

CABLE DIVISION
COMMERCE AND
CONSUMER AFFAIRS

2005 AUG -1 A 8: 06

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OLELO COMMUNITY TELEVISION

FAX TRANSMISSION

July 29, 2005

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CABLE DIVISION
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No. Pages (including cover sheet): 27

To: Mark Recktenwald
Director, DCCA

Clyde Sonobe
Cable Administrator, DCCA

Fr: Kealii Lopez
President/CEO
Olelo Community Television

Fax: 586-2625

Re: **Response to Merina & Company Third Party Review and Management Letter**

Aloha,

Following is our response. Please let us know if you would prefer that we send you a PDF (electronic) or paper copy.





July 29, 2005

CABLE DIVISION
COMMERCE AND
CONSUMER AFFAIRS

Mr. Mark Recktenwald
Director
Department of Commerce and Consumer Affairs
P.O. Box 541
Honolulu, HI 96809

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Dear Mr. Recktenwald:

Thank you for the opportunity to comment on the review of Hawaii's Public, Education and Government (PEG) access organizations by Merina & Company. Our comments are enclosed. The first document relates to the review of 'Olelo Community Television. The second document contains our comments on Merina's management letter pertaining to all of Hawaii's PEG access providers.

We realize that these reviews were intended to provide the DCCA with baseline information about each PEG and give you the ability to make comparisons between PEGs. With this in mind, we think it is important that any comparative analysis of the PEGs take into consideration the unique character of each of the PEGs and the communities they serve.

In an effort to improve the effectiveness of future reviews, we offer the following observations that fall into three areas: procedures selected to be reviewed, processes used by the audit team and the way findings are written.

Procedures

A number of the procedures are an intrusion into areas that we believe are the purview of each PEG's Board of Directors. An example is the Board's oversight of the managing director or equivalent. Selection, performance review and even separation of managing directors are Board functions, and are taken seriously by all concerned.

We agree that DCCA has a responsibility to ensure that PEGs are accountable for the use of assets. However, as private, non-profit agencies--which undergo annual independent financial audits--the PEGs are already subject to detailed reviews. Annual financial audits reconcile expenditures and determine the appropriateness of those expenditures. Moreover, some procedures involve information in documents routinely furnished to DCCA. Some information is already a matter of public

record in documents such as the Form 990. Therefore, we believe that some of the procedures were redundant.

Processes and Findings

As several of our responses indicate, there were cases where we found that information cited by the auditors did not agree with data on record at `Olelo. In other findings, it was clear that although records or procedures existed, that they were not requested of the appropriate staff member. It would have been helpful, and would have saved staff time, if preliminary findings were sent to `Olelo and clarified before the formal report was sent to DCCA. It was also difficult to determine the point of some of the findings. These will become public documents, and it is important that readers understand the significance of each finding, including whether a PEG was or was not in compliance with whatever standard was applied. That was not always readily apparent.

In closing, I would like to make two additional points. First, we welcome DCCA's development of measurement tools to assist in the oversight of PEG access organizations. However, because of the differences in the communities that each PEG serves, we ask that these tools—especially financial measurements—be used carefully, and that they consider not only the characteristics we share, but also those unique factors that help us serve our communities. Second, it is clear to us that there are several areas where dialogue and the creation of a common understanding are needed. I can assure you that `Olelo is committed to maintaining such a collaborative relationship.

Sincerely,



Keali'i S. Lopez
President and CEO

cc: Rochelle Gregson, `Olelo Board Chair
Clyde Sonobe, DCCA, Cable Television Division

Enc. Response to the Merina Report (13 pages)
Response to Merina Management Letter (11 pages)

**`Ölelo Community Television
Responses to Merina & Company's Independent Accountant's Report
Dated February 25, 2005**

The following outlines `Ölelo's responses to the findings of the independent auditors Merina & Company as it pertains to its review of `Ölelo Community Television from January 1, 2001 to December 31, 2003. `Ölelo only provides responses for the findings it determined warranted clarification, correction or elaboration. Findings without a corresponding reply indicate that `Ölelo has no response at this time. Rather than incorporating the entire Merina & Company's finding, `Ölelo has provided excerpts directly from the report in italic font.

Response to Finding 2

"... Auditors can render three basic levels of conclusions about financial statements. These three conclusions are known as levels of assurance."

It is important to note that the findings of `Ölelo's independent audits were favorable to `Ölelo. Merina's finding explains the three basic levels of audit conclusions and as the Merina Report points out, "The independent CPA's report indicates they are not aware of any material modifications that should be made to accompanying financial statements..." The report goes on to confirm that `Ölelo's financial statements were audited annually as required, and that the reports for those audits were "unqualified," (the highest level of assurance), because `Ölelo's financial processes were in order.

Response to Finding 3

"`Ölelo does not defer revenue."

This observation was discussed with the accounting firm that audits `Ölelo. The observation is correct and reflects good accounting practice. Since cable fees are expended during the fiscal year in which they are received, it is appropriate that `Ölelo not classify them as deferred revenue.

Response to Finding 4c

"Fund raising revenues contributions and donations are shown on Form 990 Part I Line 2 (program service revenues). There were no fund raising expenditures reported on Form 990 Part II. On `Ölelo's trial balance, donations of \$1,245 were reported for 2001, \$3,200 for 2002, and \$119 for 2003."

This Finding is well within the parameters allowed by the Internal Revenue Service.

Response to Finding 8a

"We prepared a schedule of capital funds received and expended for the last three years:

- *"... We did note that the ending unspent capital funds do equal to the Temporarily Restricted Net Assets."*

- *We documented the capital revenues received, spent, and held for future capital additions in the following schedule. The amount shown as Transferred Out in prior years is net after earnings and bank fees. The amounts shown as Transferred Out for 2001 and 2003 agree to the additions to Capital Assets shown in Finding 9. During 2002...*

It is unclear where Merina obtained the Received and Transferred Out figures for prior years. In order to confirm Merina's findings, ʻŌlelo requests an explanation of how the figures were calculated.

Response to Finding 9

"We noted that prior to 2001, ʻŌlelo used funds other than capital funds for the purchase of some Capital Assets. ʻŌlelo has \$12,272,114 of capitalized assets as of December 31, 2003 which exceeds the cumulative capital funds, adjusted for earnings and fees. The PEGs are allowed to use operating funds for the purchase of Capital Assets at their discretion and just over \$4 million in capitalized assets were purchased with non-capital funds. The detail needed to identify the assets purchased with capital versus other funds prior to 2001 is not readily available...."

