

UNIVERSITY OF HAWAI‘I SYSTEM ANNUAL REPORT



REPORT TO THE 2020 LEGISLATURE

Annual Report on Material Weakness and Fraud

HRS 304A-321

December 2019

Report to the 2020 Hawai'i State Legislature

Annual Report on Material Weakness and Fraud

Hawai'i Revised Statutes §304A- 321

Hawai'i Revised Statutes §304A-321 requires the Committee on Independent Audit (Audit Committee) of the University of Hawai'i Board of Regents (BOR) to submit an annual report to the Legislature and BOR with respect to the following matters:

- (a) all instances of material weaknesses in internal control, including the responses of University of Hawai'i (University) management; and
- (b) all instances of fraud, including the responses of University of Hawai'i management.

At a December 5, 2019 Audit Committee meeting, the Audit Committee reviewed and accepted the University's consolidated financial statements for the years ended June 30, 2019 and 2018 audited by Accuity LLP (Accuity). Accuity presented a document at this meeting containing required auditor's communication in accordance with auditing standards generally accepted in the United States of America. Accuity's document (excerpt attached) noted that they did not identify any matters that they considered to be material weaknesses in internal control over financial reporting and noted no instances of fraud or illegal acts.

Required Communications

Matter to be communicated	Our response
<p>Internal control deficiencies</p> <p>The Audit Committee should be informed of any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.</p>	<p>We did not identify any matters that we consider to be material weaknesses in internal control over financial reporting.</p> <p>We noted other matters involving internal control and its operation, which will be communicated in our Internal Control and Business Issues Report.</p>
<p>Fraud and illegal acts</p> <p>The Audit Committee should be informed of any fraud or illegal acts involving senior management or causing a material misstatement of the financial statements where the auditors determine there is evidence that such fraud may exist. The auditors should also discuss any illegal acts coming to their attention involving senior management and other illegal acts unless clearly inconsequential.</p>	<p>We did not identify any instances of fraud or illegal acts involving senior management or acts that would have a material impact on the 2019 consolidated financial statements.</p>
<p>Representations requesting from management</p> <p>The Audit Committee should be informed of the representations that the auditors are requesting from management.</p>	<p>Copies of the management representation letters are available upon request.</p>