the Secretary, the Advisory Council on Historic Preservation, and other Federal and State agencies, local governments and organization and individuals to ensure that historic properties are taken into consideration at all levels of planning and development; and
(I) consult with appropriate Federal Agencies in accordance with this Act on –
 - (i) Federal undertakings that may affect historic properties; and*
 - (ii) the content and sufficiency of any plans developed to protect, manage or to reduce or mitigate harm to such properties.*
- Procedures for State, Tribal, and Local Government Historic Preservation Programs, 36 CFR 61.4(b)
- Protection of Historic Properties, 36 CFR 800
- Chapter 6, Section O of the Historic Preservation Funds Grants Manual

Review Team Findings:

Review and Compliance: The development of a web-based project intake form was not successful. The web-based intake form was intended to allow the public/agencies to submit review materials and to replace the intake log for R/C but is not a CAP mandated element. An electronic intake database is in development by the recently-hired IT specialist. This intake database should facilitate the tracking of the review and compliance process internally with the long-term objective to provide the public the ability to track activity in review and compliance.

The SHPD is further required under the CAP to submit draft PAs and MOAs to the NPS for review of content and adequacy. This requirement was supported by the NPS liaison until his departure last year. Since then the Administrator failed to send them to the current NPS liaison for the past year. NPS is now in the process of reviewing a significant backlog of agreements submitted to the review team 30 April 2013.

- The Review and Compliance SOP required by the CAP is still in draft; the staff did not have an opportunity to review it before it was accepted by the Administrator and it does not currently incorporate many of the NPS comments. NPS has not accepted the combined

Survey and Inventory/Review and Compliance SOP document as submitted prior to September 30.

- The lack of an inventory in the office negatively impacts the staff's ability to conduct review and compliance for both Section 106 and 6E reviews. This presents a significant potential liability for the SHPD in defending their determination of eligibility decisions.
- Currently, the office does employ staff that meets the Secretary's Professional Qualification Standards and are qualified to conduct review and compliance. The NPS however notes that not a single professional position in the office is in civil service status. That continues to create instability in the staff and the SHPD's credibility.
- Had the Hawaii SHPD engaged information management sooner the R/C program would have been closer to achieving the CAP goals.

CAP-1 Mandated Corrective Actions:

MCA-RC-1. Coordinated Staff Reviews. Compliance reviews must be conducted by professional staff in all disciplines, and a single letter containing Hawaii SHPD consolidated comments and recommendations must be produced. This must include the Historical Architect, the Archeologist, the Historian, the Architectural Historian and the Hawaiian Cultural Historian. Procedures for coordinating these reviews must be included in the Compliance Review Process mandated under MCA-2, below.

Findings: PARTIALLY ACHIEVED BUT NOT COMPLETED.

- Consolidated comment letters are being produced but the process is not spelled out in the SOPs.
- Interdisciplinary meetings to discuss recommendations and responses are not currently held on a regular basis and do not engage all program staff. The stove-piped process currently representing the programs of Archeology, Architecture and Culture/History limits interaction and decision-making based on functional area.

MCA-RC-2. Develop Procedures for Review and Compliance. Hawaii SHPD must establish and follow a clear and explicit Compliance Review Process that meets statutory and regulatory requirements (NHPA Sections 101 (b)(3)(E), (F) and (I); 36 CFR 61; and 36 CFR 800).

Findings: PARTIALLY ACHIEVED BUT NOT COMPLETED.

- a. SHPD must establish and follow a written compliance review process that clearly distinguishes between the Federal Section 106 process and the State 6E process. SHPD must prepare a written procedures manual for this process, which includes a standard, centralized logging and tracking system that meets the requirements in the HPF Grants Manual chapter 6.O.2.a.2. The draft manual (SOP) must be submitted to the NPS for approval prior to implementation.

Findings: PARTIALLY ACHIEVED BUT NOT COMPLETED. See CAP-2.

Recommendation: Revise SOPs.

- b. This process must comply with NHPA Sections 101(b)(3)(E), (F) and (I); 36 CFR 800, and the Review and Compliance Program Area requirements in Chapter 6, Section O of the HPF Grants

Manual. This procedures manual (SOP) must be more detailed than the “Historic Preservation Review Process” flow chart on SHPD’s website.

Findings: NOT ACHIEVED OR COMPLETED. See CAP-2.

Recommendation: Revise SOPs.

- c. Hawaii SHPD must consult with Federal Agencies and others involved in the Section 106 process, including Native Hawaiian organizations, to establish an agreed-upon process for agency requests and SHPD reviews, identify the roles of various staff and organizational participants in the process, identify expectations of all parties, agree upon submission materials and schedules for reviews, and other relevant topics, including the development of PAs for routine undertakings (e.g. NPS PA for streamlined review process). This discussion must also include development of proactive strategies.

Findings: PARTIALLY ACHIEVED BUT NOT COMPLETED.

- d. The Hawaii SHPD is currently on high risk status and a condition of that standing is that the office is required to route all PAs and MOAs to the NPS for review before signature by the SHPO.

Findings: PARTIALLY ACHIEVED BUT NOT COMPLETED.

- Some documents were routed to the SHPD Liaison, Larry Oaks, but following his departure, the SHPD failed to route any documents to the NPS. NPS assigned a 106 specialist from the Honolulu office to review the submittals and she is currently reviewing more than 14 documents and preparing comments and responses to the Hawaii SHPD.
 - NPS notes that PAs executed to date have not streamlined the review process but have codified the initiation of unnecessary project reviews under the state mandates.
- e. The procedures manual (SOPs) must include steps, actions, strategies, or approaches that will ensure the process is open and transparent, in order to eliminate the public perception of “behind closed doors” decision making.

Findings: NOT ACHIEVED OR COMPLETED.

- The current combined SOPs as submitted by the Hawaii SHPD, were commented on and were not approved by the NPS. With the current changes in the programs and workflow, a determination has been made that they need to be revised to reflect current workflow and process in the office and include staff perspectives and professional input as well as be inclusive of all program areas. **See CAP-2.**
 - The burden is still on the public to seek transparency and accountability.
- f. Hawaii SHPD must design, implement, and maintain a centralized compliance review logging and tracking system that is accessible on-line by Kapolei and neighbor island office staff in real time. This system must include information on projects reviewed since January 2005 in order to provide context on the tracking system and to ensure the inclusion of initial reviews related to ongoing projects. A centralized tracking system would optimize time spent conducting reviews by allowing review submissions to be sent directly to the appropriate office, rather than through Kapolei, and would facilitate access to information utilized on previous reviews.

Findings: PARTIALLY ACHIEVED BUT NOT COMPLETED.

- The Hawaii SHPD is currently developing an intake database that tracks new projects, and materials. The database also identifies routing for review and documents the final status when review letters are completed. With the full implementation of new systems such as DocuShare, the Hawaii SHPD will be fully digital for intake, routing, review, response and recordation.
- Initial attempts via a web-based intake form were abandoned as unsuccessful. The intake database process in beta-testing and early implementation followed.

Recommendation: Complete the logging database to track reviews in a timely manner.

- (1) The compliance review logging and tracking system must clearly distinguish between the Section 106 process and the State 6E process. Separate form letters, review checklists etc. must be designed so each process is easily identifiable. A single, centralized system that logs and tracks projects submitted for review under both Federal and State compliance processes will maximize the ease of SHPD oversight of the process, ensure coordinated attention for 106/6E projects and facilitate public and applicant access to reviews under both processes especially where projects may be governed by both processes.

Findings: ACHIEVED AND COMPLETED.

- Currently the intake database separately identifies different processes for Section 106 and State 6E.
- (2) The system must make it possible to retrieve files and data in a timely manner, usually 24-48 hours. The system should include the name of the SHPD reviewer assigned to the review, and maintain basic information such as the project name, location, owner, nature of the action, SHPD determination, and the project's status in the review process, such as date received, date determination was made, and date of transmittal.

Findings: ACHIEVED AND COMPLETED.

- g. SHPD reviews of State 6E projects in accordance with State law must comply with all requirements for Section 106 reviews, if these activities are supported by HPF or HPF matching funds.

Findings: ACHIEVED AND COMPLETED.

- h. NPS recommended that the Hawaii SHPD consider assigning each project its own unique project number identifier for easier reference, especially for multiple projects on a single tax map parcel (TMK#), and for multiple phases of large or lengthy projects.

Findings: ACHIEVED AND COMPLETED.

- The intake database and companion systems will provide the process to assign unique identifiers and cross-reference related materials.
- i. NPS recommended that the Hawaii SHPD explore the potential and feasibility of CLG participation in the Section 106 review process.

Findings: UNABLE TO DETERMINE.

- j. NPS recommended that review information be accessible to the public and others. The Hawaii SHPD website should be updated on a regular basis to provide current information on all reviews received, including findings, for easy access by Federal, State and local agencies, consultants and the general public. This must include accessible, open and transparent project review tracking for both Section 106 and 6E reviews. The web version must provide more detail than the current weekly "Determinations and Reviews" list posted on the SHPD website.

Findings: PARTIALLY ACHIEVED BUT NOT COMPLETED.

- The Hawaii SHPD website has undergone revision to align it with the format of other DLNR program webpages; content in some sections has been updated.
- R/C final information is being posted on the Hawaii SHPD website.
- IT is working on developing web-based systems to track project progress and status.
See CAP-2.

MCA-RC-3. Professionally Qualified Staff. Additional staff meeting the Secretary's (Historic Preservation) Professional Qualification Standards must be hired, or contracted with, in order to adequately carry out the workload related to the Hawaii SHPD's Section 106 review responsibility.

- a. At least one Historical Architect and one Archeologist must be assigned to review DOD projects. The volume of DOD projects needing reviews suggests that at least two professional staff should be dedicated to work solely on DOD projects.

Findings: PARTIALLY ACHIEVED BUT NOT COMPLETED.

- The Hawaii SHPD does not assign both a specific Archeologist or an Historical Architect to work solely on DOD projects.
- b. Hawaii SHPD must recognize the value of historical archeological resources and cultural landscapes, and address their needs in compliance reviews.

Findings: UNABLE TO DETERMINE.

- c. The Hawaii SHPD Phone Directory on the website must accurately reflect staff areas and responsibilities.

Findings: ACHIEVED AND COMPLETED.

- d. NPS recommended that the SHPD explore means to convert "at will" professional staff to full civil service status to provide continuity to SHPD relationships with Federal agencies and others involved in the Federal and State compliance process.

Findings: NOT ACHIEVED OR COMPLETED.

- SHPD has provided information recently concerning converting employees but also refused to support current legislation that would have converted all staff based on arguments regarding budget (employees would take a cut) and that leaving employees exempt provided hiring and staffing "flexibility." The employee

“exempt” status sometimes creates an inherently hostile work environment, where staff felt uncomfortable voicing personal and professional opinions regarding resources and determinations of eligibility. This consequently compromises justifications of decisions made by the staff. NPS further notes that the Hawaii SHPD is the only office nationally that has no permanent professional staff with the exception of 3 administrative positions. Even the Deputy SHPO is not a permanent civil service employee, but bears the liability of decisions and determinations.

MCA-RC-4. Staff Training. All Section 106 Review and Compliance (R/C) staff must attend and successfully complete training in the Section 106 review process that covers the basics, advanced topics, dealing with Traditional Cultural Properties, developing Memoranda of Agreement and Programmatic Agreements, and how the Section 106 process coordinates with other federal laws, such as NEPA and section 4(f) of the U.S. DOT Act.

