MINUTES

BOARD OF REGENTS COMMITTEE ON INDEPENDENT AUDIT MEETING

APRIL 6, 2017

I. CALL TO ORDER

Committee Chair Randy Moore, called the meeting to order at 11:46 a.m. on Thursday, April 6, 2017, at the University of Hawai‘i at Mānoa, Information Technology Building, 1st Floor Conference Room 105A/B, 2420 Correa Road, Honolulu, Hawai‘i 96822.

Committee members in attendance: Committee Chair Randy Moore, Committee Vice Chair Michael McEnerney; Regent Wayne Higaki; Regent Jeffrey Portnoy.

Committee members excused: Regent David Iha

Others in attendance: Board Chair Jan Sullivan; Regent Simeon Acoba; Regent Eugene Bal; Regent Brandon Marc Higa; Regent Lee Putnam; Regent Ernest Wilson, Jr.; Regent Stanford Yuen (ex officio committee members); President/Interim UH Mānoa (UHM) Chancellor David Lassner; Vice President for Academic Planning & Policy Risa Dickson; Vice President for Administration Jan Gouveia; Vice President for Community Colleges John Morton; Vice President for Legal Affairs/University General Counsel Carrie Okinaga; Vice President for Research & Innovation Vassilis Syrmos; Vice President for Budget & Finance/Chief Financial Officer Kalbert Young; UH-Hilo (UHH) Chancellor Donald Straney; Executive Administrator and Secretary to the Board Cynthia Quinn; and others as noted.

Committee Chair Moore indicated the meeting would need to adjourn by 1:30 p.m., and time permitting, the task group would convene to meet with the Internal Auditor.

II. APPROVAL OF MINUTES OF THE FEBRUARY 9, 2017 MEETING

Vice Chair McEnerney moved to approve the minutes of the February 9, 2017 meeting, seconded by Regent Higa, and the motion carried unanimously.

III. PUBLIC COMMENT PERIOD

Executive Administrator and Secretary of the Board Cynthia Quinn confirmed that the board office received no written testimony and no individuals signed up to give oral testimony.

IV. AGENDA ITEMS
A. For Information

1. Whistleblower report update

Internal Auditor Glenn Shizumura provided a summary of the cases reported and status, which will be included as an agenda item in every Independent Audit Committee meeting. Committee Chair Moore explained the purpose of the hotline was to provide the opportunity for individuals to bring forth items of concern. Internal Auditor Shizumura noted that the majority of reported cases involve human resources issues, with none involving alleged breach of policies.

2. Update on Enterprise Risk Management (ERM)

VP Gouveia provided a status update on ERM program. The program is a work in progress, and upon mapping the areas of risk, the top focus areas are construction and facilities, and enrollment management. Extensive discussion ensued on the scope of review for risk assessment, such as athletic facilities, and the good progress to identify risks and subordinate risks to date. It was discussed how the UH System is deemed as a low risk by insurers, and external insurance companies do not require regular inspection and evaluation of the campuses. Moreover, there are other programs that address risks, such as a safety program for employees; the Environmental Health & Safety Office reports to the UHM Vice Chancellor for Research and is responsible for matters involving labs and materials and monitors safety; the Department of Public Safety (aka campus security) is responsible for general safety and does visual inspections of the campus; the Office of Research Compliance is responsible for bioagents and materials; and there are separate offices for specialized areas required by the federal government (e.g., Title IX). The next step is to evaluate again in November to update mapping. Administration will continue to periodically report on the status of the ERM program, and consider an annual report with the Office of General Counsel on what is spent on legal fees, settlements, etc. to determine if there are patterns and identify priority risks.

B. For Review and Acceptance:

1. Community College Financial and Operational Oversight of Revenue Generating Programs policy review and compliance evaluation

Internal Auditor Shizumura explained the report for acceptance and status on the Community College Financial and Operational Oversight of Revenue Generating Programs policy review and compliance evaluation since finalizing in December. Observations showed some risk areas, which can be mitigated so long as policies and procedures are effectively implemented and applied consistently, including budgets for all accounts that are in progress and underway.

Regent Higaki moved to accept the report, seconded by Committee Vice Chair McEnerney, and the motion carried unanimously.

2. UHM Commuter Services evaluation of Corrective Action Status
Internal Auditor Shizumura explained the report for acceptance on the UHM Commuter Services evaluation of Corrective Action Status is a follow-up to last year’s report, recommendations are completed and in process of being implemented. The committee commended the work done.

Committee Vice Chair McEnerney moved to accept the report, seconded by Regent Higaki, and the motion carried unanimously.

3. UH Press Audit and Management Response

Internal Auditor Shizumura explained the report for acceptance on the UH Press Audit and Management Response. Discussion involved future plans for self-sufficiency, keeping reserves intact as expenses are reduced, and updating the strategic plan to address libraries of the future, which includes additional digital archives and front list hosting and availability, and expanding open access efforts.

Committee Vice Chair McEnerney moved to accept the report, seconded by Regent Higaki, and the motion carried unanimously.

C. Board Education: Professional development: AICPA Toolkit Chapters 15 (evaluating the internal audit function), 17 (committee self-evaluation), 18 and 19 (enterprise risk management)

External Auditor Cory Kubota explained Chapters 15, 17, 18 and 19 in the AICPA Toolkit on the areas of evaluating the internal audit function, committee self-evaluation methods and focus as a gauge to measure and use to target education topics, and fundamentals and focus of enterprise risk management in terms of the independent audit committee roles and responsibilities, and utilization as a tool for early alerts, and to debrief to learn and apply in the future. He noted that PricewaterhouseCoopers did an internal study on the average number of internal audit full time equivalents (FTEs) for universities, which he would share with committee members.

Committee Chair Moore indicated that he and Vice Chair McEnerney will develop a committee self assessment list that will be distributed to committee members.

V. ADJOURNMENT

There being no further business, Regent Higaki moved to adjourn, and Committee Vice Chair McEnerney seconded, and with unanimous approval, the meeting was adjourned at 1:05 p.m.

Respectfully Submitted,

/S/
Cynthia Quinn
Executive Administrator and
Secretary of the Board of Regents