

**MINUTES**  
**BOARD OF REGENTS COMMITTEE ON INDEPENDENT AUDIT**  
**MEETING**

**AUGUST 1, 2024**

A video recording of this meeting may be viewed at the Board of Regents website as follows:

[Meeting Video](#)

**I. CALL TO ORDER**

Chair Michael Miyahira called the meeting to order at 9:00 a.m. on Thursday, August 1, 2024, at the University of Hawai'i (UH) at Mānoa, Bachman Hall, 1st Floor Conference Room 106A/B, 2444 Dole Street, Honolulu, Hawai'i, 96822, with regents participating from various locations.

Committee members in attendance: Chair Michael Miyahira; Vice-Chair Lauren Akitake; Regent Neil Abercrombie; Regent Wayne Higaki; and Regent Diane Paloma.

Others in attendance: Board Chair Gabriel Lee; Board Vice-Chairs Laurie Tochiki and Laurel Loo; Regent Joshua Faumuina; Regent William Haning; Regent Ernest Wilson (ex officio committee members); President David Lassner; Vice President (VP) for Administration Jan Gouveia; VP for Legal Affairs/University General Counsel Carrie Okinaga; VP for Research and Innovation Vassilis Syrmos; VP for Information Technology/Chief Information Officer Garret Yoshimi; VP for Budget and Finance/Chief Financial Officer Kalbert Young; Interim VP for Community Colleges Della Teraoka; UH-Mānoa (UHM) Provost Michael Bruno; UH-Hilo Chancellor Bonnie Irwin; UH-West O'ahu (UHWO) Chancellor Maenette Benham; Executive Assistant for the Board of Regents (Executive Assistant) Jamie Go; and others as noted.

**II. APPROVAL OF MINUTES**

Chair Miyahira inquired if there were any corrections to the minutes of the June 6, 2024, committee meeting which had been distributed.

Vice-Chair Akitake sought clarification as to whether statements made by Provost Bruno regarding the timeframes for completing outstanding items related to the audit of the Waikīkī Aquarium as noted in the minutes were accurate. Executive Assistant Go stated the minutes accurately reflected discussions at the June 6, 2024, committee meeting to the best of his knowledge.

Chair Miyahira asked if there were any other comments or corrections to the minutes. Hearing none, the minutes were approved.

Regent Abercrombie arrived at 9:03 a.m.

**III. PUBLIC COMMENT PERIOD**

Executive Assistant Go announced that the Board Office did not receive any written testimony and that no one signed up to provide oral testimony.

#### **IV. AGENDA ITEMS**

##### **A. Discussion of Committee Goals and Objectives for the 2024-2025 Academic Year**

Chair Miyahira referenced the table of Committee Goals and Objectives for the 2024-2025 Academic Year noting that it is meant to serve as an outline of the work to be performed by the committee during the year. He stated it was a living document which may be modified as needed and asked committee members if they had any questions or comments. None were raised.

##### **B. Designation of Committee Member with Financial Expertise**

Chair Miyahira stated that Section 304A-321, Hawai'i Revised Statutes, requires membership of the committee to include one or more individuals with financial expertise. He called attention to statements submitted by himself and Regent Paloma included in the committee materials packet which highlighted the qualifications each possessed to serve in this role and inquired if there were any questions from committee members. No questions were raised and no further discussion occurred on this issue.

##### **C. Audit Project Status Update**

Prior to calling on Glenn Shizumura, Director of the Office of Internal Audit (OIA), to present this item, Chair Miyahira advised committee members about the decision to defer the follow-up report on matters related to the Waikīkī Aquarium which was originally scheduled to be discussed at this meeting. He stated extenuating circumstances, including the administration's ongoing conversations about the possibility of developing and implementing a reorganization plan for management of the facility, warranted this postponement. However, he announced his intent for the Waikīkī Aquarium issue to be brought before the committee at its September meeting during which time the administration will be providing the committee with further information on its plans for the facility.

Internal Auditor Shizumura gave an update on the projects and audits outlined in the approved Internal Audit Work Plan for Fiscal Year 2024-2025 and presented a chart indicating new and ongoing carryover projects as well as their current status.

##### **D. Whistleblower Report**

Internal Auditor Shizumura provided an overview of the whistleblower summary and tracking reports and reviewed some of the specific information contained within these reports, noting that incidents involving employment or human resources-related issues constituted the majority of whistleblower cases for the current reporting period.