- a. All R/C staff must become fully knowledgeable about existing MOAs and PAs.

Findings: PARTIALLY ACHIEVED BUT NOT COMPLETED.

- Staff does not regularly meet to complete interdisciplinary reviews and there is no formal process for comparative discussion between program area staff.
- The current NPS 106 coordinator reviewing the MOAs and PAs for the current year has found some inconsistencies in drafting of language and inclusion of necessary language that has been missing. **See CAP-2.**

- b. For 6-12 months following training, the review work of newly hired staff must be reviewed by existing professional staff who meet the Secretary’s (Historic Preservation) Professional Qualification Standards for the relevant discipline(s) to ensure consistency of response, compliance and application of appropriate criteria and guidelines.

Findings: PARTIALLY ACHIEVED BUT NOT COMPLETED.

- NPS remains concerned that while many reviews are being prepared and reviewed appropriately, there are still reviews conducted by unqualified staff including the Administrator. Letters regarding reviews may not necessarily reflect the recommendations of the professional staff and are overridden by the Administrator.

CAP-1 Recommendations:

Recommendation-RC-1. Technical Assistance. Hawaii SHPD should develop and deliver guidance and explanatory materials to Federal, State and local government agencies (including local planning, zoning and permitting department and CLG commissions and staff) as well as to Native Hawaiian organizations, historic property owners and other major stakeholders. This material should explain the differences between the Federal Section 106 process and the State 6E process.

Findings: NOT ATTEMPTED OR COMPLETED.

Recommendation-RC-2. Hawaii SHPD should work with ACHP to identify Federal Program and activities that may benefit from program alternatives to Section 106 and advocate for the development of these alternatives.

Findings: ATTEMPTED BUT NOT COMPLETED.

- Hawaii SHPD, Federal Highways and the State DOT are in preliminary discussions regarding Programmatic Agreements that might cover recurring project work which might potentially be streamlined.

Recommendation-RC-3. Reach out to stakeholders and establish relationships that will help improve the compliance review process.

Findings: UNABLE TO DETERMINE.

- SHPD has reached out to the ACHP, received training and has begun to reach out regarding the State 6E process.

CERTIFIED LOCAL GOVERNMENT PROGRAM AREA

The Certified Local Government (CLG) Program area includes activity directly pertinent to the assistance and leadership of the State in developing local historic preservation programs, assisting local government to become certified pursuant to the Act, monitoring and evaluating implementation of the Certified Local Government program delivery, and monitoring and evaluating CLG performance under subgrants.

Minimum Approval Criteria:

State encourages and assists local governments to become Certified Local Governments, evaluates CLGs and decertifies CLGs as necessary.

Program Requirements:

- National Historic Preservation Act, as amended,
 - §101(b)(3)(h) requires a SHPO to cooperate with local governments in the development of local historic preservation programs and assist local governments in becoming certified.
 - Section 101(c) requires that a SHPO provide a mechanism for the certification by the State Historic Preservation Officer of local governments to carry out the purposes of the Act.
 - Section 103(c) requires that a minimum of 10% of the annual apportionment distributed by the Secretary to each State for the purposes of carrying out the Act be transferred by the SHPO to certified local governments.
- 36 CFR 61, Procedures for State, Tribal and Local Government Historic Preservation Programs
 - 36 CFR 61(6)(e)(2)(iv) requires that a SHPO must make available to each Commission orientation materials and training designed to provide a working knowledge of the roles and operations of the Federal, State and local historic preservation programs, and historic preservation in general.
- Chapter 6, Section C – application of National Register criteria consistently
- Chapter 9, Section I of the Historic Preservation Fund Grants Manual

Review Team Findings:

Certified Local Government: The office is making progress in reviving the CLG program. Both Kauai and Maui CLG's are active participants in the historic preservation program and Hawaii Island is close to meeting the requirements for applying for CLG status. However, continued progress in building the CLG program is adversely impacted by the HPF-funded CLG coordinator's workload reviewing state 6E permits.

CAP-1 Mandated Corrective Actions:

MCA-CLG-1. SHPD Must Follow Existing Hawaii CLG Procedures Manual and notify CLGs about annual evaluations.

Findings: ACHIEVED AND COMPLETED.

- The appropriate review of the two Hawaii CLGs (Maui and Kauai) was conducted in 2011.

- Documentation of the completed 2012 CLG reviews has not yet been submitted to the NPS.

Recommendation: The Hawaii SHPD needs to conduct timely annual reviews of the CLGs and provide copies of the documentation to the NPS in a timely manner. Review of CLG documentation and projects should include project proposals, SOWs and contractors. Furthermore, NPS strongly recommends that with appropriate oversight and guidance from the Hawaii SHPD CLG coordinator, that the CLGs utilize appropriate contract and acquisition instruments and procedures to ensure adequate contracting guidelines and rules are being met. **See CAP-2.**

CAP-1 Recommendations:

Recommendation-CLG-1: Hawaii SHPD will support County of Hawaii in taking steps towards CLG Certification.

Findings: ATTEMPTED AND COMPLETED.

- The Hawaii SHPD CLG Coordinator has been working diligently to coordinate and continue to move the process for Hawaii County CLG Certification forward.
- Additionally, through the continued efforts of the Architecture Branch staff, the CLG Program has begun the process of outreach to the CLGs and re-establishment of communicative, mutually supportive working relationships with staff on Maui and Kauai.
- Funding for the CLG program from the HPF Grant totals approximately \$57,000 on an annual basis (10% of the total HPF grant to the state of Hawaii). The funds had historically been divided on an annual rotating basis between the Maui and Kauai CLGs to enact projects; currently the funding is competed based on project proposals and awarded annually. There is progress towards the establishment of a CLG on the Big Island; no CLG is present on the island of Oahu.

Recommendation-CLG-2: Hawaii SHPD should revise and update CLG procedures in consultation with current Maui and Kauai CLGs.

Findings: PARTIALLY ACHIEVED BUT NOT COMPLETED. See CAP-2.

Recommendation-CLG-3: Hawaii SHPD should use management procedures and guidelines provided by NPS to ensure all work is performed in accordance with Secretary's Standards and meets government-wide and program specific requirements for project management.

Findings: ATTEMPTED AND COMPLETED.

- There continue to be challenges with workflow and contracting with the Maui and Kauai CLGs because of a desire on their part for limited engagement and project execution and management. This may be in part due to lack of understanding of their roles and the extent of collaboration and engagement which can be very supportive of county-based historic preservation projects and initiatives. **See CAP-2.**

HISTORIC PRESERVATION PLANNING PROGRAM AREA

Preparing and implementing a comprehensive statewide historic preservation plan is one of the State Historic Preservation Officer's responsibilities under the National Historic Preservation Act. Additional requirements are found in 36 CFR 61.4; Chapter 6, Section G of the Historic Preservation Fund Grants Manual and the Secretary of the Interior's Standards and Guidelines for Preservation Planning.

Statewide historic preservation planning is the rational, systematic process by which the State Historic Preservation Office (SHPO), with the active participation of stakeholders and the general public, develops a vision and goals for historic preservation throughout the State, so that effective and efficient preservation decisions and/or recommendations can be made. The SHPO seeks to achieve that vision through its own actions and through influencing the actions of others. The vision and goals are based on analyses of resource data and user needs.

Minimum Approval Criteria:

State uses acceptable methods of internal management control consisting of operating procedures and techniques that ensure the adherence of NHPA and grant-related laws, and promotes operational control. State historic preservation office staff must meet professional staff requirements. State uses commonly accepted Federal internal control methods and measures to adequately manage HPF subgrants, contracts and/or other third party funding.

Program Requirements:

- National Historic Preservation Act, as amended, §101(b)(3)(C)
"...It shall be the responsibility of the State Historic Preservation Officer to administer the State Historic Preservation Plan and to -- ...prepare and implement a comprehensive statewide historic preservation plan."
- Procedures For State, Tribal and Local Government Historic Preservation Programs, 36 CFR 61.4(b)(1)
- Chapter 6, Section G of the Historic Preservation Fund Grants Manual

Review Team Findings:

Historic Preservation Planning: The State Historic Preservation Plan (2012-2017) has been accepted by the NPS and posted to the SHPD site in December of 2012. A preliminary effort has been made by the SHPD to connect its workplan to the State Plan Goals. This CAP requirement has been met on time and on budget. Note that the existing statewide historic preservation plan is not the current Hawaii SHPD strategic plan or the Hawaii SHPD office annual workplan, though elements may be cross-cutting.

CAP-1 Mandated Corrective Actions:

MCA-PP-1. Postpone Plan revision activities and reallocate its support resources.

Findings: FULLY ACHIEVED AND COMPLETED.

MCA-PP-2. Develop and follow a clear and explicit Plan Revision process.

Findings: FULLY ACHIEVED AND COMPLETED.

MCA-PP-3. Provide Roles for the SHPD staff, Historic Places Review Board and the Island Burial Councils in the Plan revision effort.

Findings: FULLY ACHIEVED AND COMPLETED.

MCA-PP-4. Provide an active role for Native Hawaiian Organizations in the Plan revision effort.

Findings: FULLY ACHIEVED AND COMPLETED.

MCA-PP-5. Provide multiple opportunities for broad public and stakeholder participation in the Plan revision effort.

Findings: FULLY ACHIEVED AND COMPLETED.

MCA-PP-6. Submit the draft revised State Plan to NPS WASO Preservation Planning Program for review and approval.

Findings: FULLY ACHIEVED AND COMPLETED.

- NPS notes that the statewide plan has been completed, accepted and made available to the public but that it contains elements in the 2012-2013 workplan that are not achievable during the current year. **See CAP-2.**

CAP-1 Recommendations:

Recommendation-PP-1: Seek Plan revision best practices and guidance from other SHPOs.

Findings: FULLY ACHIEVED AND COMPLETED.

Recommendation-PP-2: Seek other sources of personnel and funding to support the Plan revision effort, including public and stakeholder participation.

Findings: FULLY ACHIEVED AND COMPLETED.

PROGRAM ADMINISTRATION

The Department of Land and Natural Resources (DLNR) is the State agency that provides oversight to the Hawaii SHPD. The Chairman of the DLNR, Mr. William Aila, also serves as the State Historic Preservation Officer (SHPO) and has delegated signature authority to the Deputy SHPO, currently Ms. Theresa Donham, who also serves as the chief of the Archeology Branch.

The state fiscal year runs from July 01 through June 30 of the following year; funding from state general funds and DLNR special funds support the SHPD operations in a 60/40 (Federal/non-Federal) matching process. The federal fiscal year runs from October 01 through September 30th of the following year; federal funding through the HPF grants (approximately \$575K annually) carries across a two-year period and is used to support programs, staffing and training.

Review Team Findings:

Program Administration: The Administrative issues identified in the CAP remain. The NPS continues to have concerns about the senior leadership of the division, specifically in the management of the budget, personnel, accountability, internal and external communication. Without the close supervision of the NPS liaisons over the past 18 months, we do not believe that the Administrator would have succeeded in meeting any of the requirements, which creates significant doubt that without continuation of high risk status and development of specific direction, the achievements of the office under the CAP will be sustained. The Administrator has repeatedly demonstrated a lack of understanding of the office budget, basic personnel hiring procedures - which has repeatedly been an obstacle to filling the CAP identified positions -and staff accountability (time and attendance).

