



**STATE OF HAWAII  
BOARD OF EDUCATION  
PAPA HO'ONA'AUAO**  
P.O. BOX 2360  
HONOLULU, HAWAII 96804

**House Committee on Education**  
**Tuesday, March 24, 2026**  
2:00 p.m.  
Hawaii State Capitol, Room 309

**Measure: Senate Bill 3279 SD1, Relating to the Department of Education**

**Purpose of Measure:**

Establishes the Board of Education Internal Audit Office to conduct program and fiscal evaluations of the Department of Education's key strategic initiatives to identify program improvements and provide other benefits and review external audits. Requires the Board of Education to establish a standing committee with a scope that includes audit-related responsibilities. Prohibits the Department of Education from expending FY 2026-2027 appropriated funds for certain auditor, evaluation specialist, and related positions and expenses. Appropriates funds.

Aloha Chair Woodson, Vice Chair La Chica, and Members of the Committee:

The Board of Education (Board) considers oversight of audits and evaluations to be one of its key responsibilities. The Board respectfully submits that this measure is unnecessary and offers the following comments on Senate Bill 3279 SD1.

Since 2019, the Board's Finance and Infrastructure Committee has had purview over audit-related matters. However, Board leadership determined that more focused and direct oversight of audits and evaluations related to the Hawaii Department of Education (Department) is necessary.

Accordingly, following a required amendment to the Board bylaws, the Board re-established a stand-alone Audit Committee at its February 12, 2026, general business meeting and appointed the leadership and members of that Committee at its March 12, 2026, general business meeting. The Audit Committee held its first meeting on March 19, 2026.

The Board respectfully submits that this measure is unnecessary. The Board is already engaged in the necessary oversight of audits and evaluations within its existing structure through the Audit Committee. In addition, the Board believes that it is unnecessary to codify the establishment of this committee as it would restrict the Board's flexibility to pursue its policymaking and oversight functions.

The Board agrees with the Department that should the legislature decide to move this measure forward, because the responsibilities outlined are different, these efforts should be in addition to the current Internal Audit Office, which is responsible for providing independent, objective assurance and consulting services designed to add value to and improve the Department's operations, and for bringing a systematic, disciplined approach to evaluate and contribute to the effectiveness of the Department's risk management, internal control, and governance processes.

Mahalo for this opportunity to testify on behalf of the Board.



STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
KA 'OIHANA HO'ONA'AUAO  
P.O. BOX 2360  
HONOLULU, HAWAII 96804

**Date:** 03/24/2026

**Time:** 02:00 PM

**Location:** 309 VIA VIDEOCONFERENCE

**Committee:** EDN

**Department:** Education

**Person Testifying:** Keith T. Hayashi, Superintendent of Education

**Title of Bill:** SB3279, SD1, RELATING TO THE DEPARTMENT OF EDUCATION.

**Purpose of Bill:** Establishes the Board of Education Internal Audit Office to conduct program and fiscal evaluations of the Department of Education's key strategic initiatives to identify program improvements and provide other benefits and review external audits. Requires the Board of Education to establish a standing committee with a scope that includes audit-related responsibilities. Prohibits the Department of Education from expending FY 2026-2027 appropriated funds for certain auditor, evaluation specialist, and related positions and expenses. Appropriates funds. (SD1)

**Department's Position:**

The Hawai'i State Department of Education (Department) respectfully provides comments on SB3279, SD1.

The Department supports the intent of the bill to expand program and fiscal evaluations of key strategic initiatives. Objective analysis and reliable data can assist in making informed decisions regarding the effective use of financial and human resources.

The Internal Audit Office (IAO) operates under the Institute of Internal Auditors (IIA) Global Internal Audit Standards. This framework is widely regarded as the gold standard for the profession, ensuring that the IAO strengthens the Department's ability to create, protect, and sustain value. The IAO conducts comprehensive oversight of both non-appropriated and appropriated funds, monitors payroll and financial transactions, through continuous auditing tools, investigates alleged fiscal improprieties, performs the Department's annual risk assessment, and coordinates with external auditors while tracking corrective actions.

Currently, the IAO maintains a dual reporting structure – functionally to the Board of Education and administratively (e.g., approval of sick or vacation leave) to the Superintendent of Education – to ensure objectivity and independence, serving as an essential pillar of independence. It has taken many years of diligent effort to establish the viable, robust internal audit function that exists today. The IAO currently employs a staff of

credentialed, well-trained professionals and has successfully passed two professional peer reviews performed by the Association of Local Government Auditors (ALGA), confirming that its operations meet the highest industry standards.

At its February 12, 2026, General Business Meeting, the Board of Education approved amendments to its bylaws to formally establish a separate Audit Committee to provide more focused oversight of audits and evaluations related to the Department. The Audit Committee's scope includes accounting and financial reporting processes, compliance with legal and regulatory requirements, systems of internal control, and regular review of internal audit plans. This recent action demonstrates that the Board of Education has already taken steps to strengthen audit oversight within its existing governance structure.

The bill suggests a shift away from funding the Department's existing Internal Audit positions. The work of the Internal Audit Office (IAO) is essential to maintaining strong internal controls and mitigating fiscal risk; any disruption would create a significant gap in oversight and weaken accountability.

Clarification is needed regarding whether the current IAO will retain its responsibilities alongside any new evaluation duties, or whether a new structure is intended. The Department also notes the nationwide shortage of qualified auditors and the risk of losing experienced staff if positions are not preserved. Establishing a new function that meets professional standards could take nine to twelve months to recruit and train. If expanded duties are assigned to the current office, additional staffing and funding will be necessary.

While the Department supports enhanced strategic evaluation, it strongly urges preservation of the existing Internal Audit infrastructure to ensure continued protection of public resources and effective risk management.

Thank you for the opportunity to provide testimony on this measure.

**SB-3279-SD-1**

Submitted on: 3/21/2026 11:34:04 AM

Testimony for EDN on 3/24/2026 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Johnnie-Mae L. Perry	Individual	Support	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry, Support w/COMMENT REDUCE AUDITOR SPECIALIST II and EVALUATION SPEICALIST II POSITIONS.

IRAN WAR IS COSTING TAXPAYERS 1BILLION \$ A DAY. HOW WILL FEDERAL FUNDING IMPACT SOH BUDGET?

3279 SB RELATING TO THE DEPARTMENT OF EDUCATION.