It is ʻŌlelo's current practice to use capital funds to purchase capital equipment. The discrepancy noted in this Finding is the result of ʻŌlelo having modified, over time, the manner in which inventory was recorded and keeping fully depreciated items on the inventory and in the system. Previously, all inventory (capital and non-capital items), from chairs and cabinets to production equipment, was maintained in ʻŌlelo's financial reporting system. Since 2002, only items purchased with capital funds have been tracked in the financial reporting system. However, the fact that ʻŌlelo has not removed fully depreciated assets (some dating back to a purchase date of the 1990s) has also contributed to the discrepancy.

ʻŌlelo's current system makes it possible to identify funding sources. By December 31, 2005, ʻŌlelo will have removed from inventory all fully depreciated items.

Response to Finding 11

"We prepared a schedule of salaries and benefits for 2001, 2002, and 2003. The schedule of salary and benefits by category is presented below:"

ʻŌlelo's finance and human resource staff were unable to validate the numbers presented by Merina & Company. In order to confirm Merina's findings, ʻŌlelo requests an explanation of how the figures were calculated.

Response to Finding 12

"From the employment contract for the managing director... We documented the salary and benefits on the following chart..."

ʻŌlelo was not able to validate the 2003 figures presented by Merina. Additionally, the finding states that President/CEO was in the position for only part of the year at the time of the review. It seems that this reference refers to the current President and CEO, who was hired July 1, 2004.

In order to confirm Merina's findings, ʻŌlelo requests an explanation of how the figures were calculated.

Response to Finding 14

"Obtain the PEG's travel reimbursement policy and tabulate the travel expenses for the last three years for staff and expenses for the Board of Directors."

Staff is unable to validate the findings provided by Merina. In order to confirm Merina's findings, ʻŌlelo requests an explanation of how the figures were calculated for this finding.

Response to Finding 15

"We found that seven (41%) of the 17 samples were missing required documentation or proof of authorization as required by reimbursement policies."

ʻŌlelo acknowledges that there were minor inconsistencies in following ʻŌlelo's reimbursement policies. ʻŌlelo will provide information and re-orient staff and board members on policies by August 31, 2005. These policies will be made part of orientation packets for both staff and board members. In addition, effective immediately, finance staff will not process purchase orders or reimbursements until complete and appropriate information is collected.

"We found that general ledger detail does not contain the information needed to break down per person trip details or cost of trips..."

ʻŌlelo does not capture the level of detail within its general ledger as specified by Merina & Company, nor does it feel this is necessary since information to evaluate per person travel and per diem expenses, an internal administrative process, can already be captured through ʻŌlelo's purchasing procedure.

Response to Finding 23

"We obtained a description of each type of system available at ʻŌlelo, the quantity of each type of system, and a description of the users of each type of systems [sic] as shown in the following table:"

The table that was generated by Merina & Company contains several inaccuracies. Corrections are in underlined italic text.

<u>System Location and Description</u>	<u>Quantity</u>	<u>Users</u>
<u>Mapunapuna</u>		
Studio	1	General Public/ <u>Staff</u>
Mini/Robotic	1	<u>General Public/Staff</u>
Featherpack	2	General Public/ <u>Staff</u>
Production truck/van	1	<u>General Public/Staff</u>
Camcorder	15	General Public/ <u>Staff</u>
Non-linear edit (<u>Final Cut Pro</u>)	<u>13</u> <u>2</u>	General Public/ <u>Staff</u>

<u>Non-linear edit (Final Cut Pro)</u>	<u>4</u>	<u>Staff</u>
<u>Non-linear edit (Avid)</u>	<u>3</u>	<u>Staff</u>
Linear Edit	3	General Public/Staff
Master Control	1	Staff
Dubbing/Transfer	3	General Public/Staff
<u>State Capital</u>		
Featherpack <u>Robotic Camera Systems</u>	2	State Staff

Response to Finding 25a

"...The inventory had several entry errors or price combinations that appear to exceed the tolerance prior to explanation. Errors include four Master Control items with incorrect price entry and linear tape editing equipment with full system prices entered instead of individual item prices."

In order to maximize purchasing power, `Ōlelo occasionally purchases equipment that is "bundled" together to form a system. As a result, several pieces of equipment will be included in a single purchase and appear as a single line item on the vendor's invoice. If all the items are identical, it is easy to assign a cost to each individual piece. However, if the "bundle" contains several different items, it is not possible to accurately assign each item a fixed cost. Because of this, `Ōlelo's internal policy is to show this as a single line item purchase with an expanded description. The errors noted in Finding 25a were for items that were purchased as bundles; however there were adequate descriptions for each bundle. These items were all purchased before 1998. Shortly after this time, procedures were changed and this issue was resolved.

Response to Finding 28

"`Ōlelo has no written procedure to add and remove items from the equipment inventory."

Formal written procedures are in place and were in place at the time of the review addressing the addition and removal of items from the equipment inventory. The Merina & Company team did not ask the Finance Manager for these written procedures and when the Technical Staff was asked about the procedure, they were able to describe the process, but were never asked if written procedures were in place. These written procedures are part of the overall policy on the handling of assets. This policy covers the procedure for placing equipment into and removing equipment from service.

Response to Finding 29

"We toured the PEG's Facilities and observed the following safeguards:

- *"...`Ōlelo Mapunapuna operates in a separate locked facility. Public must sign in at front desk upon entering. Interior locks separate Master Control and administration."*
- *"All facilities have interior surveillance cameras, and Kahuku has an exterior camera."*

Although the descriptions of safeguards are generally accurate, some details were not included. `Ōlelo's Master Control is located on the second floor which is restricted to `Ōlelo and Hawaii State Department of Education personnel, and others (such as vendors) authorized by `Ōlelo. In

addition to this, the outer door to Master Control is secured by an electronic access control system which is kept active at all times. The inner door to Master Control is kept closed during regular operations. While all facilities have secure equipment storage facilities and interior security cameras, Mapunapuna, Waianae, Kahuku and Palolo each have a monitored alarm system and external surveillance cameras.

Response Finding 30

"...Currently, there is no practical way to estimate how costs are allocated between direct cable television activities and the live web streaming performed by ʻŌlelo."

ʻŌlelo's accounting system can allocate expenses between direct cable television activities and live web streaming. This level of financial reporting was not requested by the Merina auditor.

Response to Finding 31a

"...We learned in interviews that the Board of Directors is currently working on establishing evaluation criteria. There are no records regarding performance evaluations for the prior executive."

Steps have been taken by the Board to address matters pertaining to this finding, however, ʻŌlelo sees this as an internal matter for the Board's consideration, and does not believe it is within the DCCA's purview to address this matter with ʻŌlelo. ʻŌlelo does acknowledge and agree with this important "best practice" for non-profit organizations.