STAFFING

Review Team Findings:

Staffing: There are no permanent Civil Service professional positions in the SHPD, including the Administrator. Thus, while the office, at time of this review, currently meets the federal requirements, this is an inherently unstable, unsustainable situation that affects the credibility of the SHPD both locally and nationally. The employee "exempt" status sometimes creates an inherently hostile work environment, where staff feel uncomfortable voicing personal and professional opinions regarding resources and determinations of eligibility. NPS will provide recommendations for the office that would restructure the roles of the Deputy SHPO and the Administrator and bring them more in alignment with other SHPO offices. Morale in the office continues to be very low. Recruitment is significantly affected by the presence of the current Administrator.

SHPD is required by 36 CFR 61.4(e)(1) to have full-time access to a Prehistoric or Historical Archeologist, Historian, and Architectural Historian who meet the Secretary's (Historic Preservation) Professional Qualification Standards for these disciplines. The SHPD meets this statutory requirement.

As of April 2013, there were 29 filled positions distributed across 3 branches at the SHPD including the offices in Kapolei and on the neighbor islands of Maui and Hawaii. Additional administrative positions cover functions related to administration and information management including clerical, GIS and IT for a total of 35 positions. Some employees are entirely federally funded, some entirely State funded, and

some remain a combination of both State and Federal funding. Regardless of the funding source, due to the overwhelming load of State review projects, many staff, although partially or fully federally funded, are not able to carry out their Federally-mandated responsibilities. Interviews with staff during the April 2013 review indicate that professional staff in the Architecture and Archaeology Branches spend the majority of their time reviewing projects under the State's 6E law. Mandated actions in the second CAP will work to define these roles and more clearly. The History and Culture Branch Administrator, Burials Program Specialists and Cultural Historian positions are not included as part of the CAP.

Of the CAP required positions there are several which are currently unfilled due to a variety of reasons including the following:

- Maui Assistant Archeologist #2
- Kauai Archeologist
- CLG Program Specialist
- Librarian/Archivist

We note further that for the bulk of the CAP period (September 2010 through August 2012) that neither the GIS Specialist nor the IT Specialist positions were filled (though the IT needs of the offices were met through the DLNR IT program as needed). The lack of technical specialists and support for the office and the programs adversely affected the capacity to meet the federal mandates. The efficiency and execution of staffing across all positions in the Hawaii SHPD is further complicated by a lack of clear identification of staff roles and responsibilities. This is further complicated by a lack of clarity regarding funding and federal/state allocation of funds relative to workloads by program area, especially in the areas of Section 106 and State 6E reviews.

Recruitment and retention of professional and administrative staff remain serious challenges for the SHPD. It is important to note that regardless of CAP specific positions, the SHPD needs to maintain sufficient staff and a range of technical expertise to carry out its legal mandates and provide support to state historic preservation programs and to Federal and State agencies in Hawaii. One recommendation to provide stability at the SHPD would be to convert some of the positions to civil service status.

PROGRAM MANAGEMENT

Review Team Findings:

Program Management: Basic accountability procedures such as certifying time and attendance are questionable. Staff interviews and constituent statements report that staff members are not held accountable for being in the office for their full work schedules; phone calls are not recorded or returned; office procedures and SOPs need to be developed and implemented.

The Administrator is responsible for the management and execution of the program and its funding components. This is reflected in both the HPF grants manual and the current position description of the Administrator. Major duties and responsibilities of the Administrator include program administration, planning/programming/budgeting; public information, grants management and supervision.

The position should "...Oversee the Historic Preservation Grants-In-Aid program including review of sub-grant applications, preparation and processing sub-grantee application and contracts, inspection and monitoring of contract work, verifying payments and providing input during audit." Clearly there have

been failures in the execution of these primary duties and responsibilities which continue to seriously impact the operations and effectiveness of the SHPD.

BUDGET

Review Team Findings:

Budget: Of greatest concern is the continuing diversion of HPF and State match funding to support activities that are not part of the Federal mandate. Interviews with staff conclusively indicated that Federally funded positions are spending the preponderance of their time on state mandates. These are ineligible activities under the HPF program. The second CAP will direct the SHPD to expend federal/state match on the federally mandated activities as part of extending the SHPD's high risk status.

1. The job of the NPS is to evaluate whether or not the State is appropriately carrying out the State Historic Preservation Officer functions that Section 101b3 of the National Historic Preservation Act, as amended, (NHPA) (16 U.S.C. 470a(b)(3)) requires.
2. The SHPO requirements in section 101b3 include " administer the State Historic Preservation Program and ...(D) administer the State program of Federal assistance for historic preservation within the State..." The NPS has the right to look into and make requirements relating to how a State office is administered.
3. Section 102a of the NHPA (16 USC 470b(a) states that ""no grant may be made under this Act ...(6) until the grantee has complied with such further terms and conditions as the Secretary [operating through the Director of NPS] may deem necessary or advisable." NPS has the right to create a Grant special condition on any subject that is necessary and advisable. This would include conditions related to how a State manages its program.

Section of the regulations (43.CFR.12), related to grantee financial management:

§ 12.60

Standards for financial management systems.

(a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to—

- (1)** Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2)** Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

(b) The financial management systems of other grantees and subgrantees must meet the following standards:

(1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.

(2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

(3) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

(4) Budget control. Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement. If unit cost data are required, estimates based on available documentation will be accepted whenever possible.

(5) Allowable cost. Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.

(6) Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

(7) Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

(c) An awarding agency may review the adequacy of the financial management system of any applicant for financial assistance as part of a pre-award review or at any time subsequent to award.

The management and oversight of fiscal processes at the SHPD remains challenging for the Administrator and there continues to be a lack of clarity regarding project proposals, budget tracking, procurement and contracting, status of funds and expenditures, as well as requests for reimbursement and grant funds management. The root cause of this appears to be that the Administrator fails to utilize her Administrative staff to manage and track funds. She appears to lack sufficient knowledge of the budget and grants process despite attendance at numerous grants administration training classes, workshops and opportunities.

Examples of poor contract management include the failure of the web-based intake form development project and contracting "vacancy savings projects" annually without adequate consultation with staff or the NPS. In addition, selection of appropriate contracting documents and processes, program planning to guide proposals and expenditures as well as ESRI GIS licensing issues demonstrate other poorly managed budget, funding and contract concerns. See CAP-2 recommendations regarding auditing and direct budget management.

In spite of training provided to administrative staff with responsibilities for grants management, HPF Payment Requests filed have been inadequate and required revision before acceptance and approval by the NPS. There is a lack of understanding of the process involved in requesting payments and drawdowns and general issues with acquisition, small purchasing, and contracting. This is a combination of lack of instruction and oversight on the part of the Administrator who is charged with this responsibility, as well as administrative staff who are responsible for contracts and federal grants

administration, record keeping and reporting activities. Grants management and execution represents a mandatory and critical responsibility of the SHPD Administrator.

A lack of communication and fiscal accountability within the SHPD has negatively impacted the capacity of the professional program areas to function. Branch chiefs and programs should be more substantively included in strategic planning, fiscal and budget decisions, and have access to baseline working budgets.

See CAP-2.

Currently the branch chiefs indicate that they do not provide substantive input towards the development of budgets, and there is no discussion among them as a group to plan work flow, staffing, equipment or operational needs. The Administrator continues to fail to communicate, share information, provide regular fiscal updates or provide individual budgets to programs for their management. This is an issue that negatively impacts the operational capacity and efficiency of the SHPD.

The SHPD Administrator appears to have little ability to manage the Division budget. To provide clarity, the NPS will require a fiscal and programmatic audit of all funding (HPF and State Matching funds) conducted by an independent auditing agency. It is critical as the CAP comes to completion that there be a complete, succinct accounting of all funds across program areas. To date this is not possible and has not been provided in any meaningful way. See CAP-2.

COMMUNICATION

Review Team Findings:

Communication continues to be a challenge and hampers the SHPD administration and operations. There appears to be a lack of understanding by the Administrator of the integrated nature of the program areas within the SHPD operations. This results in a lack of strategic general and fiscal planning.

It should be noted that the October 2012 submittal report to the NPS completely excluded any input or engagement of the SHPD program staff. They were not provided with a copy of the final report, nor were they provided with a copy of the NPS response letter rejecting the report and asking for resubmittal with revisions by February 1, 2013. The program staff became aware of the October submittal and the NPS letter in January 2013. The document submitted to the NPS in February 2013 reflects the hard work of the program staff but was inadequate because the Administrator provided no communication, strategic direction or sufficient lead time for revisions.

We note reluctance on the part of the Administrator to provide updates and communication with the public and partners, organizations and agencies by posting reports, information and CAP progress documentation in a timely manner. The October report and appendices were posted on the SHPD website late and only at the request of the NPS to provide a mechanism for partners, the public, stakeholders, government agencies and congressional/legislative staff to have access to the materials. As of February 19, 2013, the February CAP report prepared and submitted by the SHPD Administrator to the NPS has not been posted on the SHPD website or otherwise been made available either to SHPD program staff, external partners or organizations or to the legislature or congressional staff.

The Administrator and the administrative staff should enable the professional staff in the programs to focus on historic preservation subject-matter issues. Therefore, the NPS recommends that the Administrator discontinue managing the operations related to the implementation of the HPF program. This responsibility should shift to the Deputy SHPO and Branch Chiefs. The Administrator should redirect her efforts into office administration and external programs including new initiatives to engage the community in historic preservation issues. See CAP-2.

ATTACHMENTS

1. Hawaii State Historic Preservation Division Corrective Action Plan (2)

National Park Service
-
**Hawaii State Historic Preservation
Division
Corrective Action Plan (2)**

6 June 2013

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In July 2009, the National Park Service (NPS) conducted a technical site visit and evaluation of the Hawaii State Historic Preservation Division (SHPD), in accordance with the National Historic Preservation Act (the Act), as amended, 36 CFR 61.4, 43 CFR 12.83, and the Historic Preservation Fund Grant Manual, Chapter 1.F, which requires the NPS to conduct periodic program audits to ensure that State Historic Preservation Offices meet applicable accountability standards and that major aspects of the State's program are consistent with the mandates of the Act. The scope of the National Park Service review was limited to the Federal historic preservation program areas that are defined in Section 101.B.3 of the National Historic Preservation Act and funded by the National Park Service through an annual grant from the Historic Preservation Fund.

A pattern of several years of recurrent problems with SHPD's performance in conducting the federally mandated HPF activities made the site visit necessary.

- In December 2002, the Hawaii State Auditor issued a report following its audit of the Hawaii Department of Land and Natural Resources, including the SHPD, identifying mismanagement resulting in significant programmatic and financial risks for NPS-funded grant activities.
- In 2004, the Department of Interior Office of Inspector General (OIG) investigated the NPS oversight of HPF-funded activities in Hawaii, concluding that NPS had not taken sufficient steps to monitor the SHPD's correction of problems identified in the State audit.
- In October 2007, the OIG again reviewed the NPS oversight of the SHPD, and concluding that several of the corrective actions recommended in the 2002 audit report had not been implemented, impacting the SHPD's administration of Federally-mandated historic preservation responsibilities.

