
A BILL FOR AN ACT

RELATING TO EDUCATION.

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

1 SECTION 1. Section 40-1, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:
3 "(b) With respect to the executive branch, except the
4 University of Hawaii[7] until June 30, 2008, the Hawaii tourism
5 authority, and the department of education[7] until June 30,
6 2008, the comptroller shall have complete supervision of all
7 accounts. The comptroller shall preaudit all proposed payments
8 of \$10,000 or more to determine the propriety of expenditures
9 and compliance with executive orders and rules that may be in
10 effect. When necessary, the comptroller shall withhold approval
11 of any payment. Whenever approval is withheld, the department
12 or agency concerned shall be promptly notified. With respect to
13 the University of Hawaii, the Hawaii tourism authority, and the
14 department of education, the comptroller shall issue warrants
15 for the release of funds for the operating costs of the
16 university, the Hawaii tourism authority, or the department of
17 education, as applicable, in amounts and at times mutually
18 agreed upon by the governor or director of finance and the



1 university, the Hawaii tourism authority, or department of
2 education, as applicable; provided:

3 (1) The amounts released shall not exceed the allotment
4 ceilings for the respective funding sources of the
5 university's or the department of education's
6 appropriations established by the governor for an
7 allotment period pursuant to section 37-34, or in the
8 case of the Hawaii tourism authority, revenues
9 received by the convention center enterprise special
10 fund and the tourism special fund pursuant to section
11 237D-6.5; and

12 (2) The comptroller may issue warrants as an advance from
13 the state treasury to the University of Hawaii, the
14 Hawaii tourism authority, and the department of
15 education to establish a checking account and provide
16 working capital in amounts and at times mutually
17 agreed upon by the governor or director of finance and
18 the University of Hawaii, the Hawaii tourism
19 authority, and the department of education.

20 The University of Hawaii, the Hawaii tourism authority, and the
21 department of education shall preaudit all proposed payments to
22 determine the propriety of expenditures and compliance with



1 applicable laws, executive orders, and rules as may be in
2 effect. The University of Hawaii, the Hawaii tourism authority,
3 and the department of education shall make disbursements for
4 operating expenses from the amounts released by the comptroller
5 and maintain records and documents necessary to support those
6 disbursements at times mutually agreed upon by the university
7 president, the executive director of the Hawaii tourism
8 authority, or the superintendent of education, as applicable,
9 and the comptroller; provided that when requested by the
10 university, the Hawaii tourism authority, or department of
11 education, the comptroller shall make all disbursements for the
12 university, the Hawaii tourism authority, or department of
13 education, as applicable, subject to available allotment. Funds
14 released pursuant to this section shall be deposited by the
15 university, the Hawaii tourism authority, or department of
16 education, as applicable, in accordance with the provisions
17 applicable to the director of finance by chapter 38. Except for
18 moneys deposited by the Hawaii tourism authority in the
19 convention center enterprise special fund pursuant to section
20 201B-8, and in the tourism special fund pursuant to section
21 201B-11, any interest earned on the deposit of funds released



1 pursuant to this section shall be deposited in the state
2 treasury at the end of each fiscal year."

3 SECTION 2. Section 40-2, Hawaii Revised Statutes, is
4 amended to read as follows:

5 **"§40-2 Accounting systems and internal control; enforcing**
6 **the use of and inspection of the same.** The accounting system
7 installed by the commission on public accountancy under Act 181,
8 Session Laws of Hawaii 1923, as amended by Act 220, Session Laws
9 of Hawaii 1925, for use in the offices of the comptroller,
10 director of finance, departmental and agency services of the
11 State, and the auditors, treasurers, departmental and agency
12 services of the several counties shall be the accounting and
13 reporting systems of the State and counties; provided that the
14 University of Hawaii, until June 30, 2008, may install a
15 different accounting system which shall be in conformity with
16 generally accepted accounting principles as applied to colleges
17 and universities; and provided further that the department of
18 education, until June 30, 2008, may install a different
19 accounting system which shall be in conformity to generally
20 accepted accounting principles. The comptroller shall make such
21 changes and modifications in the accounting system as shall from



1 time to time appear to be in the best interest of the State and
2 counties.

3 The departments and agencies of the executive branch are
4 respectively charged with the responsibility to maintain an
5 adequate system of internal control and with the further
6 responsibility to see that the internal control system continues
7 to function effectively as designed. The comptroller shall make
8 such investigations and audits from time to time to enforce the
9 use of the accounting system and internal control systems in the
10 executive branch.

11 The judiciary, the legislature, and each county shall be
12 responsible for the establishment and maintenance of its
13 respective internal control system."

