



UNIVERSITY  
of HAWAII®  
SYSTEM

David Lassner  
President

DEPT. COMM. NO. 110

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December 14, 2017

The Honorable Ronald D. Kouchi,  
President and Members of the Senate  
Twenty-Ninth State Legislature  
Honolulu, Hawai'i 96813

The Honorable Scott Saiki, Speaker  
and Members of the House of Representatives  
Twenty-Ninth State Legislature  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, the University of Hawai'i is transmitting one copy of the Annual Report on Material Weaknesses and Fraud (Section 304A-321, Hawai'i Revised Statutes) as requested by the Legislature.

In accordance with Section 93-16, Hawai'i Revised Statutes, this report may be viewed electronically at: <http://www.hawaii.edu/offices/government-relations/2018-legislative-reports/>.

Should you have any questions about this report, please do not hesitate to contact Stephanie Kim at 956-4250, or via e-mail at [scskim@hawaii.edu](mailto:scskim@hawaii.edu).

Sincerely,

A handwritten signature in black ink, appearing to read "DL", with a long horizontal flourish extending to the right.

David Lassner  
President

Enclosure

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# UNIVERSITY OF HAWAI‘I SYSTEM ANNUAL REPORT



REPORT TO THE 2018 LEGISLATURE

Annual Report on  
Material Weaknesses and Fraud

HRS 304A-321

December 2017

Report to the 2018 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 7, 2017 Audit Committee meeting, the Audit Committee reviewed and accepted the University’s consolidated financial statements for the years ended June 30, 2017 and 2016 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

# Required Communications

Matter to be communicated	Our response
Other information in documents containing audited financial information.	Not applicable.
Disagreements with management.	None.
Consultation with other accountants.	We are not aware of any consultations made by management with other accountants.
Major issues discussed with management prior to retention.	None noted.
Difficulties encountered in performing the audit.	None noted.
Deficiencies in internal control over financial reporting.	<p>We did not identify any matters that we consider to be material weaknesses or significant deficiencies in internal control over financial reporting.</p> <p>We noted other matters involving internal control and its operation, which are communicated in our Internal Control and Business Issues Report.</p>
Fraud and illegal acts.	None noted.
Independence.	We confirm that we are independent of the University of Hawai'i and its affiliated entities.