Response to Finding 31b

"...There are no records regarding performance evaluations for the prior executive."

Although Merina's findings for 31a and 31b are similar, the focus of the two procedures are different, and Merina's findings for 31b do not effectively relate to the stated procedure. The focus of procedure 31b was to determine if there were any agreements or incentives to improve performance, and if so, is there evidence of follow up by the board and management. Performance objectives are in place for the current President and CEO, and merit increases will be dependent on the degree to which these objectives are achieved. These agreements and monitoring activities are within designated responsibility of the Board of Directors.

Response to Finding 33b

"...Goals for 2004 were:"

- *Open three new satellite centers.*

ʻŌlelo did not open new Community Media Centers in 2004. It was determined that it would be more prudent to assess ʻŌlelo's financial strength prior to such an aggressive facility expansion program. In 2004, ʻŌlelo planned for the launch of a sixth Community Media Center in Windward Oahu. ʻŌlelo plans to open this center in early August or late September of 2005 at Windward Community College.

- *Hire a full time Community Development Specialist.*

`Ōlelo hired two Community Development Managers in 2004. One serves the Windward Oahu community and the other serves the Central Oahu community. These two regions were selected based on their potential to sustain Community Media Centers.

- *Do a Vote!2004 campaign.*

`Ōlelo successfully completed another Vote! project in 2004.

Response to Finding 33c

"Action Plans...The matrix does not identify individual agents responsible for specific tasks (departments are identified) or completion dates. Otherwise, this matrix includes the main elements of what would be included in an action plan tied to the organization's mission and strategic goals."

This finding does not reflect `Ōlelo's position with respect to developing action plans, or what `Ōlelo calls strategic implementation plans. `Ōlelo agrees that the level of detail proposed by Merina & Company is an effective internal "best practice." `Ōlelo senior management uses such methods in the development of annual performance objectives (goals) for each of its staff. However, because this is an internal process, `Ōlelo does not believe that these detailed performance objectives should be part of any external publication of the organization's "action plan" or strategic implementation plans.

Response to Finding 34a.1

"...Exploring the perceptions of the `Ōlelo Training Program, series of four Focus Groups, each with six to eight producers or producer-trainees, May 2002...Key recommendations:

- *Consider a tiered training curriculum*
 - *(34b) Advanced production training was instituted in 2002. There are current discussions to provide opportunities for trainees to enter at a variety of levels in the training and mentorship programs."*

• `Ōlelo is piloting a tiered training program at some of its facilities to guide trainees through classes beginning with producer class, then moving to camera and finally to edit class. This allows each trainee's skills to progress through the logical production format. `Ōlelo offers both beginning and advanced editing classes and producer and advanced-producer classes are offered.

- *"Provide opportunities for more hands-on practice with equipment*
 - *(34b) Ten E-Macs have been provided for hands-on use in training and mentoring."*

Lab hours for editing are offered during training weeks so that trainees and client-editors can practice skills under the oversight of the training staff.

- *"Encourage use of the `Ōlelo website for communications.*

- (34b) *PCs have been provided in the lobby area for email access and general web access.*

ʻŌlelo posts programming schedules, training schedules, production tips, Board of Directors information, news and other updates on its website.

- *“Establish a strong mentorship program.”*
 - (34b) *A mentoring program in non-linear editing has been expanded to include production, camera operation and other areas.*

ʻŌlelo is piloting a program which encourages recent trainees to return to subsequent classes as mentors for new students. Initial results demonstrate that the incorporation of mentoring helps hone skills for the mentor while providing a one-on-one training environment that benefits the new student. On-location production mentoring is conducted on request on a regular basis.

Response to Finding 34a.2

“...Survey among ʻŌlelo Trainees, telephone survey of 350 past trainees...December 2001...Key findings:

- *Overall satisfaction with the program is high.*
- *Quality of instructors and hands-on training rated most effective.*
- *Training schedule rates lowest, for lack of opportunities for hands-on learning.”*

Editing lab hours are offered during one to two weeks a month. This allows trainees and more advanced client-editors to practice their skills with assistance from the training staff or help from other clients who also serve as unpaid mentors.

ʻŌlelo is increasing the opportunities for hands-on learning by piloting a tiered training program at some of its facilities. This program guides trainees through a progression of classes that begins with a producer class, then moves to camera and finally to edit class. This allows trainees to quickly progress through the production process.

- *“Training programs at the satellite centers were rated significantly higher than those at Mapunapuna.*
 - (34b) *Staff pursues suggestion that personalization of service is key reason for high rating of satellite centers.”*

The addition of mentoring has allowed Mapunapuna to provide increased personalized service in all introductory training areas including editing, camera and producing.

- *“Post-training help most desired: more access to equipment, more assistance, networking help, advanced classes, and user friendly equipment.*
 - (34b) *Ten E-Macs have been provided for hands-on use in training and mentoring.*
 - (34b) *A new staff member has been added as a non-linear editor mentor, to provide more hands-on training nights and weekends.”*

The non-linear editing mentor is also available to assist clients in editing programs. The mentor not only teaches, but may also take a more active role by editing more difficult portions of clients' productions. This serves to increase the completion rate of those projects.

Consumer cameras were purchased for some of the centers and are very popular with clients because of the cameras ease of use and the limited (if any) training requirements.

Crew Call, a quarterly event, gives clients an opportunity to network with each other to find crew to complete productions.

Response to Finding 34a.4

"...Viewer Awareness of and Response to Voter Information Programming, telephone survey of 191 cable subscribers who are registered voters (reported 7.1% margin of error at 95% level of confidence), taken from a larger previous survey, November, 2002. Selected key findings:"

The survey results noted in Finding 34a.4 are accurate, however, what is included in the Merina report is not inclusive of the complete survey results, including:

- *Candidates in Focus*, a service offered since 1992, served over 58% of candidates in 2002 and 65% in 2004. The free service seeks to level the playing field among candidates, each speaking about issues that are important to them and their community. Every candidate is offered seven minutes of produced speech for airing on ʻŌlelo's channels and downloadable from ʻŌlelo's website. This service was also given substantial advertising support, at no cost to the candidates.
- *Candidates Debate*, a series of live one-hour debates, was offered every weeknight for 44 consecutive weeknights in 2002, and for 40 consecutive weeknights in 2004. The service gave Hawaii's voters the opportunity to explore a candidate's platform within the context of a particular contest.
- *What's Your Vote* was a series of discussions that convened a diverse cross-section of representatives from the community for in-depth discussions on current issues affecting the State. Over thirty community members representing various groups ranging from young adults to business and labor leaders, nonprofit organizations and seniors, discussed issues related to the upcoming elections.

