UNIVERSITY of HAWAIʻI®
Ke Kulanui o Hawaiʻi

Wendy F. Hensel
President

DEPT. COMM. NO. 356

February 25, 2026

The Honorable Ronald D. Kouchi,
President and Members of the Senate
Thirty-Third State Legislature
Honolulu, Hawaiʻi 96813

The Honorable Nadine K. Nakamura, Speaker
and Members of the House of Representatives
Thirty-Third State Legislature
Honolulu, Hawaiʻi 96813

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

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

In accordance with Section 93-16, Hawaiʻi Revised Statutes, this report may be viewed electronically at: https://www.hawaii.edu/govrel/docs/reports/2026/hrs304a-321_2026_material-weakness_annual-report.pdf.

Should you have any questions about this report, please do not hesitate to contact Stephanie Kim at (808) 956-4250, or via e-mail at scskim@hawaii.edu.

Sincerely,

Wendy F. Hensel
President

Enclosure

2444 Dole Street, Bachman Hall
Honolulu, Hawaiʻi 96822
Telephone: (808) 956-8207
Fax: (808) 956-5286
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UNIVERSITY OF HAWAIʻI SYSTEM ANNUAL REPORT

REPORT TO THE 2026 LEGISLATURE

Annual Report on Material Weakness and Fraud

HRS 304A-321

February 2026

Report to the 2026 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:

(a) All instances of material weaknesses in internal control, including the responses of University of Hawai‘i management; and
(b) All instances of fraud, including the responses of University of Hawai‘i management

At the December 4, 2025 Audit Committee meeting, the Audit Committee reviewed and accepted the University’s financial statements audited by Accuity LLP (Accuity) as of and for the year ended June 30, 2025. 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 (see first excerpt 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.

Additionally, at the February 5, 2026 Audit Committee meeting, the Audit Committee reviewed and accepted the University’s compliance audit report from Accuity as of and for the year ended June 30, 2025. This report on compliance for each major federal program and internal control over compliance is required by Uniform Guidance. Accuity presented a document at this meeting and noted that they did not identify any findings deemed to be material weaknesses (see second excerpt attached).

Required Communications

Matter to be communicated	Our response
Difficulties encountered in performing the audit The Audit Committee should be informed of serious difficulties encountered in dealing with management related to performance of the audit.	None noted.
Internal control deficiencies The Audit Committee should be informed of any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.	We did not identify any matters that we consider to be significant deficiencies or material weaknesses in internal control over financial reporting. We noted other matters involving internal control and its operation, which will be communicated in our Internal Control and Business Issues Report.
Fraud and illegal acts The Audit Committee should be informed of any fraud or illegal acts involving senior management or causing a material misstatement of the financial statements where the auditors determine there is evidence that such fraud may exist. The auditors should also discuss any illegal acts coming to their attention involving senior management and other illegal acts unless clearly inconsequential.	We did not identify any instances of fraud or illegal acts involving senior management or acts that would have a material impact on the 2025 financial statements.

Compliance Audit Update

- Refer to the Summary of Auditors' Results on Page 23 of the UH Financial and Compliance Audit Report
  - "Clean" opinion on compliance
- Key statistics:
  - $685M in federal expenditures reported on the SEFA (Cash basis)
  - 14 major programs audited
- 2 reportable current year findings:
  - 1 related to Financial Aid Administration and 1 related to Title IV Student Financial Aid
  - Finding related to Title IV Student Financial Aid is a recurring finding
  - No findings were deemed significant deficiencies or material weaknesses