In response NPS compiled a list of items for SHPD to submit to NPS to document compliance with the State Audit's recommendations. Between 2007 and 2009 NPS staff provided technical assistance SHPD, both in Hawaii and from its Washington, DC offices to help in meeting the HPF program requirements. Because the SHPD continued to demonstrate problems meeting basic requirements of the HPF, NPS assembled a team of historic preservation and grants management professionals to visit the SHPD offices and evaluate its compliance, and to create a technical assistance plan for the office.

In the July 2009 site review, the NPS team determined that significant operational problems in several of the non-discretionary Federally-mandated HPF activities remained, including Survey and Inventory, Review and Compliance, National Register of Historic Places, Certified Local Government administration, and Historic Preservation Planning. These problems impacted SHPD operations, preventing the responsibilities delegated to States under the National Historic Preservation Act from being successfully fulfilled in Hawaii. In March 2010 the NPS generated a report following this site visit, designating the SHPD a "high-risk grantee" and developing a two-year corrective action plan for the SHPD to implement in order to remain an approved State Historic Preservation Office (SHPO) as defined in the National Historic Preservation Act, and to continue to receive grant assistance from NPS through the Historic Preservation Fund (HPF).

The report compiled a series of corrective actions that spanned a 2-year time period. Implementation of these corrective actions identified a methodology to correct the problems identified in March 2010. The report included a timeline for these corrective actions, with detailed milestones. Failure to meet the milestones would result in the suspension of Hawaii's HPF grant until SHPD proved to the NPS the office capable of executing mandatory legal responsibilities under the HPF grant. At the time, the NPS determined that the most critical deficiencies remained in the HPF program areas Survey and Inventory and Review and Compliance as well as administration.

The NPS established a position in the NPS Pacific West Region, Honolulu, (PWRH) for a period of two years, to provide oversight of this corrective action plan. The oversight extended to all Federally-mandated activities, and specifically reviewed all Section 106 determinations to ensure that the appropriate professionally qualified staff conducted reviews. This position, funded through the National Conference of State Historic Preservation Officers (NCSHPO) also monitored HPF funds to track them in accordance with grant administration guidelines.

The NPS sent a SHPD CAP review team to Honolulu in March 2012 to conduct a mid-process assessment of the SHPD corrective action plan. NPS noted at the conclusion of the mid-process review that the SHPD made positive progress across several of the key program areas including Certified Local Governments, Federal Historic Preservation Tax Credit Incentives, National Register nominations, as well as limited improvements in operational issues within the SHPD Kapolei office related to records, files and library materials. However, the team also noted that the Survey and Inventory program, critical to all of the SHPD operations, made little progress. Recruitment and retention of qualified staff remained an issue, as well as internal and external communication to address all aspects of the CAP.

Implementation of Corrective Action Plan (2)

The NPS team returned in April 2013 for a final operations review to determine completion of the mandated corrective actions and provide recommendations towards the next steps. This final review determined that high risk status would remain in place due to limited progress in several key programs. The Final CAP Report and Recommendations document details the findings from the April 2013 review. Areas of concern remain Survey and Inventory, National Register of Historic Places, Review and Compliance, Certified Local Governments, and Administration. This second corrective action plan document represents the next steps SHPD must implement to retain its Federal funding.

While the NPS recognizes that the SHPD made improvements during the 2010-2012 CAP period, it did not meet all of the corrective actions mandated in the March 2010 report. Consequently the NPS has established a second Corrective Action Plan for the SHPD. The NPS will continue to provide oversight during this second corrective action plan period. This oversight will extend to all Federally-mandated activities, for the period of one year, ending on May 31, 2014. This second corrective action plan reflects the progress made by the SHPD during the last two years, and addresses additional concerns identified during the April 2013 operations review. At the conclusion of the second CAP period, SHPD must provide documentation demonstrating the fulfillment of the corrective actions outlined in this document.

If SHPD makes no further progress toward meeting the mandated actions, the NPS will suspend all or a portion of the HPF grant assistance and redirect that funding to activities that will ensure satisfaction of the mandated actions. SHPD must further provide documentation of positive movement toward meeting all of the corrective actions by September 30, 2013 or risk losing any continued NPS technical assistance, while remaining under full fiscal oversight.

Programmatic Requirements of State Historic Preservation Offices

The National Historic Preservation Act (NHPA) establishes a network of State Historic Preservation Offices, with professional staff requirements and mandated responsibilities. SHPOs received Federal funding through the Historic Preservation Fund in order to carry out these mandates. The Historic Preservation Fund Grants Manual further defines the oversight responsibilities of the NPS and the requirements that SHPOs must follow in order to continue to receive Federal funding under the NHPA. Detailed descriptions of these programmatic requirements, through both the NHPA and the HPF Grants Manual are included in the original 2010 Corrective Action Plan document. A general summary of these requirements includes:

- Directing and conducting a comprehensive survey of historic properties and maintaining inventories of such properties.
- Nominating eligible properties to the National Register of Historic Places.
- Preparing and implementing a Comprehensive Statewide Historic Preservation Plan.
- Administering the program of Federal grant assistance for historic preservation within the State.
- Advising and assisting Federal and State agencies and local governments in carrying out their historic preservation responsibilities.
- Cooperating with the Secretary of the Interior, the Advisory Council on Historic Preservation, and other Federal, State, and local governments, organizations, and individuals to ensure that historic properties are taken into consideration at all levels of planning and development.
- Providing public information, education, training, and technical assistance relating to historic preservation.
- Cooperating with local governments in the development of local historic preservation programs, and certifying these programs, pursuant to the Act and related regulations.
- Consulting with the appropriate Federal agencies in accordance with the Act on: Federal undertakings that may affect historic properties, and the content and sufficiency of any plans developed to protect, manage, or to reduce or mitigate harm to such properties.
- Provide advice and assistance in the evaluation of proposals for rehabilitation projects that may qualify for Federal assistance (e.g., preservation tax incentives).

The NPS consolidated these activities into 9 HPF program areas. The NPS's Historic Preservation Fund Grants Manual defines requirements and eligible activities specific to each of these program areas, in addition to providing the minimum requirements. The HPF program areas defined by the NPS and the States in the HPF Grants Manual consist of:

- Program Administration
- Historic Preservation Planning
- Survey and Inventory

- National Register of Historic Places
- Development/Acquisition/Covenants
- Historic Preservation Tax Incentives
- Review and Compliance
- Local Government Certification
- Other Activities eligible for HPF grant assistance, including general public education and technical assistance

In order to receive HPF grant assistance, the NPS requires that SHPOs annually perform eligible activities in each HPF program area. SHPOs identify activities to accomplish in each program area as a component of their annual application for HPF grant assistance. The NPS requires that SHPOs report program accomplishments in each program area in annual reports due at the end of each calendar year. Several of these program areas are comprised wholly or partially of non-discretionary activities. The activities that specifically required of SHPOs under the terms of the Act include:

- the maintenance and upkeep of an accessible inventory of historic properties in the State;
- consulting with Federal agencies on the impact of undertakings on historic properties;
- processing complete nominations of eligible properties to the National Register of Historic Places;
- cooperating with local governments to certify local historic preservation programs and passing through 10% of their annual HPF grant funds to these Certified Local Governments; and
- preparing and implementing a comprehensive Statewide Historic Preservation Plan.

The NPS findings following the April 2013 final SHPD review found that there remain significant operational problems in several of the non-discretionary Federally-mandated HPF program areas. The NPS Final CAP Report and Recommendations document outlines these problems. This final review revealed challenges in the HPF program areas of Survey and Inventory, Review and Compliance, National Register of Historic Places, Certified Local Government administration, and Program Administration specifically.

The NPS recognizes that the SHPD made significant improvements in some programs under the CAP as the result in large part of outside technical assistance and its desire to improve the program, specifically Preservation Planning and Certified Local Government administration. Despite this, the NPS has determined that the problems associated with the administration of the Hawaii SHPD continue to negatively impact SHPD operations, and that the SHPD is not successfully meeting its responsibilities delegated to States under the National Historic Preservation Act. Consequently, the NPS has developed a second set of corrective actions to help the SHPD address and correct these problems. While the action items in the second CAP have been prioritized to reflect the urgency of the problem, all corrective actions must be met within the one year timeline, ending on May 30, 2014. If SHPD makes no further progress toward meeting the mandated actions, the NPS will suspend all or a portion of the HPF grant assistance and redirect that funding to activities that will ensure satisfaction of the mandated actions.

Survey and Inventory

Survey activities directly apply to the location, identification, and evaluation of historic and archeological resources. Inventory activities apply to the maintenance and use of previously gathered information regarding the presence or absence of historic and archaeological resources within the State. Survey and Inventory forms the backbone of the Historic Preservation office, touching every aspect of all other program areas in the State. Identification of significant sites directly impacts Planning, National Register, Preservation Tax Incentives, and Review and Compliance, as well as allowing informed decision making regarding Hawaii's irreplaceable historic and prehistoric resources.

Minimum approval criteria for the Survey and Inventory program area:

The State directs and conducts a comprehensive statewide survey to identify eligible properties for the National Register and maintains an inventory of such properties.

Specific Regulations Related to Survey and Inventory (36CFR 61.4)

(1) The SHPO must carry out a historic preservation planning process that includes the development and implementation of a comprehensive statewide historic preservation plan that provides guidance for effective decision making about historic property preservation throughout the State.

(2) The SHPO, in addition to surveying and maintaining inventories of historic properties, may also obtain:

- (i) Comparative data valuable in determining the National Register eligibility of properties;
- (ii) Information on properties that may become eligible for the National Register of Historic Places with the passage of time; and/or
- (iii) Information on the absence of historic properties for use in planning for public and private development projects.

Mandated Actions to be Delivered by Date Specified

- Branch chiefs (architecture and archaeology) will submit written narrative survey plans, including survey methodology, strategy, justification and research design, for the current SHPD fiscal year (FY14) to NPS for review before HPF monies are expended to conduct surveys. All survey plans must be reviewed and approved by NPS by 30 September 2013 to fulfill this mandated action
- IT Specialist will submit a strategic plan for the archiving of SHPD documents, focusing the use of DocuShare in the current SHPD fiscal year (FY14), document archiving workflows and definitions of roles assigned to SHPD staff in the process. This document will provide a written narrative description of DocuShare alternatives under consideration and plans to define the intake workflow. The strategic DocuShare plan must be reviewed and approved by NPS by 30 September 2013 to fulfill this mandated action
- SHPD will have a functional GIS to view existing and new spatial data related to the inventory. SHPD will have a functional database to view existing and new descriptive data related to the inventory. Both the GIS and database must be accessible to SHPD staff internally for all SHPD branches. It is NOT expected that all legacy data (both spatial and descriptive) will be available by the end of the revised CAP period. SHPD staff must provide the inventory database schema, GIS GeoDatabase and inventory database to NPS for review and comment by 1 May 2014 to fulfill this mandated action

- The SHPD inventory database will include National Register eligibility determinations made during any state or Federal review process to facilitate more accurate decision making in subsequent review processes
- SHPD staff will revise the existing Survey and Inventory SOP, separating it from the “combined Survey and Inventory/Review and Compliance SOP” document, updating it to reflect current procedures and workflows in the office. The document will be refocused for an internal SHPD audience and be based on interdisciplinary coordination among the SHPD branches to develop a coherent document.
 - SHPD will identify an SOP revision team containing staff from all branches
 - SHPD will identify a regular update schedule for the SOP document to insure its currency and consistency with office policies
 - SHPD will address maritime archaeological resources specifically and the listing of inventoried resources on the National Register
 - SHPD will address the need to make determinations of National Register eligibility as part of any state or Federal review process and the inclusion of eligibility information in the SHPD inventory database to facilitate any decision making process in subsequent state or Federal review processes
 - The revised Survey and Inventory SOP document must be reviewed and approved by NPS by 31 May 2014 to fulfill this mandated action