The Vote! services support ʻŌlelo's goal of increasing civic participation in the democratic process. Partners in this endeavor included the Office of Elections, the City Clerk's Office and the Hawaii League of Women Voters. Programs aired on VIEWS Channel 54 and were provided to the neighbor island access centers and made available on Oceanic's Digital iControl News On Demand Channel 110. Volunteers provided significant production support.

The Mayor's office, City Council, and the State Senate and House recognized ʻŌlelo's efforts to educate the voting public with proclamations and resolutions.

Response to Finding 34b

- *"...Interest in ʻŌlelo Training Facilities:*

- o *Waimanalo is currently being considered for a satellite center on the windward side of Oahu."*

A memorandum of understanding has been signed with the University of Hawaii's Windward Community College as the location for ʻŌlelo's new Windward Community Media Center. Waimanalo residents will be served through an outreach service via either a mobile or mini model operated from the new Windward CMC.

Response to Finding 35d

(In reference to documenting the amount of staff time and other resources used by the PEG's customer complaint process.) "This procedure is not applicable because the ʻŌlelo staff did not keep track of time spent on specific tasks..."

Having staff monitor the time and resources spent handling complaints is an unwise use of resources. Receiving and handling complaints is a routine administrative part of any organization. ʻŌlelo's emphasis is on handling the complaint (where possible) in a timely manner and using the information received to improve services and to reduce future complaints, where feasible.

Response to Finding 36

"...this account of programming, and this comparison with the average of the PEGs, must be taken as provisional, pending a future clarification and regularization of definitions for programming categories used in reporting by the PEGs. The amounts of each type of programming do not necessarily equal total programming."

As the finding points out, ʻŌlelo provides programming on 5 channels, either directly or through major grants to educational institutions. Educational programming hours are not available to ʻŌlelo at the time the DCCA report is required, but they are reported. However, ʻŌlelo needs to work with its educational partners so that their data is reported using the same criteria and time frame used in reporting to the DCCA. In the revised 2003 table (see attached), those fields are labeled "HENC" (Hawaii Education Network Consortium).

Response to Finding 37

"We noted a pattern of lag in time between the renewal payments of certain policies and the prior year-end date due to the insurance agent..."

ʻŌlelo has never been without insurance coverage and ʻŌlelo insurance agent re-confirmed that policy expiration and billing dates are not directly related to the actual coverage dates.

Response to Finding 38

"ʻŌlelo's strategic plan does not include self-sufficiency as a goal."

ʻŌlelo will be updating the organization's Strategic Plan. At that time, it will be proposed that ʻŌlelo also update its Self-Sufficiency Plan. It is believed that the services ʻŌlelo provides and the impact of these services warrant the organization remaining in operation, even if franchise fees are decreased. The Self-Sufficiency Plan needs to reflect this position.

As the finding points out, ʻŌlelo currently generates over \$850,000 annually from sources other than access fees. It is also important to note that ʻŌlelo provides 25 percent of its annual cable revenue to an education consortium for access programming, as well as grants and equipment that support State and County programming. Clearly, a reduction in access fees would impact these areas and implies that ʻŌlelo's partners should also address self-sufficiency. However, before this can take place, ʻŌlelo and DCCA need to establish an agreed upon definition of self-sufficiency. ʻŌlelo knows of no access center that is completely, or even predominantly, self-sufficient. Oceanic Time Warner Cable now provides operating funds, capital funds and channel capacity to PEGs. ʻŌlelo needs to be clear as to what DCCA's self sufficiency expectations are in each of these areas, should Oceanic Time Warner Cable support be reduced. Moreover, there must also be agreement on the types of additional sources of revenue ʻŌlelo may pursue without infringing on ʻŌlelo's contract requirements. ʻŌlelo proposes to initiate these discussions in the near future and lay the foundation for a more comprehensive self-sufficiency plan.

Response to Finding 39a

"...Except for the arrangements described in Finding 52, ʻŌlelo does not provide direct in-kind financial support, grants sponsorships, or web sites to other groups or individuals."

ʻŌlelo has provided training waivers to 75 nonprofit (501c3) organizations enabling staff and volunteers from those organizations to obtain video training free of charge. In addition to this in-kind support of nonprofit organizations, in 2003, ʻŌlelo launched an annual state-wide video contest called "Youth Xchange." This contest engages K-12 students from across the State in an issues-oriented video competition. ʻŌlelo expends staff resources to implement the program and to secure donations from local vendors so that schools with winning entries are awarded high-quality video gear of significant value that supports their media programs.

Response to Finding 39b

"... ʻŌlelo lists approximately 200 organizations it worked with in some manner during 2003. More than 300 organizations utilized the bulletin board Island Info. In addition, ʻŌlelo provided many hours of staff-facilitated video production for organizations and the public... two of ʻŌlelo's satellite community media centers are at high schools, and one is at a middle school with students participating in media activities."

ʻŌlelo also offers an array of "Easy Access" services. This allows organizations that do not have access to commercial media to share their message with a cable television audience with little time and training and at no charge. Those services include "Giving Aloha" which has taped 89 30-minute shows, "Community in Touch" with 40 one hour-long shows, and "Aloha O Waiānae" with 27 30-minute shows. New "Easy Access" services are in development. "Oahu Speaks" allows anyone to put a message of up to seven minutes on ʻŌlelo's channels at no cost and with no investment in training. At the time of this review, ʻŌlelo also had a satellite community media center at a community college (Leeward Community College). As noted in our response to Finding 33b, ʻŌlelo also intends to launch another community media center at Windward Community College.

Response to Finding 40

"...Wheelchair accessibility and Braille labeling was noted during our tour of the main facility. We inquired as to accessibility to the facility and equipment (ADA compliance) and were informed that the architectural plan used to convert the facility to its current use included plans on accessibility."

ʻŌlelo is committed to complying with ADA requirements. Restrooms on both floors of the Mapunapuna facility are in compliance and accessible from all work and training areas. Classes are also planned with accessibility in mind. Accommodations include the installation of a wheelchair elevator lift along the stairs in front of the building as well as a graduated driveway with two handicapped parking stalls. Additionally, for facility equipment ease of access:

- Two edit bays and the studio control room were altered to adjust desk heights and also now include easy to use wireless keyboard and mouse.
- A camera brace was purchased to steady the smaller hand held cameras.
- The Mapunapuna studio equipment closet was designed with lower shelves for ease of reach.
- The ʻŌlelo production van was reconfigured with removable chairs for wheelchair bound clients.
- Requests from clients for specific production items to assist with accessibility are accommodated wherever possible.

