

STAND. COM. REP. NO.

261

Honolulu, Hawaii

FEB 16

, 2021

RE: H.B. No. 1071  
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 H.B. No. 1071 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 Independent Audit Committee Chair of the University of Hawaii Board of Regents to be selected in a manner consistent with the Board's Bylaws;
- (2) Limit the Board's flexibility to appoint members with certain skill sets to its independent audit committee; and
- (3) Clarify the Independent Audit Committee'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 is statutorily established in

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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 and makes other clarifying amendments.

Your Committee has amended this measure by:

- (1) Exempting the Independent Audit Committee from the Administrative Procedures Law and certain Public Agency Meetings and Records Law requirements in its discussions with internal and external auditors on matters that should remain confidential and, at the discretion of the Independent Audit Committee Chair, allowing the discussions to be held in the absence of the University of Hawaii President or Chief Financial Officer;
- (2) Changing the effective date to July 1, 2060, to encourage further discussion; and
- (3) 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 H.B. No. 1071, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1071, 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,



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GREGG TAKAYAMA, Chair