Mandated Actions

- GIS Specialist will submit annual work plan for current SHPD fiscal year (FY14) to NPS for review, outlining how legacy data and new spatial data will be incorporated into the GIS portion of the inventory.
- GIS Specialist will submit a strategic plan for the GIS program to NPS for review, including the current SHPD fiscal year (FY14) and up to 5 additional years, outlining the plans for incorporating legacy data into the GIS portion of the inventory, and plans for defining the workflow and requirements for incorporating new spatial data into the GIS portion of the inventory, as well as plans for the growth and development of the GIS program.
- IT Specialist will submit an annual work plan for the current SHPD fiscal year (FY14) to NPS for review, outlining plans for building the inventory database and integrating the inventory database with the intake database as well as the GIS.
- IT Specialist will submit a strategic plan for the IT program to the NPS for review, focusing on the planned and suggested enhancement of the intake database, the inventory database, the library database and the integration of these systems to facilitate access by the SHPD staff.
- SHPD GIS and IT staff will create and provide training for SHPD staff to describe workflow and procedures for incorporating new data into both the GIS and inventory database, to ensure continued maintenance and updating of the inventory. Copies of training materials will be submitted to NPS for review.
- SHPD staff will make the inventory database accessible for agencies that have created a Programmatic Agreement with SHPD for the purpose of sharing National Register eligibility information and facilitating the execution of any Programmatic Agreement
- SHPD staff will submit a plan for entering previous decisions made about resource National Register eligibility into the new inventory database

Review and Compliance

Review and Compliance refers to State activities that advise and assist public (Federal, State, and local government) agencies in carrying out their historic preservation responsibilities broadly described and established under Sections 106 and 110 of the National Historic Preservation Act, as well as in other Federal historic preservation-related law. State and local government responsibilities are those established in specific State or local legal and regulatory mandates which parallel in intent and objective the Federal laws cited above.

Minimum approval criteria for the Review and Compliance program area:

State cooperates with the Secretary of Interior, Advisory Council on Historic Preservation, and other Federal agencies, local governments or organizations and individuals to ensure that historic properties are taken into consideration at all levels of planning and development.

Mandated Actions to be Delivered by Date Specified

- SHPD staff will submit all PA's and MOA's to the NPS for review and approval before they are signed by the parties involved. SHPD must submit all PA's and MOA's to the Pacific West Regional NPS office Section 106 specialist for review and approval prior to final signature between the 31 May 2013 and 31 May 2014 to fulfill this mandated action
- IT Specialist will submit a strategic plan for the IT program focusing on the planned and suggested enhancement of the intake database to include 6E architectural branch projects (which form the majority of the architectural inventory), enhance project tracking requirements, produce metrics and facilitate access to the incoming projects by the SHPD staff. The strategic plan must be reviewed and approved by NPS by 30 September 2013 to fulfill this mandated action.
- SHPD staff will revise the existing Review and Compliance SOP, separating it from the "combined Survey and Inventory/Review and Compliance SOP" document, updating it to reflect current procedures and workflows in the office. The document will be refocused for an internal SHPD audience and be based on interdisciplinary coordination among the SHPD branches to develop a coherent document.
 - SHPD will identify an SOP revision team containing staff from all branches
 - SHPD will identify a regular update schedule for the SOP document to insure its currency and consistency with office policies
 - SHPD will address diverse resource types in the review process, discuss the integration of NEPA review requirements and discuss the listing of resources identified during the review process on the National Register
 - The revised Review and Compliance SOP document must be reviewed and approved by NPS by 31 May 2014 to fulfill this mandated action

Mandated Actions

- SHPD (IT Specialist and others) will re-engage in posting required elements identified in CAP-1 to the SHPD website related to Review and Compliance projects. SHPD will create a web-based system for the public to track the current status of the project under review. SHPD staff will notify NPS when changes occur to enable review of materials.
- SHPD administration staff must provide a list of the required training that Review and Compliance staff have received, indicating the training attended, dates that training occurred on during the CAP period (2010-2012) and plans for future training as necessary (2013-

2015) to the NPS for review. Future training plans must include budget information that integrates the cost of training into the SHPD overall budget.

National Register of Historic Places

The National Register program area includes activities that directly apply to the documentation and evaluation of historic or archeological resources for their potential eligibility for listing in the National Register of Historic Places.

Minimum approval criteria for the National Register program area:

State nominates eligible properties to the National Register of Historic Places

Mandated Actions to be Delivered by Date Specified

- SHPD staff will revise the existing National Register SOP, updating it to reflect current procedures and workflows in the office. The document will be refocused for an internal SHPD audience and be based on interdisciplinary coordination among the SHPD branches to develop a coherent document.
 - SHPD will identify an SOP revision team containing staff from all branches
 - SHPD will identify a regular update schedule for the SOP document to insure its currency and consistency with office policies
 - SHPD will address the National and State Register workflows as well as the process for passing State Register nominations forward to the National Register
 - The revised National Register SOP document must be reviewed and approved by NPS by 31 May 2014 to fulfill this mandated action
- SHPD staff will create a public oriented document to be disseminated through the SHPD website outlining the steps and procedures for listing resources on the state and National Registers, and the differences between the two registers. SHPD staff will update and revise the public facing document as necessary to reflect the current procedures and workflows in the office. The public facing National Register document must be reviewed and approved by NPS by 31 May 2014 to fulfill this mandated action

Mandated Actions

- SHPD National Register staff will create an internal digital tracking log for National Register nominations and submit the log to the NPS for review.
- SHPD will coordinate with the NPS National Register program staff to review nominations as well as National Register SOPs

Certified Local Government

The Certified Local Government (CLG) program area includes activities that directly apply to the assistance and leadership of the State in developing local historic preservation programs, assisting local government to become certified pursuant to the Act, monitoring and evaluating implementation of Certified Local Government program delivery, as well as monitoring and evaluating CLG performance, and ensuring that CLGs play a role in the National Register nomination process.

Minimum approval criteria for the Certified Local Government program area:

State encourages and assists local governments to become Certified Local Governments,

evaluates CLGs and decertifies CLGs as necessary, works to pass through ten percent of the annual HPF funding to projects in CLGs, and ensures that CLGs have an official role in the National Register nomination process.

Mandated Actions to be Delivered by Date Specified

- SHPD CLG staff will update the State CLG Procedures and the Hawaii CLG Manual to reflect new workflows, office data requirements and procedures, specifically related to survey actions. These documents should be oriented toward the small number of CLGs and incorporate procedures to involve CLGs in the National Register nomination process. SHPD CLG staff must provide revised State CLG Procedures and a Hawaii CLG Manual to the NPS CLG Program Coordinator for review and approval by 1 May 2014 to fulfill this mandated action
- SHPD CLG, administration and contracting staff will meet to discuss contracting protocols and procedures appropriate for CLG subgrant project management. CLG staff will create a written narrative SOP describing the contracting options and providing directions for applying those contracting protocols for CLG grant management. SHPD must provide the CLG contracting protocol SOP document to NPS for review and approval by 31 May 2014 to fulfill this mandated action

Mandated Actions

- SHPD CLG staff will attend CLG and grant management training, as available, to improve programmatic and fiscal management of Federal CLG monies.
- SHPD CLG staff will provide scopes of work for NPS review for proposed CLG projects to ensure consistency with other SHPD programs.
- SHPD CLG staff will provide draft products for NPS review for awarded CLG projects prior to completion to ensure consistency and progress.
- SHPD CLG staff will submit documentation of the completed annual CLG reviews for NPS to review

Historic Preservation Planning

Preparing and implementing a comprehensive statewide historic preservation is one of the State Historic Preservation Officer's responsibilities under the National Historic Preservation Act. The Historic Preservation Planning Program includes those State activities related to fulfilling this responsibility. Additionally, State legislated mandates of the Hawaii State Historic Preservation Division require, "preparation, review, and revisions of a state historic preservation plan, including budget requirements and land use recommendations." Statewide historic preservation planning is the rational, systematic process by which the State Historic Preservation Office (SHPO), with the active participation of stakeholders and the general public, develops a vision and goals for historic preservation throughout the State, so that effective and efficient preservation decisions and/or recommendations can be made. The SHPO seeks to achieve that vision through its own actions and through influencing the actions of others.

Minimum approval criteria for the Preservation Planning program area:

State prepares and implements a comprehensive statewide historic preservation plan that meets statewide needs, achieves broad-based public and professional involvement, considers a full range of historic resources, is based on resource data and user needs, encourages the integration

of preservation concerns into broader planning environments and is implemented by SHPO operations.

Mandated Actions to be Delivered by Date Specified

- SHPD will work to complete the elements identified in the already accepted Statewide Preservation Plan scheduled for completion in the current calendar year (2013).
 - If timing prevents the completion of the State plan items scheduled for 2013, provide written narrative explanation of why these tasks could not be completed.
 - The 2013 State plan tasks must be completed, or written explanation must be approved by the NPS before 30 September 2013 to fulfill this mandated action

Historic Preservation Program Administration

The Program Administration program area includes activities that directly apply to the management of the State Historic Preservation Office, its designated program areas and the administration of any grants or subgrants using Federal funding. This includes basic HPF grant management and reporting as required based on NHPA and the Historic Preservation Fund Grants Manual, basic office supervision, the appropriate hiring of qualified staff, strategic planning and fiscal responsibility.

Minimum approval criteria for the Program Administration area:

State uses acceptable methods of internal management control consisting of operating procedures and techniques that ensure the adherence of NHPA and grant-related laws, and promotes operational control. State historic preservation office staff must meet professional staff requirements. State uses commonly accepted Federal internal control methods and measures to adequately manage HPF subgrants, contracts and/or other third party funding.

Regulations related to HPF grantee financial management (43.CFR.12):

- A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:
 - Permit preparation of reports required by this part and the statutes authorizing the grant, and
 - Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.
- The financial management systems of other grantees and subgrantees must meet the following standards:
 - **Financial reporting.** Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
 - **Accounting records.** Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
 - **Internal control.** Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.
 - **Budget control.** Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement. If unit cost data are required, estimates based on available documentation will be accepted whenever possible.
 - **Allowable cost.** Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.
 - **Source documentation.** Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.
 - **Cash management.** Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.
- An awarding agency may review the adequacy of the financial management system of any applicant for financial assistance as part of a pre-award review or at any time subsequent to award.