Response to Finding 42

"...We found one exception to the 30 day reporting requirement. Nominations for board members made on October 29, 2003 were received by DCCA on January 13, 2004."

ʻŌlelo has been consistent in notifying the DCCA of changes to the Board of Directors as required by contract. The "exception" Merina & Company cites in its Finding relates to a question by DCCA as to whether ʻŌlelo followed appropriate steps when a set of nominations were made in April 2003. The issue is not related to changes to the Board of Directors roster.

Response to Finding 43

"...We found two exceptions to the 90 day reporting requirement. The unaudited 2001 and 2002 financial statements were received by DCCA on April 12, 2002 and May 20, 2003, respectively."

To address this concern, effective immediately, it is the Chief Operating Officer's responsibility to ensure that reporting requirements are met.

Response to Finding 44

"We found that the audited 2003 financial statements were approved by the board on June 22, 2004 and had not been received by the DCCA as of December 21, 2004."

To address this concern, effective immediately, it is the Chief Operating Officer's responsibility to ensure that reporting requirements are met.

Response to Finding 48

"... ʻŌlelo indicates N/A for hours of programming submitted but not aired."

All programming is aired after proper technical requirements are met. If a technical problem with the tape is detected, the tape is returned to the producer for correction. When needed, mentoring assistance is offered to assist the producer in making corrections and preventing similar problems in the future. When corrected tapes are resubmitted, they are scheduled and aired.

Response to Finding 49

"We documented compliance by the PEG with the agreement made with DCCA regarding the 2003 annual Activity Report requirements for the following: ... b. Facility use: (1) Number of new users Not Reported (2) Facility use – number of repeat users Not Reported..."

ʻŌlelo was unable to provide facility use data of new or repeat users. Facility reservations, which include editing, studio, cameras and the production van are made by project. Projects are tied to individual producers and our database does not currently have the ability to track new uses versus repeat uses. ʻŌlelo is currently working with the database developer to better address this reporting requirement. In order to effectively report this information, ʻŌlelo, the other PEG access centers and the DCCA will need to agree on a clear definition of "new user."

Response Finding 51

(In reference to DCCA's requirement for a Plan for Self Sufficiency)

"This procedure is not applicable because according to ʻŌlelo staff, a Plan for Self Sufficiency has not been developed."

ʻŌlelo did have a self-sufficiency plan at the time Merina conducted its review. It is unclear whom the request for this document was made of, and at the time of review the DCCA had a copy of ʻŌlelo's Self-Sufficiency Plan. However, as noted in ʻŌlelo's response pertaining to Finding 38, ʻŌlelo intends to update its self sufficiency plan.

Response to Finding 36
2003 Revised Programming Hours

Total hours of:	Public	Educational	Government	Other	Total
Total Programming	14,029	12,574	6,589	10,608	43,799
Locally produced programming	12,356	HENC	6,470	N/A	18,826
Local original programming	1,551	HENC	1,383	N/A	2,934
First run programming	2,839	HENC	1,418	N/A	4,257
Repeat programming	11,190	HENC	5,171	N/A	16,361
Programming submitted but not aired	NA	NA	NA	NA	NA

Summary of Merina & Company, LLP Recommendations

Merina Recommendations	Ólelo's Current Practices	Ólelo's Responses
<p>Financial Reporting</p>		
<p>Chart of Accounts DCCA should consider establishing a chart of accounts for use by the PEGs that prescribes the type of financial information that should be captured and reported.</p> <p>DCCA should establish a financial reporting format. (SFAS No. 117)</p> <ul style="list-style-type: none"> a) Statement of Financial Position (cf. Balance Sheet) b) Statement of Activities (cf. Income Statement) c) Statement of Cash Flows d) Statement of Functional Expenses e) Follow the (three) classification system set out in SFAS No. 117 (permanently restricted, temporarily restricted and unrestricted) 	<p>Ólelo's current chart of accounts and software allows flexibility and provides greater detail and specificity as needed.</p> <p>Ólelo provides a, b, and c, but not d.</p> <p>As it relates to e, Ólelo has two classes of net assets (temporarily restricted for capital funds and unrestricted for operating funds).</p>	<p>Pending agreement with them, Ólelo proposes that the PEGs work together to create a shared chart of accounts and a common set of definitions. The PEGs can then work as a group with the DCCA to finalize the chart of accounts.</p> <p>Ólelo agrees that working to provide similar financial reporting among PEGs would provide some means of comparative analysis by the DCCA. However, Ólelo does not agree that a strict comparative analysis is equitable. Each of the PEGs and the communities we serve are unique. The services and methods of service delivery also vary among the PEGs, which warrants judicious application of any comparative analysis.</p> <p>Ólelo does not believe that it should be required to provide Statements of Functional Expenses. This level of financial review should be completely in the purview of the independent PEG access organizations.</p> <p>Ólelo does not concur with Merina's recommendation that reporting PEG franchise fees and capital funds should be permanently restricted. A designation of funds as permanently restricted more effectively relates to endowments where the funds are not spent.</p>

<p>Merina Recommendations</p>	<p>Ólelo's Current Practices</p>	<p>Ólelo's Responses</p>
<p>Revenue Recognition Policy DCCA should establish a common revenue recognition policy for access fees and capital funding.</p> <p>Revenues should be recorded as Deferred Revenue when received and released to income as the funds are spent.</p>	<p>Ólelo's revenues are recorded as PEG Access Operating Fees and PEG Access Capital Fees.</p> <p>Annually (at the end of each year), capital purchases for the year are recorded as net assets then released from restrictions in the audited financial statements and moved from Temporarily Restricted to Unrestricted.</p>	<p>Similar to the chart of accounts, Ólelo agrees that a common revenue recognition policy among the PEGs would provide some means of comparative analysis by the DCCA. If the other PEGs agree, Ólelo believes the PEGs should work together to develop a shared, consistent policy.</p> <p>Ólelo does not concur with the recommendation to record revenues as Deferred Revenues when they are received. Since Ólelo's revenues do not qualify as deferred because they are expended in the same year that they are received. Very few businesses record revenues as deferred at the time the funds are collected/earned.</p> <p>It seems the intent of this proposal is to make evident the remaining PEG revenues. However Ólelo believes its current accounting processes and systems already meet this objective.</p> <p><i>It is likely that each PEG may choose to continue the current methods they employ in recording revenues. Before agreeing to any proposed changes, Ólelo requests that the DCCA confirm its position on this matter.</i></p>
<p>Audit Management Letter DCCA require the PEGs to submit copies of auditors' management letters when they are received along with an action plan that includes a timetable.</p>	<p>Ólelo provides the DCCA with a copy of its audit, which does not include the management letter.</p>	<p>Ólelo disagrees with the recommendation requiring it to provide the auditor's management letter to DCCA. The managerial and financial oversight of each PEG is the responsibility of each organization's Executive Director and Board of Directors. If the DCCA intends to have the PEGs reviewed periodically by the DCCA's own independent auditor, it would be appropriate at that time for those documents to be made available.</p>

