

STAND. COM. REP. NO.

1220

Honolulu, Hawaii

, 2021

MAR 23

RE: S.B. No. 1225
S.D. 1
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Higher Education & Technology, to which was referred S.B. No. 1225, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII BOARD OF REGENTS INDEPENDENT AUDIT COMMITTEE,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require the Chair of the Independent Audit Committee of the University of Hawaii Board of Regents to be selected in a manner consistent with the Board of Regents' Bylaws;
- (2) Limit the Board of Regents' flexibility to appoint members to the Independent Audit Committee when no member of the Board of Regents has financial expertise;
- (3) Exempt the Independent Audit Committee from public proceedings and records laws and open meetings laws during its discussions with auditors on matters that should remain confidential, and, at the Independent Audit Committee Chair's discretion, allow the discussions to be held in the absence of the University

2021-2483 SB1225 HD1 HSCR HMSO



of Hawaii President or University of Hawaii Chief Financial Officer; and

- (4) Clarify the Independent Auditor's role with regard to enterprise risk management.


Your Committee received testimony in support of this measure from the Office of the Board of Regents.

Your Committee finds that the Independent Audit Committee is an advisory body that is established by the University of Hawaii Board of Regents' Bylaws and statutorily established in section 304A-321, Hawaii Revised Statutes. Your Committee finds that the existing statute may inadvertently create a situation in which the Independent Audit Committee does not have a chair, such as when the committee chair's term on the Board of Regents ends on June 30 and committee membership is pending election of a Board of Regents' chair. This measure makes the appointment of the Independent Audit Committee Chair consistent with the Board of Regents' Bylaws and makes other clarifying amendments.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Higher Education & Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1225, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1225, S.D. 1, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.

Respectfully submitted on
behalf of the members of the
Committee on Higher Education &
Technology,



GREGG TAYAYAMA, Chair