Mandated Actions to be Delivered by Date Specified

- Significant concerns remain regarding the management of Federal and State-match funds associated with the HPF grant¹. NPS will direct SHPD Federal and State-match funds under

¹ Refer to HPF Grants Manual and Department of Interior Guidance Release 2011-03 "Financial Assistance Monitoring Protocol", pp. 1-10.

the second CAP requirements. SHPD will provide required documents and reports for project budgeting and review upon request, including the SHPD FY13 end of year fiscal report. All required documents must be presented to facilitate the full expenditure/obligation of HPF and State-match monies before 1 May 2014 to fulfill this mandated action

- During the revised CAP period, the NPS will review, approve and direct all Federal and State-match funding to insure that funds are expended on Federally-mandated activities. SHPD will request approval for any expenditure of Federal or State-match money from the NPS Pacific West regional office. SHPD will request approval of any expenditure of Federal money over \$5,000.00 from the NPS State, Tribal, and Local Plans & Grants Division the NPS Pacific West regional office. All required requests and reports on expenditures must be presented to the NPS for approval between 31 May 2013 and 31 May 2014 to fulfill this mandated action
- The SHPD will contract with an independent firm, using State contracting procedures, to conduct and impartial audit of SHPD administrative operations . The SHPD will submit the qualifications of the preferred firm to the NPS for review and approval prior to selection. This audit must examine Federal, State-match and all remaining funds, regardless of source, for the period including Federal fiscal years 2010 through 2013. SHPD will provide required documents and records to the auditing officials promptly when requested. The audit must be completed by 31 May 2014 to fulfill this mandated action.
- The SHPD will hire a librarian, based on existing position description, with existing Federal funds to manage the SHPD library, oversee the document archiving process and facilitate integration of inventory, GIS, data intake and document archiving functions.
 - If lack of funding prevents hiring of Librarian, provide written narrative explanation of why existing funds are not adequate and describe detailed plans for how SHPD will accomplish the Librarian tasks with no staff in place.
 - The Librarian must be hired and in place, or written explanation must be approved by the NPS before 1 May 2014 to fulfill this mandated action
- Hire remaining professional historic preservation staff to carry out Federal mandate (archaeologists, architectural historians, and historians). A full contingent of professional staff to meet requirements, specifically Review and Compliance needs, must be in place by 1 May 2014 to fulfill this mandated action
 - If circumstances prevent hiring the necessary staff to carry out the Federal mandate, provide written narrative explanation of why positions remain vacant and describe detailed plans for how SHPD will accomplish the related tasks with no staff in place. The written explanation must be approved by the NPS before 1 May 2014 to fulfill this mandated action if staff are not in place
- SHPD administration must create a SHPD office strategic plan and work plan for the current SHPD fiscal year (FY14). The strategic plan and work plan must integrate with branch chief strategic plans and employee work plans. The SHPD strategic plan and work plan must be reviewed and approved by NPS by 30 September 2013 to fulfill this mandated action
- SHPD administration will provide annual work plans for all staff working entirely or partially on the federally-mandated functions. Coordinated with and tied to the work plans, SHPD administration will provide reports on each staff member working entirely or partially on the federally mandated functions, identifying staff hours spent on Federal versus state mandated activities and projects to compare with individual staff funding sources. SHPD employee time should align with the percentage of Federal or State match funding associated

with their job and duties assigned in individual work plans. All SHPD employee work plans and time/budget breakdowns must be reviewed and approved by NPS by 30 September 2013 to fulfill this mandated action

- SHPD administration will create an office procedure manual (separate from the new employee handbook) that outlines SOPs for all administrative practices, including work flows for incoming and outgoing documents, position descriptions and expected output for staff members, procedures for performance management, procurement, property management, hiring and points of contact for each program area. The SHPD office procedures SOP must be reviewed and approved by NPS by 1 May 2014 to fulfill this mandated action

Mandated Actions

- Provide a written property inventory to NPS for review, indicating all office property, the funds from which property was purchased (Federal, Federal-state match, residual), the location of the property, and the date of acquisition.
- SHPD branch chiefs (architecture, archaeology, GIS, IT-or Librarian, as well as culture and history) will provide a budget for SHPD fiscal year (FY14). SHPD branch chiefs (architecture, archaeology, GIS, IT-or Librarian, as well as cultural and history) will provide a strategic plan for SHPD fiscal year (FY14). Branch budgets and strategic plans will be coordinated with the SHPD overall budget and strategic plan. All budgets and strategic plans will be submitted to NPS for review.

Second CAP Recommendations

1. Based on observations made during the various stages of review, interaction with the staff and comparison to other State Historic Preservation Offices, a number of organizational concerns remain. While the NPS cannot mandate any action taken regarding personnel or human resources, the NPS recommends that the Department of Land and Natural Resources consider reorganizing SHPD to be consistent with other states in structure and function.
 - The Deputy SHPO should function as the director of the office, providing management, vision and direction for the SHPO. The Deputy SHPO should be responsible for the management and execution of the SHPO program and its funding components. As a professional historic preservation staff member who meets Secretary of the Interior Professional Qualification Standards, the Deputy SHPO should have an intimate knowledge of the State's resources and be able to take responsibility for eligibility determinations and other decisions regarding resource significance in an official capacity. As a fellow professional, the Deputy SHPO should be able to manage the daily operations with the assistance of various branch chiefs. As the Deputy for the SHPO, they should also be able to perform outreach and public relation duties as required by the SHPO.
 - The Administrator, a role not present in most States, should be responsible for facilitating daily operations, providing support to the Deputy SHPO regarding practical aspects of contracting, budgeting and grant management. The Administrator should oversee the operation of the clerical, fiscal, administrative, and volunteer staff, coordinating their activities with the priorities set by the Deputy SHPO and the branch chiefs.
 - The Deputy SHPO should report directly to the SHPO. The Administrator, as well as SHPO branch chiefs should report to the Deputy SHPO.
2. Based on observations made during the various stages of review, interaction with the staff, and comparison to other State Historic Preservation Offices, the "exempt" status of the majority of SHPD employees remains a concern. While the NPS cannot mandate any action taken regarding the conversion of SHPD employees to civil service status, SHPD should seriously reconsider the continuation of this practice. This inherent lack of job security leads to instability in the office, very low employee morale, and opens SHPD to significant liability issues when contentious eligibility decisions are being made. This concern was identified in the original corrective action plan and no explanation for its continued practice has been provided.
3. Based on observations made during the various stages of review and interaction with the staff, it is clear that 6E Review and Compliance projects overwhelm the staff and interfere with their assigned Federal duties. While the NPS cannot mandate any action taken regarding personnel, SHPD should consider hiring part time staff or interns to scan documents for the DocuShare archiving process. Relieving the staff of this burden will save time, but allow the staff better access to library materials and enhance any review and compliance procedures, in addition to building the archive more quickly. Ultimately, SHPD should target a full time document processing staff position.

Second CAP NPS Oversight Procedures

Under the original CAP, NPS assigned a liaison to work with SHPD and assist SHPD in achieving the mandated actions outlined, by the timelines set. Initially the liaison provided general oversight but the role became a more encompassing daily activity requiring significant and continued involvement of NPS staff. Under the second CAP, the NPS will have a continued presence, with the liaison remaining as the primary NPS contact for support, but with significantly reduced daily involvement. The NPS will require, however, that the SHPD submit CAP deliverables according to the specific dates outlined in this report. The NPS will continue to provide technical support when necessary.

NPS Liaison Support

- The NPS liaison will continue to hold regular phone calls with the administration, reduced from bi-weekly to monthly. The first call will be held 20 May 2013, with further calls scheduled at the discretion of the liaison and accommodating schedules of the parties involved. When possible the NPS GIS Specialist providing technical support will participate in these regular calls.
- The NPS liaison will continue to provide support to SHPD staff when requested.

NPS GIS Technical Support

- The NPS GIS Specialist will continue to hold regular phone calls with the SHPD GIS and IT staff, reduced from weekly to monthly. The first call will be held 20 May 2013, with further calls schedule to accommodate schedules of the parties involved. When possible the NPS Liaison will participate in these regular calls.
- The NPS GIS Specialist will be available upon request to the GIS and IT Specialist and other SHPD staff to provide support related to the continued development of SHPD's inventory (GIS and database), as well as for the review of survey scopes of work and other documents requiring the inclusion of technical details related to spatial data collection methods.

NPS Pacific West Regional Office Support (PWRO)

- The PWRO will review PA's and MOA's submitted as part of the mandated actions.
- The PWRO will review SHPD's budget and fiscal reports on a quarterly basis. SHPD will provide the FY13 end of year fiscal report as a baseline for these reviews, when the State fiscal year expires on 30 June 2013. The PWRO will expect quarterly fiscal reports from SHPD throughout the second CAP period, ending in June 2014.
- The PWRO will direct the regular expenditure of any Federal or Federal-State match monies related to the mandated State Historic Preservation Office functions, as outlined in the mandated actions. This will include the review and approval of any expenditure of Federal or Federal-State match monies, including those that exceed \$5000.00.

NPS Washington Office Support (WASO)

- The WASO grant staff will continue to review regular required reports from SHPD related to the HPF grant, including any request for expenditures of HPF monies over \$5000.00.

- The WASO staff will continue to work with SHPD to help direct the expenditure of CLG funds, assist in the creation of or provide written explanations why the actions have not taken place. National Register nominations and provide technical support related to federally mandated functions upon request.

NPS Quarterly Review Team

- The NPS will establish a team of local, regional and nationally based NPS staff to review SHPD progress on a quarterly basis. The review team will include the NPS liaison (Melia Lane-Kamahele), the NPS GIS Specialist (Deidre McCarthy), NPS PWRO staff (David Louter, Cari Kreshak, Stanton Enomoto), and NPS WASO staff (Hampton Tucker).
- Quarterly review team meetings will be coordinated and scheduled by the PWRO staff and based primarily around the receipt of quarterly fiscal reports from SHPD.

SHPD Responsibilities

- SHPD will submit the mandated materials to the appropriate NPS staff and perform the mandated actions by the dates outlined in the CAP (2),
- SHPD will submit all of the mandated materials to the entire established review team by the dates outlined in the CAP (2).
- SHPD will submit quarterly fiscal reports, PA's, MOA's and requests for any expenditure of Federal or Federal-State match funding to the PWRO and the WASO staff for their review and approval.²

² Refer to "Protocol NPS Review of HI SHPD PAs & MOAs", created by NPS Pacific West Regional Office

Second CAP Mandated Action Timelines

Second CAP Deadline	Second CAP Mandated Action
30 September 2013	<p style="text-align: right;"><i>Survey and Inventory Program</i></p> <ul style="list-style-type: none"> • Branch chiefs submit written narrative survey plans • IT Specialist submits strategic plan for archiving SHPD documents <p style="text-align: right;"><i>Review and Compliance Program</i></p> <ul style="list-style-type: none"> • IT Specialist submits strategic plan for enhancing the intake database • SHPD submits all PA's and MOA's on a continuing basis until 31 May 2014 <p style="text-align: right;"><i>Preservation Planning Program</i></p> <ul style="list-style-type: none"> • SHPD submits document explaining why FY13 tasks outlined in Statewide plan have not been accomplished <p style="text-align: right;"><i>Program Administration</i></p> <ul style="list-style-type: none"> • SHPD submits all required funding request documents until 31 May 2014 • SHPD submits the office strategic plan and work plan • SHPD submits employee work plans and time/budget information for staff entirely or partially working on federally mandated functions • SHPD submits office procedures SOP
1 May 2014	<p style="text-align: right;"><i>Survey and Inventory Program</i></p> <ul style="list-style-type: none"> • SHPD will have functional inventory GIS and database <p style="text-align: right;"><i>Certified Local Government Program</i></p> <ul style="list-style-type: none"> • CLG staff submits updated State CLG procedures and Hawaii CLG Manual documents <p style="text-align: right;"><i>Program Administration</i></p> <ul style="list-style-type: none"> • SHPD hires Librarian or provides explanation why not accomplished and future plans to accommodate tasks without staff • SHPD hires remaining professional staff to carry out Federal mandate or provides explanation why not accomplished and future plans to accommodate tasks without staff
31 May 2014	<p style="text-align: right;"><i>Survey and Inventory Program</i></p> <ul style="list-style-type: none"> • SHPD submits revised and updated Survey and Inventory SOP <p style="text-align: right;"><i>Review and Compliance Program</i></p> <ul style="list-style-type: none"> • SHPD submits revised and updated Review and Compliance SOP <p style="text-align: right;"><i>National Register of Historic Places Program</i></p> <ul style="list-style-type: none"> • SHPD submits revised and updated National Register SOP • SHPD submits public facing National Register document <p style="text-align: right;"><i>Certified Local Government Program</i></p> <ul style="list-style-type: none"> • CLG staff submits contracting and grant management SOP <p style="text-align: right;"><i>Program Administration</i></p> <ul style="list-style-type: none"> • NPS will arrange for an approved State contracted audit of SHPD to be completed

