stand. com. rep. no. **[220**]

Honolulu, Hawaii

, 2021

MAR 23

RE: S.B. No. 1225

S.D. 1 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-First State Legislature Regular Session of 2021 State of Hawaii

Sir:

Your Committee on Higher Education & Technology, to which was referred S.B. No. 1225, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII BOARD OF REGENTS INDEPENDENT AUDIT COMMITTEE,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require the Chair of the Independent Audit Committee of the University of Hawaii Board of Regents to be selected in a manner consistent with the Board of Regents' Bylaws;
- (2) Limit the Board of Regents' flexibility to appoint members to the Independent Audit Committee when no member of the Board of Regents has financial expertise;
- (3) Exempt the Independent Audit Committee from public proceedings and records laws and open meetings laws during its discussions with auditors on matters that should remain confidential, and, at the Independent Audit Committee Chair's discretion, allow the discussions to be held in the absence of the University

of Hawaii President or University of Hawaii Chief Financial Officer; and

(4) Clarify the Independent Auditor's role with regard to enterprise risk management.

Your Committee received testimony in support of this measure from the Office of the Board of Regents.

Your Committee finds that the Independent Audit Committee is an advisory body that is established by the University of Hawaii Board of Regents' Bylaws and statutorily established in section 304A-321, Hawaii Revised Statutes. Your Committee finds that the existing statute may inadvertently create a situation in which the Independent Audit Committee does not have a chair, such as when the committee chair's term on the Board of Regents ends on June 30 and committee membership is pending election of a Board of Regents' chair. This measure makes the appointment of the Independent Audit Committee Chair consistent with the Board of Regents' Bylaws and makes other clarifying amendments.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Higher Education & Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1225, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1225, S.D. 1, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.

Respectfully submitted on behalf of the members of the Committee on Higher Education & Technology,

GREGO TALAYAMA, Chair

State of Hawaii House of Representatives The Thirty-first Legislature HSCR 1220

Record of Votes of the Committee on Higher Education & Technology

SB 1225, 501	Committee Referral: HET, JHA	Date	3-17-21	
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
HET Members	Ayes	Ayes (WR)	Nays	Excused
1. TAKAYAMA, Gregg (C)				
A D COVER I (VC)				
2. DeCOITE, Lynn (VC)				
3. BELATTI, Della Au				
4. GANADEN, Sonny				
5. GATES, Cedric Asuega				
6. HASHIMOTO, Troy N.			<u> </u>	
o. Instituto 10, 110, 11.				
7. KAPELA, Jeanne				<u>and the destroying of the Control o</u>
8. OHNO, Takashi				
O. OUTNI AN Soon				
9. QUINLAN, Sean				
10. WOODSON, Justin H.			<u></u>	
11. YAMANE, Ryan I.				
12. OKIMOTO, Val				
TOTAL (12)	lo	0	0	2
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				