



**GOV. MSG. NO. 1274**

EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

July 1, 2021

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Thirty First State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,  
Speaker and Members of the  
House of Representatives  
Thirty First State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

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

This is to inform you that on July 1, 2021, the following bill was signed into law:

SB1225 SD1 HD1 CD1

RELATING TO THE UNIVERSITY OF HAWAII  
BOARD OF REGENTS INDEPENDENT AUDIT  
COMMITTEE  
**ACT 172 (21)**

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i

# A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII BOARD OF REGENTS  
INDEPENDENT AUDIT COMMITTEE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 PART I

2 SECTION 1. Section 304A-321, Hawaii Revised Statutes, is  
3 amended as follows:

4 1. By amending subsection (b) to read:

5 "(b) The independent audit committee shall consist of at  
6 least three members but ~~[not]~~ no more than five members who  
7 shall be appointed by the chairperson of the board of regents,  
8 from among the members of the board of regents, except as  
9 provided in this subsection. The chair of the independent audit  
10 committee shall be selected ~~[by and from among its members.]~~ in  
11 a manner consistent with the bylaws of the board of regents.

12 The independent audit committee shall include one or more  
13 individuals with financial expertise. ~~[If no member of the~~  
14 ~~board of regents has the requisite skills, the board of regents~~  
15 ~~shall execute other arrangements, which may include the~~  
16 ~~appointment of members of the general public who possess the~~  
17 ~~requisite financial expertise to the independent audit committee~~



1 ~~to ensure that the independent audit committee has the capacity~~  
2 ~~to carry out its duties.] "~~

3 2. By amending subsection (d) to read:

4 "(d) The independent audit committee shall be exempt from  
5 chapter 91 and part I of chapter 92 to the extent that the  
6 independent audit committee is engaging in discussions with  
7 internal or external auditors on matters that should remain  
8 confidential in accordance with nationally recognized best  
9 practices for independent audit committees, or in proceedings  
10 arising from an investigation by the independent audit committee  
11 relating to potentially actionable civil or criminal conduct,  
12 regardless of whether [ex-not] the investigation is pending or  
13 outstanding. At the discretion of the chair of the independent  
14 audit committee, discussions under this subsection may be held  
15 in the absence of the president of the University of Hawaii or  
16 the chief financial officer of the university."

17 3. By amending subsection (f) to read:

18 "(f) The independent audit committee shall engage in  
19 ~~[operations]~~ oversight relating to enterprise risk management  
20 including:





1 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is  
2 amended by adding a new section to part I, subpart D to be  
3 appropriately designated and to read as follows:

4 "§304A- Findings of significant issues; Implementation  
5 of corrective and remedial action. (a) In the event an  
6 investigation or audit performed by the independent audit  
7 committee, internal auditor, or external auditor, or any audit  
8 report reviewed by the independent audit committee finds  
9 significant issues with an operation or program of the  
10 University of Hawaii, including non-compliance or possible non-  
11 compliance with any applicable law, ordinance, rule, or  
12 regulation, or any applicable board of regent policy or  
13 executive policy of the university, and the findings recommend  
14 or warrant corrective or remedial action to be taken by the  
15 university, the independent audit committee shall immediately  
16 notify the board of regents in writing of the significant issue  
17 and the corrective and remedial action warranted or recommended  
18 to be taken.

19 (b) The board of regents, upon receipt of notice from the  
20 independent audit committee under subsection (a), shall:





1 SECTION 3. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 4. This Act shall take effect upon its approval.

APPROVED this 01 day of JUL, 2021



GOVERNOR OF THE STATE OF HAWAII

**THE SENATE OF THE STATE OF HAWAI‘I**

Date: April 27, 2021  
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-First Legislature of the State of Hawai‘i, Regular Session of 2021.

  
President of the Senate

  
Clerk of the Senate

SB No. 1225, SD 1, HD 1, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 27, 2021  
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-First Legislature of the State of Hawaii, Regular Session of 2021.



Scott K. Saiki  
Speaker  
House of Representatives



Brian L. Takeshita  
Chief Clerk  
House of Representatives