Second CAP Priority Actions

SHPD Program Area	Second CAP Priority Action
Survey and Inventory	<ul style="list-style-type: none"> • GIS Specialist submits annual work plan for legacy data and new spatial data • GIS Specialist submits GIS program strategic plan • IT Specialist submits annual work plan for building the inventory database • IT Specialist submits IT program strategic plan • GIS and IT staff provide training to SHPD staff for maintenance and use of inventory GIS and database • SHPD will make the inventory accessible to agencies who have entered into a PA to access eligibility decisions • SHPD submits plan to incorporate past eligibility decisions into the inventory
Review and Compliance	<ul style="list-style-type: none"> • SHPD staff will re-engage in website development to track project status • SHPD administration submit list of Section 106 training taken for each employee and future plans/budget for training
National Register	<ul style="list-style-type: none"> • SHPD staff submits an internal digital tracking log • SHPD staff will coordinate review of nominations and SOPs with NPS
Certified Local Government	<ul style="list-style-type: none"> • CLG staff will attend and complete CLG and grant management training • CLG staff will provide scopes of work for proposed CLG projects • CLG staff will provide draft products for subgrants awarded • CLG staff will provide documentation of annual CLG reviews
Program Administration	<ul style="list-style-type: none"> • SHPD administration submits property inventory with source fund information • SHPD branch chiefs submit coordinated budget and strategic plans



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

SEP 13 2011

Department of the Interior Guidance Release (DIG) 2011-03

Subject: Financial Assistance Monitoring Protocol

References: Office of Management and Budget (OMB) Circular A-102, *Grants and Cooperative Agreements with State and Local Governments* relocated to 2 CFR 225; OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Non-Profit Organizations*, relocated to 2 CFR 215; OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, relocated to 2 CFR 225; OMB Circular A-21, *Cost Principles for Educational Institutions*, relocated to 2 CFR 220; OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, relocated to 2 CFR 230; 43 CFR Part 12, *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, sections 12.80, 12.81, and 12.83; and Executive Order 12674, *Principles of Ethical Conduct*, Part I, §101(k)

- 1. Purpose:** This policy outlines the protocol for Department of the Interior financial assistance monitoring activities.
- 2. Effective Date:** Effective immediately upon issuance.
- 3. Responsibilities:** The Office of Acquisition and Property Management provides financial assistance leadership and policy guidance to bureaus and offices. This responsibility includes providing training and technical assistance in order to effect systemic change and to accomplish agency mission goals.

Bureau/office heads are responsible for ensuring that this policy is distributed to all of their Bureau program offices that administer financial assistance programs; preparing supplementary guidance, as appropriate; and implementing the policy's requirements. As stewards of Federal funds, Bureau/office heads have a duty to hold recipients accountable for the timely receipt of financial and programmatic reports; to proactively address recipient problems that impede the effective implementation of programs; and to ensure that public monies are spent properly.

- 4. Policy:** It is the policy of the Department of the Interior to ensure the fiscal and programmatic integrity of its recipients through proactive monitoring of financial assistance programs. Monitoring of Federal financial assistance programs advocates good stewardship of awarded funds, and ensures that projects are carried out in a manner consistent with the recipient's approved project proposal or work plan. The Department has developed a risk-based portfolio management framework for developing a monitoring strategy that integrates baseline monitoring activities and focuses limited monitoring resources on higher risk awards. The

purpose of this strategy is to measure relative risks across awards and recipients and prioritize a set of monitoring activities for each category of risk. The monitoring strategy includes the annual selection of a bureau specific award portfolio based upon risk-based award ranking. The risk-based award ranking will be accomplished by completing the Financial Assistance Assessment Checklist (Attachment 1) and ranking recipient scores. Based upon the scores received through the checklist, monitoring activities will be prioritized based upon category:

Category A: Low Risk Awardees

Category B: Moderate Risk Awardees

Category C: High Risk Awardees

The Department incorporates a variety of risk factors into the overall award risk ranking. Initial award-related risk factors relate to the risk of non-compliance associated with each award and include the amount obligated, award complexity, financial audit, financial and programmatic reporting, and characteristics that are indicative of awardee financial assistance management capability or risk of non-compliance. Bureaus and offices may make adjustments to risk scores calculated with the Assessment Checklist to account for prior monitoring activity. For example, risk scores may increase or decrease based on concerns identified or resolved during prior desk reviews and site visits. Grants management specialists will incorporate internal comments received from their organizational units as well as information gathered from the awardees' prior award administration including awardees on special payment provisions, adjustments to closed awards, and financial and programmatic reporting history.

5. Financial Assistance Monitoring Objectives:

A. What types of monitoring are conducted on financial assistance awards?

There are two general categories of monitoring activities: programmatic and financial. Program monitoring addresses the content and substance of the program. It is a qualitative review to determine performance, innovation, and contributions to the field. It assesses whether award activities are consistent with the work plan or proposed project activities identified in the agreement or application content, accomplish award goals and objectives, and are compliant with statutory regulations and other policy guidelines. Program monitoring also involves (1) assessing technical assistance needs and evaluating program outcomes; and (2) monitoring administrative activities including compliance with award terms and conditions, reporting requirements, and completeness of documentation in the bureau official award file.

Financial monitoring is necessary to ensure compliance with financial guidelines and general accounting practices. Onsite or internal financial reviews are conducted to determine if (1) award recipients are properly accounting for the receipt and expenditures of Federal funds; (2) expenditures are in compliance with Federal requirements and award special conditions; and (3) proper documentation on financial activities is prepared, maintained, and distributed as appropriate. This documentation includes a record of all contacts between the bureau/office and the recipient.

Post-award monitoring of both programmatic and financial activity is conducted to determine the recipient's progress toward implementing the planned award activities; review compliance with relevant laws and regulations; and provide technical assistance when needed. The acquisition or financial assistance management team coordinates throughout the monitoring process by preparing an annual monitoring plan.

B. Who should monitor?

Bureau/office personnel who are responsible for administering financial assistance programs must ensure administrative, financial and programmatic compliance with relevant statutes, regulations, policies, and guidelines. Grants management specialists provide technical assistance and assist recipients in resolving problems that may impede the effective implementation of the project. Monitoring is an integral part of managing award programs and is performed periodically throughout the life of the financial assistance award period.

Staff persons are responsible for ensuring that relevant copies of all reports and correspondence are maintained. Sound monitoring starts with maintaining complete and well organized files, including copies of all reports and correspondence between the bureau/office and the recipient. These files should be reviewed periodically and particularly prior to an onsite visit.

Financial assistance personnel are responsible for reporting fraud, waste and abuse, as well as suspected violations and serious irregularities.

C. How do we monitor?

Federal agencies monitor recipients for compliance with program regulations primarily through internal desk review audits, site visits, and recipient compliance to the single audit. Single audits are used to monitor recipients that expend \$500,000 or more in Federal funds in a fiscal year.

Pre-Award Testing Methods

1. Recipient Financial Capability/Business Determination Review

A preliminary assessment of the applicant's financial capability, including the applicant's accounting system and operations, must be completed to ensure that if Federal funds are awarded the funds will be expended in a judicious manner. First-time nongovernmental applicants (with the exception of public colleges, universities, and hospitals) must submit to a review of the organization's accounting system prior to award or within a reasonable timeframe thereafter to assure its adequacy and acceptability. This review may also apply where known financial or management deficiencies appear to exist. The results of the review will determine the action to be taken by the awarding agency with regard to the award, i.e., additional reporting or higher risk category designation with enhanced monitoring requirements. Applicants that have received prior awards must provide documentation to show that outstanding

audit issues have been resolved and that delinquent audit, financial, or progress reports are brought up to date prior to award of additional discretionary funds.

2. Budget Review

Staff may conduct a budget analysis of each application considered for funding. This budget analysis includes obtaining the Application for Federal Assistance, SF-424A or SF-424C, budget narrative, or detailed budget worksheet for the purpose of evaluating specific elements of costs, and examining data to determine the necessity, reasonableness, allowability, allocability, and appropriateness of the proposed cost.

The budget analysis is designed to review applicant budget estimates and supporting documentation to determine whether the costs estimated are in accordance with the requirements within the respective OMB Cost Principles. In order to make this determination, applicants are required to submit budget estimates with detailed supporting documentation.

Post Award Testing Methods

In order to monitor current performance and fiscal practices for compliance, the following testing methods may be used:

1. Performance Report

Recipients are required to submit performance reports in accordance with requirements stated in 43 CFR Part 12. The frequency with which the reports are submitted will be determined in the award terms and conditions. Grants management specialists will review the reports to assess the following:

- Actual accomplishments compared to the objectives established for the period;
- Documentation to support a justification for slippage if established objectives were not met;
- Analysis and explanation of cost overruns or high unit costs; and
- Whether funds reported in the Federal Financial Report (SF-425) or Treasury Automated Standard Payment System automated reports on funding withdrawals, are consistent with the goals and objectives for the period of performance.

2. Federal Financial Report, SF-425

There are several financial forms and reports that award recipients may be required to complete including the Federal Financial Report, SF-425, and Request for Advance or Reimbursement, SF-270.

As of October 2009, all bureaus and offices must have fully transitioned to sole use of the SF-425, which is a government-wide financial assistance streamlining mandate. The SF-425 contains four sections: Status of Federal Cash, Status of Federal Expenditures and Unobligated Balance, Status of Recipient Share, and Program Income. Bureaus will

choose the sections their recipients are required to complete and the frequency of report submission.

- a. Recipients are required to submit the SF-425 in accordance with financial assistance regulations and DOI policy. The frequency with which reports are submitted will be determined using a business management capability/systems assessment and other factors (i.e., past performance, dollar value of the award, or complexity), and will be stated in the award document.
- b. Reports will include program outlays and income.
- c. Reports will be reviewed to ensure they are received by the due date and provide adequate information covering the expenditure of funds for the specified time period. The Department of the Interior Guidance Release (DIG) 2009-04, *Policy Regarding Financial Status Reporting Requirements Related to Grants and Cooperative Agreements*.
- d. Reports will also be reviewed to determine whether the funds spent are appropriate.

The procedures to follow for late reports, monitoring reports, and remedies for recipient noncompliance are outlined in DIG 2009-04.

3. Compliance With OMB Cost Principles A-21, A-122 and A-87

Compliance with OMB Cost Principles A-21, A-122 and A-87 is tested by examining outlays. Regular monitoring of withdrawals via the designated electronic payment system should be conducted on a regular basis. Source documentation (purchase orders, invoices, cancelled checks, payroll, time and attendance records) for randomly selected transactions under each award are reviewed to determine the nature of the expenditure and to establish its allowability.

