I. CALL TO ORDER

Vice-Chair Gabriel Lee called the meeting to order at 9:00 a.m. on Thursday, August 4, 2022, at the University of Hawaiʻi at Mānoa, Information Technology Building, 1st Floor Conference Room 105A/B, 2520 Correa Road, Honolulu, Hawaiʻi 96822, with regents participating from various locations.

Committee members in attendance: Vice-Chair Gabriel Lee; Regent William Haning; Regent Diane Paloma; and Regent Robert Westerman.

Committee member excused: Chair Wayne Higaki.

Others in attendance: Regent Randy Moore; Regent Eugene Bal; Regent Alapaki Nahale-a; and Regent Laurie Tochiki (ex officio committee members); President David Lassner; Vice President (VP) for Administration Jan Gouveia; VP for Community Colleges Erika Lacro; VP for Legal Affairs/University General Counsel Carrie Okinaga; VP for Research and Innovation Vassilis Syrmos; VP for Budget and Finance/Chief Financial Officer Kalbert Young; UH Mānoa (UHM) Provost Michael Bruno; UH Hilo Chancellor Bonnie Irwin; UH West Oʻahu Chancellor Maenette Benham; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Kendra Oishi; and others as noted.

II. APPROVAL OF MINUTES

Vice-Chair Lee inquired if there were any corrections to the minutes of the June 1, 2022, committee meeting which had been distributed. Hearing none, the minutes were approved.

III. PUBLIC COMMENT PERIOD

Board Secretary Oishi announced that the Board Office did not receive any written testimony, and no individuals signed up to provide oral testimony. She also explained that, in accordance with new statutory requirements, public testimony would be accepted during the meeting should an individual sign-up to provide testimony on a specific agenda item.

IV. AGENDA ITEMS

A. Committee Work Plan
Vice-Chair Lee referenced the Committee Work Plan stating that it would be used as an outline to guide the work to be performed by the committee during the coming year and was based on the Internal Audit Work Plan (Audit Work Plan) for fiscal year 2022-2023 that was adopted by the committee in June. He noted that it was a living document that may be modified as needed and asked committee members if they had any questions or comments about the Committee Work Plan. No discussion occurred on this matter.

B. Designation of Committee Member Financial Expertise

Vice-Chair Lee stated that Section 304A-321, Hawai‘i Revised Statutes, requires that membership of the committee include one or more individuals with financial expertise. He noted that statements submitted by himself, Regent Paloma, and Regent Westerman highlighting the qualifications that would allow them to serve as committee members with financial expertise were included in the materials packet and inquired if there were any questions from committee members. No questions were raised and no discussion occurred on this issue.

C. Review and Acceptance of Clery Act Compliance Review

Glenn Shizumura, Director of the Office of Internal Audit (OIA), provided background information on the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) which requires all higher education institutions that participate in federal financial aid programs to maintain and disclose information about crime on and near their respective campuses. He reviewed Clery Act requirements, noted the objectives of the compliance review, described the work performed by OIA, and summarized OIA’s findings and recommendations.

Although no material gaps or deficiencies with respect to the preparation and timely submittal of required reports and surveys were discovered, OIA identified instances of non-compliance with Clery Act requirements among the 10 campuses of the university system which it believes are attributable to a lack of familiarity with these requirements and can be rectified through increased training and education. Additionally, the establishment of a working group as described in the management response to OIA’s review will create consistency among all university campuses and ensure that Clery Act coordinators and key campus personnel are familiar with their campus’s responsibilities.

Regent Westerman asked whether the federal government maintained a clearinghouse of Clery Act information that provided easy access to data and campus responsibilities that would assist a campus security authority in meeting its compliance requirements. Internal Auditor Shizumura replied that he was unaware of the existence of such a clearing house but stated that reporting and other requirements are explicitly spelled out in federal statutes.

Board Chair Moore asked if OIA’s recommendation that a policy mandating annual training for all university personnel associated with Clery Act responsibilities be adopted referred to a Regents Policy or Executive Policy (EP). Internal Auditor Shizumura responded that an EP would suffice.
Regent Paloma inquired if a year-to-year comparison of crime data by campus was available. Internal Auditor Shizumura replied that the primary objective of the audit was to determine compliance with Clery Act requirements and that OIA did not conduct a year-to-year comparison of crime data by campus. Regent Paloma suggested that future reports contain this information as it would be beneficial in determining any trends in criminal activities occurring on the university’s campuses.

Regent Westerman moved to accept the Clery Act compliance review, seconded by Regent Paloma, and noting the excused absence of Chair Higaki, the motion carried with all members present voting in the affirmative.