14 SECTION 3. Section 40-4, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "**§40-4 Publication of statements.** The comptroller shall
17 prepare and submit to the governor, immediately following the
18 close of each fiscal year, a statement of income and expenditure
19 by funds, showing the principal sources of revenue, the function
20 or purpose for which expenditures were made, together with a
21 consolidated statement showing similar information for all
22 funds; also a statement showing the balance in each fund at the



1 beginning of the fiscal year, plus the receipts, minus the
2 disbursements, and the balance on hand at the close of the
3 fiscal year after deducting outstanding warrants and vouchers.
4 The comptroller may request all agencies, the judiciary, the
5 University of Hawaii[7] until June 30, 2008, the Hawaii tourism
6 authority, the department of education[7] until June 30, 2008,
7 and the legislature to provide such information as may be
8 required for the preparation of statements."

9 SECTION 4. Section 40-6, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "**§40-6 Approval of business and accounting forms.** The
12 comptroller shall determine the forms required to adequately
13 supply accounting and statistical data for the state government.
14 The comptroller shall require heads of departments and
15 establishments of the state government to submit proposed new
16 forms or proposed changes in current business and accounting
17 forms for review and approval before ordering the same printed;
18 except that the University of Hawaii[7] until June 30, 2008, the
19 Hawaii tourism authority, and the department of education until
20 June 30, 2008, shall be subject to this requirement only with
21 respect to uniform business and accounting forms of statewide
22 use in the State's accounting system. All standard state forms



1 shall be classified, numbered, and standardized in design,
2 dimensions, color, and grade of paper and recorded in a
3 catalogue of accounting and statistical forms by the
4 comptroller."

5 SECTION 5. Section 40-58, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "**§40-58 In favor of assignees.** No assignment of moneys by
8 a person to whom the State is directly indebted shall be
9 effective unless the assignment is first approved by the
10 comptroller or, in the case of the University of Hawaii and the
11 department of education, until June 30, 2008, by their
12 respective chief financial officers. The comptroller or the
13 chief financial officers of the University of Hawaii and the
14 department of education may prescribe the form for an
15 assignment, and may approve the assignment within a reasonable
16 time period if, in their respective discretion, the rights or
17 obligations of the State, the University of Hawaii, or the
18 department of education under any contract or other undertaking
19 or under any law, rule, or order by a competent authority will
20 not be prejudiced thereby. Upon approval of the assignment, the
21 comptroller or the respective chief financial officers of the
22 University of Hawaii and the department of education shall draw



1 a warrant payable to the assignee. Except as to contracts
2 encumbered by the comptroller, the University of Hawaii, or the
3 department of education, each expending agency, upon
4 notification of the comptroller's approval of an assignment,
5 shall prepare a claim for payment in accordance with the terms
6 of the assignment."

7 SECTION 6. Section 40-81, Hawaii Revised Statutes, is
8 amended to read as follows:

9 **"§40-81 Report by agencies receiving special moneys.** All
10 state officers, departments, boards, bureaus, commissions, or
11 agencies collecting or receiving any moneys not required by law
12 to be deposited in the state treasury shall report to the
13 comptroller all receipts and disbursements on account thereof
14 for each quarterly period of the calendar year not later than
15 the fifteenth day following the end of each quarterly period on
16 such forms and under such rules as may be prescribed by the
17 comptroller; provided that until June 30, 2008, with respect to
18 all moneys held outside the state treasury by the University of
19 Hawaii or the department of education pursuant to the authority
20 granted to the university and the department of education by
21 this chapter, the University of Hawaii and the department of
22 education shall report to the comptroller all transactions for



1 each quarterly period not later than the fifteenth day following
2 the end of each quarterly period on such forms and under such
3 rules as may be prescribed by the comptroller."

4 SECTION 7. Section 12 of Act 321, Session Laws of Hawaii
5 1986; as amended by section 69 of Act 283, Session Laws of
6 Hawaii 1987; as amended by section 7 of Act 371, Session Laws of
7 Hawaii 1989; as amended by section 3 of Act 163, Session Laws of
8 Hawaii 1991; as amended by section 2 of Act 314, Session Laws of
9 Hawaii 1993; as amended by section 22 of Act 8, Special Session
10 Laws of Hawaii 1993, as amended by section 1 of Act 180, Session
11 Laws of Hawaii 1997; as amended by section 24 of Act 115,
12 Session Laws of Hawaii 1998; and as amended by section 1 of Act
13 137, Session Laws of Hawaii 2005, is amended to read as follows:

14 "SECTION 12. This Act shall take effect on July 1, 1986[
15 ~~and be repealed as of June 30, 2006; provided that on repeal~~
16 ~~sections 40-1, 40-2, 40-4, 40-6 and 40-81, Hawaii Revised~~
17 ~~Statutes, are reenacted in the form in which they read on June~~
18 ~~30, 1986, and section 40-58, Hawaii Revised Statutes, is~~
19 ~~reenacted in the form in which it read on June 30, 1991]."~~

20 SECTION 8. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.

22 SECTION 9. This Act shall take effect on June 29, 2006.



HB1866.SD2

Report Title:

UH; Accounting; Procurement

Description:

Extends to June 30, 2008, the authority of the University of Hawaii and the department of education over their finances pursuant to Act 321, SLH 1986. (SD2)

