



UNIVERSITY  
of HAWAII®  
SYSTEM

David Lassner  
President

## DEPT. COMM. NO. 244

December 23, 2020

The Honorable Ronald D. Kouchi,  
President and Members of the Senate  
Thirty-First State Legislature  
Honolulu, Hawai'i 96813

The Honorable Scott Saiki, Speaker  
and Members of the House of Representatives  
Thirty-First State Legislature  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, the University of Hawai'i is transmitting one copy of the Annual Report on Material Weakness and Fraud (Section 304A-321, Hawai'i Revised Statutes) as requested by the Legislature.

In accordance with Section 93-16, Hawai'i Revised Statutes, this report may be viewed electronically at: <http://www.hawaii.edu/offices/government-relations/2021-legislative-reports/>.

Should you have any questions about this report, please do not hesitate to contact Stephanie Kim at 956-4250, or via e-mail at [scskim@hawaii.edu](mailto:scskim@hawaii.edu).

Sincerely,

A handwritten signature in black ink, appearing to read "David Lassner".

David Lassner  
President

Enclosure

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# UNIVERSITY OF HAWAI‘I SYSTEM ANNUAL REPORT



REPORT TO THE 2021 LEGISLATURE

Annual Report on Material Weakness and Fraud

HRS 304A-321

December 2020

## **Report to the 2021 Hawai'i State Legislature**

### **Annual Report on Material Weakness and Fraud**

#### **Hawai'i Revised Statutes §304A- 321**

Hawai'i Revised Statutes §304A-321 requires the Committee on Independent Audit (Audit Committee) of the University of Hawai'i Board of Regents (BOR) to submit an annual report to the Legislature and BOR with respect to the following matters:

- (a) all instances of material weaknesses in internal control, including the responses of University of Hawai'i (University) management; and
- (b) all instances of fraud, including the responses of University of Hawai'i management.

At a December 3, 2020, Audit Committee meeting, the Audit Committee reviewed and accepted the University's financial statements for the years ended June 30, 2020 and 2019 audited by Accuity LLP (Accuity). Accuity presented a document at this meeting containing required auditor's communication in accordance with auditing standards generally accepted in the United States of America. Accuity's document (excerpt attached) noted that they did not identify any matters that they considered to be material weaknesses in internal control over financial reporting and noted no instances of fraud or illegal acts.

# Required Communications



Matter to be communicated	Our response
<b>Difficulties encountered in performing the audit</b>  The Audit Committee should be informed of serious difficulties encountered in dealing with management related to performance of the audit.	None noted.
<b>Internal control deficiencies</b>  The Audit Committee should be informed of any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.	We did not identify any matters that we consider to be material weaknesses in internal control over financial reporting.  We noted other matters involving internal control and its operation, which will be communicated in our Internal Control and Business Issues Report.
<b>Fraud and illegal acts</b>  The Audit Committee should be informed of any fraud or illegal acts involving senior management or causing a material misstatement of the financial statements where the auditors determine there is evidence that such fraud may exist. The auditors should also discuss any illegal acts coming to their attention involving senior management and other illegal acts unless clearly inconsequential.	We did not identify any instances of fraud or illegal acts involving senior management or acts that would have a material impact on the 2020 financial statements.