4. Recipient Internal Controls

Recipients of Federal financial assistance are required to maintain sufficient internal controls so that there is reasonable assurance that recipients are managing each Federal program in compliance with laws, regulations, and the provisions of grant or assistance agreements that could have a material effect on the Federal programs. Bureaus and offices should follow the procedures below when reviewing a recipient's system of internal controls:

- a. Examine the recipient's written policies and procedures for financial assistance management.
- b. Obtain accounting records for each Federal grant.
- c. Check property/equipment inventories and maintenance schedules.

- d. Justify the most current award balances and expenditures by reviewing the SF-425 and Automated Standard Application for Payment (ASAP) system draw down history.

5. Audits

Organization-wide audits under OMB Circular A-133 will occur annually for recipients expending more than \$500,000 in Federal funds. The audit results will be reviewed to determine:

- The recipient's financial performance, with emphasis on the adequacy of the recipient's internal controls and the extent of its compliance with Federal law and regulations; and
- Any instances of noncompliance, questionable costs, fraud, abuse, and illegal acts that the independent auditor may have discovered.

6. Monitoring Plan

The effective monitoring of financial assistance programs is achieved through the development, implementation and maintenance of the monitoring plan. A risk-based approach should be used when determining the level of monitoring. A site visit is considered to be the highest level of staff involvement for a select group of recipients, while other activities considered moderate or lower risk can be effectively monitored with lower levels of staff resource involvement.

The thorough analysis and review of this risk assessment enables the bureau or office to identify the level of monitoring activities needed for a particular project based upon program policy priority, dollar threshold of award, recipient's need for assistance, and program potential for implementation problems. Once completed, the grants officer or program manager will determine how the monitoring plan will be completed, what the focus of the plan will be over the life of the financial assistance award, and what types and how often the appropriate monitoring activities will be conducted; e.g., review of financial and program reports, monitor cash draw downs in the ASAP system, desk reviews, onsite visits, or telephone surveys.

Monitoring priority is given to the following:

- Awards in which irregularities or instances of non-compliance have been identified;
- Implementation has been problematic; or
- Highly visible programs that have policy priority or where the recipient has specifically requested technical or other assistance.

The frequency or resources available to determine appropriate onsite monitoring is at the discretion of the bureau or office. Oftentimes, desk and telephone reviews may occur prior to an onsite visit and may be conducted periodically to monitor a recipient's compliance. A desk review consists of reviewing financial assistance files, performance

and financial reports, and ASAP system draw down history to ensure completeness, accuracy, and up-to-date data so as to assess recipient compliance. Monitoring may also be conducted as part of conferences and meetings with recipients. Telephone monitoring may be done to communicate time sensitive information or when onsite visits are not feasible.

This plan is an evolving document to be used throughout the life cycle of a project to ensure the goals and objectives are met. The bureau/office is responsible for revisiting the assessment to determine if modifications to the monitoring plan are required.

The Financial Assistance Evaluation Questionnaire (Attachment 2) shall be used as a tool to evaluate recipient performance, regardless of method. The following outlines the procedures required for implementing the various award monitoring protocols:

A. Desk/Telephone Monitoring Report

Desk and telephone monitoring are baseline or low- to moderate-risk monitoring techniques. Desk monitoring is a thorough review of the bureau award file, while phone monitoring takes the review a step further by contacting the recipient's staff to discuss data in source documents, award activities and project status.

Reviews of award files are conducted in order to:

- Ensure that the files are complete and the documents they contain were properly executed;
- Determine if the recipient is in compliance with the program guidelines;
- Determine if award special conditions are being implemented and properly cleared; and
- Assess the progress of the program and identify any problems encountered.

There are four action steps required when conducting a desk/telephone review:

Step 1: Review the official award files and complete the Financial Assistance Evaluation Questionnaire. Ensure that all documents identified on the form are included.

Step 2: Compile a list of programmatic, administrative and financial issues to discuss.

Step 3: Contact the recipient to address any issues requiring resolution and to request copies of documents that may be missing from the file.

Step 4: Send a copy of the completed Financial Assistance Evaluation Questionnaire and any supporting information for inclusion in the official file.

B. Monitoring Reviews and Report

Monitoring reviews may be used independently or in conjunction with the Financial Assistance Evaluation Questionnaire or as a record in preparing the Monitoring Report (Attachment 3). Monitoring reviews provide the bureau/office a substantive assessment of project implementation and will serve as guidance in determining any required corrective actions. This information comprises the analysis of the Progress Report Review and the SF-425.

C. Site Visit

Onsite monitoring consists of three phases: the site visit plan (pre-visit), the onsite visit survey, and post-visit tasks. During all phases of monitoring, procedures are divided into two parts: (1) programmatic issues; and (2) administrative/financial issues.

1. Site Visit Plan (Pre-Visit)

Prior to the actual onsite monitoring visit, the bureau/office completes a number of tasks to prepare for the visit. Adequate preparation prior to a visit provides the bureau/office with the background information necessary to conduct a thorough visit. Prior preparation also helps to ensure that the recipient can assist the onsite monitor with relevant information about the programmatic, administrative and financial oversight of the project, as well as with a comprehensive overview of the status of the project.

Prior to arriving on site, the bureau/office must:

- a. Review the award file and data maintained in automated reports/databases.
- b. Develop a checklist or site visit survey of information, documents and activities to be reviewed and questions to ask the recipient.
- c. Schedule the onsite visit.
- d. Send a confirmation letter or email to the recipient confirming the visit. Staff may also forward a copy of the checklist or site visit survey so the recipient will be familiar with the information required for the visit.
- e. Compile materials to take to the onsite visit.

2. During the Visit

The bureau/office visits the recipient at the project site in order to discuss specific issues related to their implementation plan, observe project activity, and make judgments about planned versus actual progress.

During the onsite visit, the bureau/office:

- a. Conducts an entrance interview. This interview is conducted with the project point of contact, agency director, project personnel or financial/accounting staff and is used to set the tone and establish expectations for the onsite monitoring visit.
- b. Conducts a programmatic, administrative, and financial review of the project. The bureau/office reviews the recipient's award files to ensure that all information contained in them is current, the recipient's financial management system and special conditions have been satisfied.
- c. When applicable, the bureau/office conducts interviews with sub-recipients. If issues or problems were noted during the desk monitoring, questions are to be asked of the project staff and sub-recipients to increase understanding of the problem and shed light on possible solutions.
- d. Visit the site of the federally funded project. Prior to arrival at the site, the bureau/office has prepared a checklist of goals, objectives, and time lines to measure the progress of the program.
- e. Conduct an exit interview. The interview is conducted with the project point of contact and designated bureau/office financial assistance personnel. The exit discussion is used as an opportunity for the recipient to ask questions of the grants management specialist.

3. Post Visit

The purpose of the Site Visit Report (Attachment 4) is to document the result of the site visit and to highlight any areas where the recipient is in non-compliance or in need of assistance. Following the site visit, a follow-up letter is sent to the recipient to thank them for their cooperation during the visit. This follow-up letter may also serve to identify areas for improvement, programmatic recommendations or assistance that will be provided. The site visit report and follow-up letter are prepared within 30 business days of returning from the site visit, and a copy of both is included in the official award file.

Required steps following the site visit are:

Step 1: Prepare the site visit report and letter to the recipient.

Step 2: Route site visit report and letter through the bureau/office for review.

Step 3: After review and approval, send the letter to the recipient.

Step 4: Send an approved copy of the site visit report and letter to the official file.

If the recipient provides insufficient documentation to bureau/office staff, the recipient is generally given 30 calendar days from the date they receive the follow-up letter to provide the required information. After 30 calendar days, if this does not produce the missing information, a telephone contact should be made in an effort to resolve the issue(s). In the event there is not a resolution, a final warning letter is signed by the bureau/office head and sent via certified mail approximately 45 calendar days from the date of the follow-up letter.

7. Additional Information: For questions regarding this guidance, you may contact Anita Hairston, Financial Assistance Program Analyst, Office of Acquisition and Property Management at 202-254-5558, by e-mail at anita_hairston@ios.doi.gov.



Debra E. Sonderman
Director, Office of Acquisition and Property Management

Attachments

- 1 – Financial Assistance Risk Assessment Checklist
- 2 – Financial Assistance Evaluation Questionnaire
- 3 – Monitoring Report
- 4 – Site Visit Report

**Protocol for the National Park Service Review of Hawaii SHPO
Section 106 Programmatic Agreements and Memorandum of Agreements as Required by the Corrective
Action Plan
May 31, 2013**

Following the National Park Service’s (NPS) review of the Hawaii State Historic Preservation Division (SHPD) in March 2013, at the conclusion of the corrective action plan established for the SHPD by the NPS, the NPS determined that the Hawaii State Historic Preservation Division (SHPD) will continue to be designated a “high risk grantee.” The NPS found that although some improvement has been made, serious problems remain in the areas of Survey & Inventory, Review & Compliance, National Register of Historic Places, Certified Local Government administration, and general program administration. Accordingly, the NPS has identified additional corrective actions to address these remaining problems and established a one-year timeline for implementation. One of these corrective actions requires that the SHPD submit draft copies of all programmatic agreements and memorandum of agreements to the NPS for review prior to execution, to insure that requisite preservation laws and regulations have been adequately addressed.

The NPS will review the Programmatic Agreements and Memorandum of Agreement (PA/MOA) solely for ensuring that the documents meet the minimum standards and to ensure that the agreement provisions reflect standard elements that are relevant for the project under consultation. The NPS will not be part of the Section 106 consultation process unless the project is a NPS project.

The following process outlines how the the National Park Service will review PA/MOA documents prior to the documents being signed by the signatories (see flow chart below):

1. SHPD Administrator or Deputy SHPO will notify the NPS in writing when an agency is starting the PA/MOA process. This notification will be to the Chief, Cultural Resources Program, Pacific West Region and the SHPD CAP Liaison.

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2. The notification will also provide a brief summary of the project, the parties and the anticipated timeline and/or complexity.

3. David Louter, as the primary NPS POC, notifies Cari Kreshak, Pacific West Region Section 106 Coordinator, of the impending agreement. Cari Kreshak will add the agreement to a tracking spreadsheet.
4. When the PA/MOA is nearly complete and almost ready for signatures, the SHPD will send it electronically (with all attachments) to both David Louter and Melia Lane-Kamahele.
5. David Louter will send the unsigned PA/MOA to Cari Kreshak for review.
6. Cari Kreshak will review the PA/MOA to ensure that the agreement meets the minimum standards and that the provisions reflect standard elements that are relevant for the project under consultation.
7. After the review, Cari Kreshak will send any comments to Dave Louter (copy to Melia Lane-Kamahele); Dave will transmit any proposed comments or changes officially to the SHPD POC.
8. If there are changes/additions needed for the PA/MOA, the SHPD POC will be responsible for contacting the lead agency with this information. To ensure a chain of custody on the documents, the lead agency will not contact or copy the NPS directly with the information and materials but rather work through the SHPD POC only.
9. The lead agency will make any necessary changes to the agreement through the consultation process and return the document (with appropriate concurrence as needed) to the SHPD.
10. Once appropriate changes, if needed, are made to the agreement, the SHPO can sign the agreement document.

Flow Chart of PA/MOA Review Process