Merina Recommendations	`Ölelo's Current Practices	`Ölelo's Responses
<p>Financial Reporting (cont.)</p>		
<p>Audited Financial Statements DCCA should require that audited financial statements be submitted to the PEG Board of Directors within 90 days of fiscal year and to DCCA 30 days after Board Acceptance.</p>	<p>• Ölelo annually provides the DCCA with a copy of its audited financials 30 days after approval by the Ölelo Board of Director as is currently required by Ölelo's contract with the DCCA.</p>	<p>• Ölelo agrees with the recommendation to modify the time frame in which audited financials are submitted to its Board of Directors. However, submitting the audited financials within 90 days of the year end is unreasonable. Ölelo proposes a compromise of submitting the audited financial statements to its Board of Directors within 120 days of the year end. This will allow Ölelo the time necessary to close the previous year's books and have an independent audit conducted. This time frame also coincides with Ölelo's Board of Directors review of the audited financials as part of its annual Board meeting.</p>
<p>Un-audited financial statements are submitted to DCCA within 45 days from the fiscal year end.</p>	<p>Un-audited financials are currently due to the DCCA on March 31st of each year.</p>	<p>Provide the DCCA with un-audited financial statements within 60 days after the close of the fiscal year rather than the recommended 45 days. This amount of time is more reasonable based on the traditionally busy year-end and new-year fiscal activities of Ölelo.</p>
<p>Sources of Funding PEGs should establish a means for identifying the source of funds used for equipment purchases.</p>	<p>• Ölelo identifies funds in two ways: as "capital" or "operating". Using other sources of funding for capital purchases is very rare.</p>	<p>• Ölelo agrees it would be prudent to develop a system to identify equipment valued at \$500 or more purchased with non-PEG funds</p>
<p>Diversify Banking Institutions DCCA should consider requiring the PEGs to either diversify their banking institutions or seek collateralization concessions from the financial institutions.</p>	<p>All of Ölelo's un-invested funds are in accounts handled by various divisions of First Hawaiian Bank. It is important to note that the majority of Ölelo's funds are invested in low risk securities since banking and investment firms do not insure investments in securities.</p>	<p>Although Ölelo concurs that collateralization concessions can provide increased risk management, Ölelo believes that collateralization concessions are not required at this time. Ölelo will be assessing diversification alternatives.</p>
<p>Audit Adjustments PEGs verify (to DCCA) in the cover letter accompanying audited financial statements that all audit adjustments have been made to all bookkeeping accounting records.</p>	<p>Current cover letter from Ölelo to DCCA does not routinely specify what adjustments have been made as a result of the audit findings.</p>	<p>Similar to Ölelo's position on the auditor's management letter, Ölelo believe this level of oversight is appropriate for the independent PEGs Board of Directors.</p>

Merina Recommendations	Ölelo's Current Practices	Ölelo's Responses
<p>Insurance Coverage Ölelo should pay for insurance coverage prior to the expiration of annual policies unless a letter assuring continued coverage is provided by the insurance companies rather than the insurance agent.</p>	<p>Ölelo's has never been without insurance. Ölelo's insurance agent confirmed that policy expiration and billing dates are not directly related to the actual coverage dates.</p>	<p>Although Ölelo is confident that current insurance policies are more than adequate, Ölelo proposes that it obtain certificates of insurance on all policies to demonstrate policy periods, insurance companies' names, limits, coverage types, etc.</p>
<p>Equipment Inventory</p>		
<p>Single Computerized Inventory DCCA encourage each PEG to implement a single, complete computerized inventory system.</p> <p>Require minimum inventory elements.</p> <ul style="list-style-type: none"> - Asset tag number (or equivalent) - Manufacturer - Model # - Purchase Date - Original purchase price - Funding source - Location - Serial Number - Purchase Vendor - Insurance status - Ability to print inventory reports with these fields for inclusion with annual reporting 	<p>Ölelo currently uses two separate programs to track inventory. The Finance department tracks inventory for the purpose of asset management, using a sophisticated nonprofit accounting system. Finance tracks capital items valued at \$500 and more. The Technical department tracks all production and computer equipment using a spreadsheet.</p> <p>All equipment listed in Ölelo's asset management system are insured for replacement value and are covered under a blanket policy.</p>	<p>Ölelo does not concur with the recommendation to implement a single, complete computerized inventory system. Ölelo's current systems enable reporting and tracking functions required internally and by the DCCA.</p> <p>Because of the wide variation of reporting requirements, the responsibility for reports falls across two different departments, each with its own distinct needs and functions. While the Finance department can track the minimum inventory elements, it would not be feasible for the Finance department to try and deal efficiently with the type of information that the Technical department requires.</p> <p>The Technical department tracks repairs and swaps out equipment for maintenance and repairs on a regular basis. The use of two separate inventory programs has served Ölelo well as evidenced by the accuracy of its annual inventories, and the ability of the Finance Department to produce the necessary reports required by DCCA.</p>