##### **E. Enterprise Risk Management (ERM) Update**

Darren Suzuki, Director of the Office of Risk Management (ORM), provided background information on ERM and the development of a risk heat map that identifies the top risk categories for the university. He spoke about a recently completed external review of the university's ERM program which found that the risks faced by the university are comparable to those encountered by other public universities; the program is on the right path; and the risk heat map is an effective tool for managing the university's risk exposure. In July of this year, the administration also initiated a comprehensive review of the risk categories used by the university, which resulted in the updating of risk descriptions and recalibration of the heat map. Director Suzuki reviewed key risks and risk categories for the university and went over the shifts in impact and probability that have occurred with respect to the identified risks plotted on the heat map since it was last presented to the committee in April 2023. With regards to Risk Category No. 6 (Information Technology), Director Suzuki noted that although this risk category will remain high in probability and impact due to constant cyber incidents, especially with the two incidents UH had last year, he acknowledged the outstanding work done by VP Yoshimi and his team to bolster the UH system to prevent future incidents, which was validated by the fact that the cyber insurance underwriters were satisfied with the work done by VP Yoshimi and his team and the university was able to renew its coverage. He concluded by stating the administration will be closely monitoring all categories, especially Risk Category No. 7 (Maintaining Safety) and Risk Category No. 8 (Governance and Compliance), and will meet again next year to reassess and recalibrate the heat map.

Regent Higaki asked if the risks facing the university which have been identified by the administration mirrored those being seen by other institutions of higher education around the country. He also questioned whether there was a need to conduct a third-party review of the risk heat map given this was something generated by senior leadership at the university. Director Suzuki replied that ORM meets with United Educators (UE), an insurance company and provider of risk management services which helps educational institutions identify, prevent, respond to, and recover from adversity and risks, each year to review the effectiveness of the university's heat map as a tool for managing the institution's risk exposure. He stated UE's latest review of the heat map determined risks and challenges faced by UH are comparable to those being encountered by other public universities throughout the nation. In addition, ORM reached out to risk managers at other universities and discovered those institutions of higher education were using methodologies to determine risk exposure similar to the ones being used by UH.

Referencing the movement of information technology issues to a higher level on the probability scale of the heat map in 2024, Regent Wilson inquired as to whether the emergence of the use of Artificial Intelligence (AI) played a factor in this change. Director Suzuki responded that, while UE has identified the use of AI as an emerging risk in the realm of higher education, it also commended UH for taking a more proactive approach to this matter as compared to some other public universities. In addition to fears about plagiarism, UE has identified potential risks of discrimination associated with the use of AI for things such as the development of tests, policies, or procedures as

something of a concern. While this topic is on the administration's radar, Director Suzuki stated UH has not witnessed issues related to this matter as of yet.

In view of this response, Regent Wilson asked if the university is taking necessary actions to address potential problems the institution may encounter with respect to AI on both an academic as well as systemic level. VP Yoshimi replied that from an institutional perspective, addressing AI issues is definitely part of the university's portfolio, particularly in the areas of data governance, privacy, and the potential for exposure of regular and protected information. From the standpoint of academics, teaching, and learning, the university has begun to invest in AI tools and develop policies to address this issue, albeit slowly so as to ensure there is sufficient training and support for faculty and that faculty, staff, and students are properly grounded in terms of protections and privacy.

Mentioning challenges noted regarding the loss of institutional knowledge due to the retirement of long-term employees, Chair Miyahira questioned whether the university had standard procedural manuals which could help to mitigate this problem. Director Suzuki stated that, while many of the individual colleges, schools, or departments within the university have procedures in place for the transfer of this type of information between outgoing and incoming employees, to the best of his knowledge, a systemwide standard procedural manual did not exist. He also noted a general custom and practice among individuals who are retiring to share and pass on historical information and professional tips to new hires.

Chair Miyahira asked Director Suzuki if he believed regents should be made more aware about issues regarding compliance obligations such as those under Title IX. Although he stated this was something the board would need to ultimately decide upon, Director Suzuki reassured regents of the importance of compliance issues to the administration noting the existence of university departments devoted to addressing compliance with matters related to Title IX, Title IV, and Title VI, among other things, as well as personnel within the Office of General Counsel who are focused on these issues.

## **F. Discussion on the Search for a New Director of Internal Audit**

Chair Miyahira noted the pending retirement of Internal Auditor Shizumura and spoke about the need to select his replacement. He informed regents that the Board Office has begun to work with the Office of Human Resources (OHR) to update the position description stating the position will be posted for recruitment once this task is completed.

Regent Abercrombie shared his thoughts on the search for a new Director of OIA stressing the need for committee and board involvement in the development of the position description. He also emphasized the committee's and board's role in the hiring of the Director of OIA as this position reports directly to the board. Chair Miyahira stated he would work with Board Secretary Lau to ensure regents receive a copy of the job description.

Regent Higaki noted the board is the sole entity with the responsibility to hire, evaluate, and fire the Director of OIA.

At the request of Chair Miyahira, VP Gouveia provided information on the means by which the hiring of the Director of OIA, one of the three positions reporting directly to the board, could take place. For reference, she also spoke about the process used to hire the current Board Secretary which included authorizing two regents to take all administrative actions necessary to recruit for the position and work directly with OHR to review the position description, sort through applications, and generate a "short list" of finalists to be interviewed by the board.

Chair Miyahira reiterated his intent to have the updated position description provided to regents for review and input and for the committee to be involved in the interviewing of candidates for the position.

## **V. ADJOURNMENT**

There being no further business, Chair Miyahira adjourned the meeting at 9:32 a.m.

Respectfully Submitted,

/S/

Jamie Go  
Executive Assistant  
for the Board of Regents