REPORT TO THE 2016 LEGISLATURE

Annual Report on
Material Weaknesses and Fraud

HRS 304A-321

December 2015
Report to the 2016 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:

1) all instances of material weaknesses in internal control, including the responses of University of Hawai‘i (University) management; and
2) all instances of fraud, including the responses of University of Hawai‘i management.

At a December 21, 2015 Audit Committee meeting, the Audit Committee reviewed and accepted the University’s consolidated financial statements for the years ended June 30, 2015 and 2014 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 (excerpts 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.

Attachment
Year Ended June 30, 2015
Consolidated Financial Statement Audit
Committee on Independent Audit
Report to the Board of Regents
University of Hawai‘i

Quality. Integrity. Insight.
Certified Public Accountants
Acuity LLP
provided to us during our audit.

We would like to thank the management and staff of the University for the cooperation and assistance following pages.

communication or action by management or the Board of Regents other than those discussed in the consolidated financial statements. Furthermore, we are not aware of any matters that require further opinion on the level of audit effort.

assessments which, coupled with an evaluation of materiality, allowed us to determine the required statements were free of material misstatement. We determined our audit scope by performing a risk performed were sufficient to render an opinion that the June 30, 2015 consolidated financial statements were free of material misstatement.

The ultimate goal of our engagement was to ensure that the audit procedures contemplated and conducted over the financial statements were free of material misstatement.

We are pleased to present you with our results of our consolidated financial statement audit.

University of Hawai‘i

To the Board of Regents Committee on Independent Audit
<table>
<thead>
<tr>
<th>Issue Noted</th>
<th>Required Communications</th>
</tr>
</thead>
<tbody>
<tr>
<td>None noted.</td>
<td>None.</td>
</tr>
<tr>
<td>Other internal control matters identified at a future meeting. We will report the results of our compliance audit procedures and One Circuit 1.39 compliance position of our audit is still in process. However, the weakness in internal control over financial reporting. However, the weaknesses in internal control over financial reporting. We did not identify any matters that we consider to be material.</td>
<td>None.</td>
</tr>
<tr>
<td>Difficulties encountered in performing the audit. Material issues discussed with management prior to reliance.</td>
<td>None.</td>
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<tr>
<td>Other experiences. We are not aware of any consultations made by management with</td>
<td></td>
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<tr>
<td>None.</td>
<td></td>
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<tr>
<td>Disagreements with management</td>
<td></td>
</tr>
<tr>
<td>Information. Other information in documents containing audited financial statement. Going concern issue. Material unadjusted to events and conditions. Specifically,</td>
<td>None.</td>
</tr>
<tr>
<td>Consolidated financial statements. Significant risks and exposures adequately disclosed in the financial statements and any significant risks and exposures of any consolidated entities and</td>
<td></td>
</tr>
<tr>
<td>Matter to be communicated</td>
<td>Required Communications</td>
</tr>
</tbody>
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