
A BILL FOR AN ACT

RELATING TO THE AUDITOR.

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

1 SECTION 1. The legislature finds that Article VII, section
2 10 of the Hawai`i State Constitution establishes the position of
3 the auditor, and sets forth the duties of the auditor. The
4 constitutional mandate of the auditor is to "conduct post-audits
5 of the transactions, accounts, programs and performance of all
6 departments, offices and agencies of the State and its political
7 subdivisions, to certify the accuracy of all financial
8 statements issued by the respective accounting officers and to
9 report the auditor's findings and recommendations to the
10 governor and to the legislature at such times as shall be
11 provided by law." Chapter 23 of the Hawai`i Revised Statutes
12 reiterates this duty, and specifies that this duty shall be
13 carried out at least every two years.

14 The legislature further finds that this constitutional and
15 statutory mandate has not been carried out. The failure to
16 conduct comprehensive performance and management audits goes
17 beyond the failure to carry forth a constitutional or statutory
18 mandate. Without such information, the legislature does not



1 have the transparency and information to develop a reasonable
2 and competent budget. With regular management and performance
3 audits, the auditor will help the departments, legislature, and
4 public, to uncover inefficiency as well as obsolete programs and
5 management practices that in many cases are imbedded in statute.
6 An example of this was the Department of Education's storeroom
7 program. Through a management audit, the auditor determined and
8 reinforced what teachers were telling legislators for years,
9 that the storeroom was horribly inefficient. That management
10 audit helped the legislature to reprioritize its spending, and
11 to eliminate the wasteful program. On a statewide scale, such
12 management and performance audits have the potential to uncover
13 hundreds of millions of dollars in wasteful spending and
14 ineffective management practices whether they are mandated by
15 obsolete laws, or occur because of lack of information. The
16 purpose of this Act is to appropriate funds for the fulfillment
17 of the auditor's constitutional and statutory mandate to conduct
18 comprehensive biannual management and performance audits.

19 SECTION 2. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$16,000,000, or so
21 much thereof as may be necessary for fiscal year 2006-2007, for
22 the performance of the first year of biannual performance and



1 management audits for all state departments, offices, and
2 agencies.

3 SECTION 3. The sum appropriated shall be expended by the
4 legislative auditor for the purposes of this Act.

5 SECTION 4. This Act shall take effect on July 1, 2006.

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INTRODUCED BY:

Chris Sforza

Chris Sforza

Richard Cottrell

Kenneth Frank

Cindy Evans

Alan M. Jones

Wendy Morrison

Ann V. Smith

Kirk Caldwell

Jimmy Johnson

Z. P.

Proctor

Colin Murphy

Michelle Canale

Michael J. Myerson

Michael P. Kalishnik

Barbara Marumoto

PA Di

STOJ

Alan A. Clark

JAN 25 2006

HB HMIA 88-2006-2



Bob Stenehour

James R. Farnsworth

BJ

Maui B. Lee

HB 3011

Report Title:

Audits

Description:

Appropriate funds and mandate financial and management audits of all state departments.

