MINUTES OF THE REGENTS’ COMMITTEE
ON UNIVERSITY AUDITS

Date: Thursday, March 18, 2004

Place & Time: Campus Center Conference Room 220
University of Hawai‘i at Mānoa
9:07 a.m.

Committee Members Present: Regents Yamasato (presiding)
Haynes
Kakuda
Kawakami
Lee (ex-officio)

Other Regents Present: Regents Bender
Hong
Lagareta
Nunokawa
Tanaka
Tatibouet

Others Present: Evan S. Dobelle, President, University of Hawai‘i
James R. W. Sloane, Vice President for Administration and
Chief Financial Officer
Sam Callejo, Chief of Staff
James P. Hasselman, Partner, PricewaterhouseCoopers, LLP
David Iha, Executive Administrator and Secretary of the
Board
Carl H. Makino, Executive Assistant to the Board

Approval of Committee Meeting Minutes

Regent Kawakami moved to approve the minutes of the meeting of the Regents’ Committee
on University Audits held on September 4, 2003, October 16, 2003 and November 3, 2003 as
circulated. The motion was seconded by Regent Kakuda and unanimously carried.

Draft Financial and Compliance Report and Immaterial Findings and Internal Control Comments
Report for the University of Hawai‘i as of and for the Year Ended June 30, 2003

Mr. Hasselman explained the summary of the auditor’s report which included financial
statements, federal awards, a summary of current year findings, a summary of prior year findings,
a summary of current year immaterial findings, and internal control comments. The comments
included whether these findings were repeat findings. PricewaterhouseCoopers (PwC) rated the risk factor of each finding. Mr. Hasselman reported that the auditors did not detect any immaterial findings and the statements in the University’s financial position as of June 30, 2003 or changes in financial position for the year ending June 30, 2003 were in conformance with accounting principles. Furthermore, the auditors were able to report that the procedures did not disclose any material weaknesses in the system of internal control. While he did note some higher risk findings including monitoring of current restricted fund accounts receivable and customized monthly reporting, those were being addressed. The bulk of the other findings, according to Mr. Hasselman, was low to moderate risk.

In response to inquiry from Regent Lagareta, Mr. Hasselman informed that PwC did meet with the WASC visitation team about the University’s finances. It also gave the auditors the opportunity to explain their responsibilities and to answer any questions regarding the University’s audits. Chief of Staff Callejo added that in addressing some of the issues brought up by the auditor that similar concerns raised by WASC in the financial management of the University were also addressed. Consequently, the audit information was shared with WASC. Therefore, the next WASC report should show that some of their concerns were addressed.

Regent Yamasato asked for a status report on all medium and high risk findings as indicated by PwC in its report dated February 26, 2004. He also asked about the financial conditions of the University. Mr. Hasselman informed that there was sufficient working capital and that the University’s revenues seem to exceed the expenditures.

Regent Haynes moved to receive the draft report and material and immaterial findings and internal controls for the University of Hawai‘i for the year ending June 30, 2003 as performed by PricewaterhouseCoopers. The motion was seconded by Regent Kakuda and unanimously carried.

There being no further business before the Committee, the meeting was adjourned at 9:35 a.m.

Respectfully submitted,

David Iha, Secretary

Dated: April 8, 2004

c  Chairperson Patricia Y. Lee
Members, Committee on University Audits
President Evan S. Dobelle
Vice President James R. W. Sloane
Chief of Staff Sam Callejo