<p>Merina Recommendations</p> <p>Remove Expired Assets from Inventory Each PEG should develop and implement a plan to discard any out-of-service equipment not needed for future use or parts. Equipment that is obsolete or inoperative should be designated appropriately in the inventory system and should not be insured.</p> <p>Periodically, each PEG should test the accuracy of the inventory system.</p>	<p>‘Ölelo’s Current Practices</p> <p>Formal written procedures are in place to address the retirement of assets. These written procedures are part of the overall policy on the handling of assets. This policy covers the procedure for removing equipment from service, designates the proper form to use, information required, and who to give it to. Physical inventory is taken annually to validate ‘Ölelo’s inventory and records. To date, that has proven to be reliable.</p>	<p>‘Ölelo’s Responses</p> <p>‘Ölelo concurs with this recommendation. Because a written policy is in place, no further action needs to be taken.</p> <p>The Merina report states that at the time of the audit, ‘Ölelo did not have written policies in place. ‘Ölelo did have written policies in place, however, the Merina team did not request this information from ‘Ölelo’s Finance Manager and other key staff were unaware of the policy.</p> <p>A history of accurate annual inventories does not support a need for ‘Ölelo to develop a testing process. Therefore, ‘Ölelo does not concur with this recommendation.</p>
<p>Operations</p>		
<p>Board Ratified Actions</p> <p>DCCA should develop a list of actions that must be documented by the Board of Directors along with a time line for taking such actions when appropriate.</p>	<p>‘Ölelo’s Board of Directors does approve all the examples listed by Merina in its recommendation, including approval of operating and capital budgets, acceptance of auditor’s reports, approval of amendments to bylaws, etc.</p> <p>Additionally, ‘Ölelo’s Board meeting agendas indicate which Board business items will require Board action. These meeting agendas are posted in advance of the Board meetings. ‘Ölelo’s Board meeting minutes indicate the action taken, including whether the vote was unanimous or not.</p>	<p>Although ‘Ölelo believes it is already in compliance with the Hawaii Nonprofit Corporation Act (HRS 414D-301), ‘Ölelo believes it is the responsibility of its Board of Directors to determine what actions require Board review, consideration, oversight, or approval, as well as to ensure the organization’s compliance with State law.</p> <p>‘Ölelo is open to hearing possible actions the DCCA believes ‘Ölelo should require of its Board. However, as an independent NPO, the final determination should be made by the ‘Ölelo Board of Directors.</p>

Merina Recommendations	Ólelo's Current Practices	Ólelo's Responses
<p>Operations (cont.)</p>		
<p>ADA Policies PEGs adopt written plans and policies (both employment and accommodation) that address ADA.</p>	<p>Ólelo has written plans and policies that address ADA in its employee handbook, which is reviewed and updated regularly. Reasonable accommodations have been made to meet the needs of Ólelo clients that require such accommodations.</p>	<p>No action is required by Ólelo. The DCCA requires the PEGs to comply with State law and this should be sufficient.</p>
<p>Employee Manual PEGs should establish best practices through the development of basic operation manuals. These manuals should include, at a minimum, an Employee Manual, a Policies and Procedures Manual, an Accounting Manual and an Operations Manual.</p>	<p>Ólelo has the following manuals in place:</p> <ul style="list-style-type: none"> - Employee handbook (employee manual) - Operating Policies (policies and procedures manual) - Accounting Procedures and Policies Handbook (informal) 	<p>Ólelo concurs that the DCCA should be concerned with the PEG's operating policies and procedures that affect the public's use of the PEG's services. Ólelo believes the remaining documents are internal documents that are the responsibility of the PEGs and not within the DCCA's purview.</p>
<p>Human Resources PEGs should have employment agreements with the executives in charge of each PEG.</p>	<p>Ólelo has an employment agreement with its President and CEO.</p>	<p>No action required. Although Ólelo believes it is prudent to have such an agreement with its President and CEO, this requirement is a matter that is within the purview of Ólelo.</p> <p>Similar to the other employment related issues, this recommendation although helpful and important to the PEGs, should not be a requirement.</p>

Merina Recommendations	`Ölelo's Current Practices	`Ölelo's Responses
<p>Operations (cont.)</p>		
<p>Job Descriptions Job descriptions should be kept up-to-date and be reviewed by the Board of Directors annually.</p>	<p>Front line job descriptions are updated as required when position responsibilities change. Review of front line job descriptions is the responsibility of senior management</p> <p>The Board reviews executive-level job descriptions periodically, generally, as the position becomes available. Review of executive-level job descriptions is the responsibility of the Board of Directors.</p>	<p>Ölelo will continue to have senior management review front-line and middle management job descriptions as positions go through significant changes the Board will review job descriptions of the President/CEO and COO, and update them as necessary every two years.</p>
<p>Employment Evaluations Annual employment evaluations occur annually.</p>	<p>Line staff evaluations occur annually for all regular employees. The President/CEO and directors' reviews have not been conducted regularly.</p>	<p>Ölelo sees this recommendation as "best practices" and part of the internal responsibilities of the independent PEG NPOs.</p>
<p>Measurable Criteria While detailed action planning may not be called for in all circumstances, where possible, develop measurable criteria of success in achieving goals, quantified where possible.</p>	<p>Ölelo has measurable internal goals for 2005 related to increasing first-run programming and training.</p>	<p>Goals should address the PEGs' common areas of performance directly related to DCCA's reporting requirements. They should include goals for increased new programming (by P, E and G sectors), comparative training information and resource utilization.</p>
<p>Self Sufficiency DCCA should encourage PEGs to develop realistic self-sufficiency plans. Clarify the extent to which the plan must be developed and include discussion of the likelihood of success in continuing to serve the PEG's mission under the plan.</p>	<p>In 1999, the Ölelo Board of Directors discussed a Self-Sufficiency Plan. The plan calls for Ölelo to close its doors and operations should franchise fees be eliminated. The plan allows for 6 months to wind down operations and/or to seek remediation.</p>	<p>Ölelo will be updating the organization's Strategic Plan. At that time, it is proposed that Ölelo also update its Self-Sufficiency Plan. It is believed that the services Ölelo provides and the impact of these services warrant the organization remaining in operation, even if franchise fees are significantly decreased. The Self-Sufficiency Plan needs to reflect this position.</p>

Merina Recommendations	`Olelo's Current Practices	`Olelo's Responses
<p>Operations (cont.)</p> <p>Diversify PEG Services DCCA to discuss with the PEGs the question of appropriateness of diversification of PEG services (web streaming, community radio, etc.).</p>	<p>`Olelo predominately provides cable access services. Olelo also offers web streaming and is exploring alternative technologies to expand the distribution of each client's program.</p>	<p>`Olelo concurs that this matter requires discussion with the DCCA and Hawai'i's PEG access providers.</p> <p>In considering this issue `Olelo needs to evaluate several points:</p> <ul style="list-style-type: none"> - Current deficit challenges - Availability of other sources of funding to support other media services - How these other services enhance/strengthen/support cable access services - Local regulatory environment and position on cable access fees being used to initiate other media services.
<p>Alternative Revenues DCCA should consider the appropriateness of alternative revenue sources, such as facilitated production, fees for equipment, etc.</p>	<p>`Olelo charges minimal fees for access services. These fees are assessed for training classes, high volume tape duplication and videotape sales. However, many access centers have begun to look for additional sources of funding to ensure that they are not entirely dependent upon franchise fees.</p>	<p>DCCA may wish to consider establishing guidelines that allow PEGs to pursue alternate methods of generating revenue should they choose to diversify their funding sources.</p> <p>`Olelo is currently assessing options for generating revenue to maintain current level of services.</p>
<p>Media Services Accounting Model DCCA require PEGs that are moving into a media services beyond cable access to develop an accounting model that adequately accounts for assets and costs required to provide these services.</p>	<p>Currently `Olelo provides web streaming of programs in addition to PEG access. However, should `Olelo move in this direction, `Olelo's current accounting system would be able to adequately provide the necessary accounting of assets, expenditures and revenues related to new media services.</p>	<p>The need for `Olelo to implement changes in order to track these types of revenues and expenditures depends on whether `Olelo expands media services beyond cable television.</p>

