

STAND. COM. REP. NO.

1797

Honolulu, Hawaii

APR 09

, 2021

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 Judiciary & Hawaiian Affairs, to which was referred S.B. No. 1225, S.D. 1, H.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

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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 and two individuals. Your Committee received testimony in opposition to this measure from one individual.

Your Committee finds that the Independent Audit Committee is an advisory body established by the University of Hawaii Board of Regents' Bylaws and statutorily established in section 304A-321, Hawaii Revised Statutes. Your Committee also 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.

Your Committee further finds that this measure will help to ensure that the Independent Audit Committee has the continued expertise, independence, and ability to keep certain matters confidential in order to allow the Committee to perform its oversight responsibilities relating to enterprise risk management.

As affirmed by the record of votes of the members of your Committee on Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1225, S.D. 1, H.D. 1, and recommends that it pass Third Reading.



Respectfully submitted on
behalf of the members of the
Committee on Judiciary &
Hawaiian Affairs,



MARK M. NAKASHIMA, Chair



State of Hawaii
House of Representatives
The Thirty-first Legislature

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Record of Votes of the Committee on Judiciary & Hawaiian Affairs

Bill/Resolution No.: SB 1225, SDI, HDI	Committee Referral: HET, JHA	Date: 3-30-21		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
JHA Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)	✓			
2. MATAYOSHI, Scot Z. (VC)	✓			
3. ICHIYAMA, Linda	✓			
4. KOBAYASHI, Dale T.	✓			
5. LoPRESTI, Matthew S.	✓			
6. LOWEN, Nicole E.	✓			
7. McKELVEY, Angus L.K.	✓			
8. NAKAMURA, Nadine K.	✓			
9. TAKUMI, Roy M.	✓			
10. TODD, Chris				✓
11. TOKIOKA, James Kunane	✓			
12. WARD, Gene	✓			
TOTAL (12)	11	0	0	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 0.8em;">committee acronym(s)</div>				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				