The committee considered two items: update on enterprise risk management, and amendments to the governance documents.

Administration is progressing with formalizing an enterprise risk management program that is customized to the university’s needs, beginning with a series of meetings to create an official formal framework analysis and mitigation plan. On review, at the unit and organization level, the university already engages in risk assessment on a more informal, adhoc basis that have led to embedded processes, audits, and proposal templates, required legislative reports and control mechanisms, in full compliance with the Hawai‘i Revised Statutes.

The next is creating the formal process that embeds the current informal processes, formality around it. It will be a 12month process with high level discussion of risk and expands the types of risk to consider. First quarter a survey will be defined and sent out to defined stakeholders. The second quarter the results will be analyzed and prioritized, and in the Third quarter the plan will be ready to present for review. It will help the board be more proactive and quantifies risk to enable administration to make proper recommendations.

During the committee meeting Regent Kudo raised the need to audit the parking and housing operations within the university system. In order to mitigate against the trend of decreasing state funding of the university we must now rely on the university’s ability to generate revenues through various activities and units. By conducting audits of these units we can encourage maximum performance to enhance revenue production consistent with fiscal responsibility. The recent experience of the IAC in dealing with the well-known culinary programs at KCC and LCC revealed a lack of operational and financial controls with regard to inventory, receivables, sales and cash in these culinary operations. This resulted in a lack of confidence in how these units were actually performing from a financial aspect. Regent Kudo will be making a recommendation to Chair Yuen to place on the next meeting agenda of the IAC an action item to have the internal auditors conduct a management and financial audit of two other revenue producing units at the university. These are the parking operations at Mānoa, and the student housing operations at Mānoa and Hilo. Regent Yuen agreed with this initiative and emphasized that this management initiative should not be limited to housing and parking, but all revenue producing functions and operations within the university system.

The final item the committee considered was amendments to the governance documents to reconcile the duties and responsibilities and the amendments were approved.