Merina Recommendations	‘Ōlelo’s Current Practices	‘Ōlelo’s Responses
<p>Operational Reporting</p> <p>Reporting Format DCCA to expand on its required reporting format by specifying the content and form of the Annual Activity Report and providing definitions of terms.</p> <p>Combine Annual Activity Report, the Year-End Activity Report and Executive Summary.</p> <p>Ask only for annual summaries, making back up records available by request.</p> <p>Encourage attention and coordination of mission statements, strategic plans, annual budgets and annual operating plans; consider requiring action plans that identify responsible agents, specific tasks and completion dates.</p> <p>Standardized Definitions DCCA should provide standard definitions for "original programming", "locally produced programming", "complaint", "users", etc.</p>	<p>‘Ōlelo tracks and reports data as required by its current contract with the DCCA.</p> <p>‘Ōlelo currently follows formats prescribed by the DCCA.</p> <p>‘Ōlelo currently follows formats prescribed by the DCCA.</p> <p>‘Ōlelo’s mission sets the broad scope of ‘Ōlelo’s purpose. From time to time, ‘Ōlelo’s Board develops a strategic plan that sets the framework by which ‘Ōlelo will accomplish its mission. And on an annual basis, staff develop action plans to support the organization’s strategic directions. Action plans detail how an activity will be implemented, along with measurable goals. While the mission generally does not change, the strategic directions and subsequent action plans do, based on client and community need and technical advances.</p> <p>‘Ōlelo defines original programming as programming which has not been previously broadcast on ‘Ōlelo’s channels. Locally produced programming is created within the State of Hawai‘i. Users are residents of the City and County of Honolulu and use ‘Ōlelo’s facilities to create and/or present programming.</p>	<p>DCCA should consult with ‘Ōlelo and the other PEGs on desired accountability issues so that the PEGs may develop internal systems to track and report accordingly.</p> <p>‘Ōlelo supports DCCA’s development of streamlined reporting requirements.</p> <p>‘Ōlelo supports DCCA’s development of streamlined reporting.</p> <p>To a large degree, mission statements and strategic plans are a function of the community (urban, rural, etc.) served by each PEG entity and the resources provided. With this in mind, DCCA might provide a basic framework for planning, but details must be left to each PEG organization. Responsibility should be confined to CEOs and PEG Boards.</p> <p>‘Ōlelo suggests that the PEGs work together to develop standard definitions for programming. It would be DCCA’s responsibility to validate the definitions.</p>

Merina Recommendations	Ólelo's Current Practices	Ólelo's Responses
Operational Reporting (cont.)		
<p>Recommended Metrics <u>Programming Hours</u> DCCA should establish a common set of statistics for types of programming (hours of new/first-run locally produced programs, hours of repeat or locally produced programs, etc.)</p>	<p>Ólelo provides statistics on hours of programming which include First Run, Repeat, Local, Dropped Off, and PEG Trained.</p>	<p>Each PEG is unique, however Ólelo suggests that the PEGs work together to develop standards for reporting on programming. DCCA's role would be to validate the effectiveness of the reporting standards.</p>
<p><u>Equipment Use</u> DCCA should specify three distinct reporting categories for equipment use: number of individual persons using the facilities; number of individual uses of facilities; and number of hours facilities are being used.</p>	<p>Ólelo currently reports hours utilized by equipment type, hours per session and value of session.</p>	<p>PEGs work together to develop reporting categories for facility use. DCCA's role should be the validation of the effectiveness of the reporting categories for facility use.</p>
<p>Training DCCA specify whether reporting should represent numbers of actual individuals certified, number of certifications, number of classes, etc.</p> <p>Develop and transmit a reporting check list with due dates annually.</p>	<p>Ólelo reports classes, number of sessions offered, number of registered students, number of students certified and the difference between those registered and those certified.</p> <p>Ólelo develops its own checklist for internal use.</p>	<p>PEGs should work together to develop standard for reporting on training. DCCA's roles should be the validation of the effectiveness of the reporting standards.</p> <p>Ólelo supports DCCA's development of streamlined reporting processes.</p>
<p>Needs Assessment Explore cooperative relationships for needs assessments among PEGs and the cable company.</p>	<p>Needs assessments can vary in complexity and cost. Ólelo is currently in the process of contracting for a comprehensive assessment and has informed the other PEGs of its intentions.</p> <p>Ólelo meets with the cable company from time to time to discuss plans under consideration and to informally coordinate equipment matters.</p>	<p>Ólelo would be willing to take a lead role in developing the framework for a common needs assessment for use by the PEGs, as they desire. However, the cost of implementing an effective community assessment may impact the PEGs' ability to conduct such an assessment more frequently than every 5 to 10 years. In any event, the decision to conduct community needs assessments, the methodology and frequency should be in the purview of each PEG.</p>

Merina Recommendations	Ólelo's Current Practices	Ólelo's Responses
<p>Operational Reporting (cont.)</p>		
<p>Complaint Process Develop a common process with common documentation for the complaint process.</p>	<p>Ólelo has a process to collect and track compliments, suggestions and complaints. This provides a broad view of public comments/views.</p>	<p>The type of complaints, frequency, volume and staff capacity at each PEG is unique. These factors should be considered in the development of processes to handle complaints.</p>
<p>Complaint Resolution Include the nature of the resolution and actual time required to resolve complaints in reports.</p>	<p>Ólelo does track and report the nature and resolution of complaints. While timely complaint resolution is a priority, Ólelo does not track the time used by staff to resolve issues.</p>	<p>Ólelo agrees with this recommendation and will add this component to the current tracking and reporting of complaints.</p>
<p>Equipment Reporting DCCA change the due date of PEGs annual inventory to coincide with transmittal of the Annual Activity Report.</p>	<p>The DCCA agreement specifies that an annual update of equipment inventory is due on or before November 1 of each year. Because Ólelo conducts inventory in December, when facility use and client impact are minimal, Ólelo routinely has to request an extension.</p>	<p>Provided the Annual Activity Report is due within a time frame that allows Ólelo to conduct its annual inventory, Ólelo is in support of adjusting the timing for when its inventory is due to the DCCA.</p>