D. Review and Acceptance of the Review of the UHM Warrior Recreation Center (WRC)

Internal Auditor Shizumura reviewed the history of the WRC, stating that the multi-purpose recreational and fitness facility opened for operations at the Campus Center Complex (CCC) in 2014. He discussed mandatory student and other fees that are used to fund operations of the CCC, including the WRC; noted the objectives of the WRC review; and summarized OIA’s findings and recommendations. Although OIA found that WRC operations conform with applicable university policies, it discovered that the Office of Student Life and Development (OSLD) prepares, manages, and monitors the financial results of the CCC in the aggregate and does not prepare a separate operating budget or financial results reports for the WRC. OIA believes that stand-alone financial reports can provide OSLD leadership with the financial information necessary to improve its analysis of revenue generated by, as well as the costs associated with, each of the goods and services offered by the WRC and allow it to better assess if financial expectations are being met. As such, OIA has recommended that OSLD leadership disaggregate financial information specific to the WRC.

Regent Haning inquired as to whether medical residents and instructors who are associated with the John A. Burns School of Medicine (JABSOM) but are not considered to be traditional university students, faculty, or staff, can obtain WRC membership. Lori Ideta, Vice Provost for Student Success, replied that medical residents and instructors associated with JABSOM can obtain membership at the WRC through an opt-in membership fee applicable to individuals having UHM affiliate status.

Robust discussions ensued on questions raised by Board Chair Moore regarding the ability of OSLD to properly analyze the financial condition of the WRC without stand-alone fiscal reports; OSLD’s response to the audit, particularly with respect to the methodology used to report and manage fiscal information that would afford the best opportunity for an accurate analysis of the WRC’s revenues, fees, and expenditures; and OSLD’s rationale for its objection to OIA’s recommendation regarding the disaggregation of fiscal information specific to the WRC. OSLD also provided historical information on the establishment and use of fees associated with the CCC and their relation to the WRC’s finances.

President Lassner stated that Board Chair Moore’s questions were reasonable and proposed that a meeting be held between the administration’s financial team and OSLD
staff, inclusive of Vice Provost Ideta, to discuss the issues that were raised with respect to the effective use of the financial tools at OSLD’s disposal, as well as to determine whether there is a better way of conveying fiscal information about the WRC to both OIA and the board. Regent Paloma suggested that this meeting also include discussions about the adequacy of the CCC fee structure given that it was established in 2006.

Regent Westerman moved to accept the review of the WRC, seconded by Regent Paloma, and noting the excused absence of Chair Higaki, the motion carried with all members present voting in the affirmative.

E. **Update on Office of Internal Audit Emergency Response Plan (ERP)**

Internal Auditor Shizumura gave an update on OIA’s ERP which has remained relatively unchanged since it was last presented to the committee during the August 5, 2021, meeting although revisions were made to reflect the development of a more structured approach to offsite data storage in response to regents’ concerns with the security of OIA’s electronic audit files.

F. **Whistleblower Report**

Internal Auditor Shizumura provided an overview of the whistleblower summary and tracking reports and reviewed some of the specific information contained within these reports. He noted that cases involving employment or human resources-related issues once again constituted the majority of whistleblower cases for the current reporting period after being surpassed by cases involving health and safety issues related to the COVID-19 pandemic during the last reporting period.

For the edification of newer regents, Board Chair Moore explained that the whistleblower hotline was established approximately six to seven years ago as a mechanism for reporting fraud at the university and that no instances of fraud have been reported to date. He also asked whether the whistleblower tracking report could be refined to include additional information on the resolution of cases that were referred to specific university departments for further action. Internal Auditor Shizumura summarized the process used to address complaints made to the whistleblower hotline stating that the tracking report could be modified to include the requested information.

Regent Westerman questioned the necessity of including what appeared to be non-whistleblower related types of complaints in OIA’s report to the committee. He also opined that the amount of information contained within the whistleblower tracking report could be reduced to include the most recent three years of data without diminishing the purpose of this report. Internal Auditor Shizumura stated that all complaints made to the whistleblower hotline, regardless of their relevance, are recorded and followed-up on.

G. **Enterprise Risk Management (ERM) Update**

VP Gouveia provided background on the establishment of ERM report and the development of a risk heat map that identifies the top risk categories for the university. She noted that the administration has received positive feedback from regents on the utilization of the risk heat map and reported that a comprehensive review was being
undertaken to update the heat map so that it can continue to be used as an effective tool for managing the university’s risk exposure. An ERM report using the updated heat map will be provided at the next committee meeting.

H. Audit Project Status Update

Internal Auditor Shizumura provided a status update on the projects and audits outlined in the Audit Work Plan and presented a chart indicating new and ongoing carryover projects as well as their current status.

V. ADJOURNMENT

There being no further business, Vice-Chair Lee adjourned the meeting at 9:58 a.m.

Respectfully Submitted,

Kendra Oishi
Executive Administrator and Secretary of the Board of Regents