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# A BILL FOR AN ACT

RELATING TO THE OFFICE OF THE AUDITOR.

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

1           SECTION 1. The legislature finds that the office of the  
2 auditor was established pursuant to article VII, section 10, of  
3 the state constitution, which authorized the auditor to conduct  
4 investigations, as directed, in addition to audits. Section  
5 23-5, Hawaii Revised Statutes, authorizes the auditor to  
6 "examine and inspect all accounts, books, records, files,  
7 papers, and documents and all financial affairs of every  
8 department, office, agency, and political subdivision."

9           However, the office of the auditor has not conducted  
10 investigations in the past, has not been requested to conduct  
11 investigations, and has not been provided funds for  
12 investigations. Through this Act, the legislature establishes  
13 an investigative unit in the office of the auditor and  
14 appropriates funds for this purpose.

15           The investigative unit of the office of the auditor would  
16 perform investigative functions similar to those performed by  
17 inspectors general on the federal level and in several states,



1 and would include conducting investigations involving alleged or  
2 suspected government waste, fraud, abuse, nonfeasance, or  
3 malfeasance.

4 The purpose of this Act is to establish an investigative  
5 unit in the office of the auditor to conduct investigations  
6 involving government waste, fraud, abuse, nonfeasance, or  
7 malfeasance at the request of the legislature or upon the  
8 auditor's initiative. This Act also appropriates funds for the  
9 investigative unit.

10 SECTION 2. Section 23-4, Hawaii Revised Statutes, is  
11 amended to read as follows:

12 **"§23-4 Duties.** (a) The auditor shall conduct postaudits  
13 of the transactions, accounts, programs, and performance of all  
14 departments, offices, and agencies of the State and its  
15 political subdivisions. The postaudits and all examinations to  
16 discover evidence of any unauthorized, illegal, irregular,  
17 improper, or unsafe handling or expenditure of state funds or  
18 other improper practice of financial administration shall be  
19 conducted at least once in every two years after the close of a  
20 fiscal year, and at any other time or times during the fiscal  
21 year as the auditor deems necessary or as may be required by the  
22 legislature for the purpose of certifying to the accuracy of all



1 financial statements issued by the respective accounting  
2 officers and of determining the validity of expenditures of  
3 state or public funds.

4 (b) The auditor, in conducting postaudits, to the extent  
5 practicable and applicable to the audit scope and objectives,  
6 shall review and assess the audited agency's rules as defined in  
7 section 91-1.

8 (c) The auditor shall establish an investigative unit  
9 within the office of the auditor and shall conduct  
10 investigations involving alleged or suspected government waste,  
11 fraud, abuse, nonfeasance, or malfeasance; provided that  
12 investigations shall be initiated by:

13 (1) A concurrent resolution adopted by the legislature;

14 (2) A request from a standing committee chair of either  
15 the senate or house of representatives, with the  
16 concurrence of both the president of the senate and  
17 the speaker of the house of representatives;

18 (3) An act of the legislature; or

19 (4) The auditor, with the concurrence of both the  
20 president of the senate and the speaker of the house  
21 of representatives.



1 In determining whether to conduct an investigation under  
2 paragraph (4), the auditor may consider information based on  
3 postaudits and examinations conducted pursuant to subsection  
4 (a)."

5 SECTION 3. There is appropriated out of the general  
6 revenues of the State of Hawaii the sum of \$ or so  
7 much thereof as may be necessary for fiscal year 2008-2009 for a  
8 five-person investigative unit within the office of the auditor,  
9 composed of a manager, a senior-level supervisor, two  
10 investigators, and a clerk, with appropriate computer and other  
11 equipment.

12 The sum appropriated shall be expended by the office of the  
13 auditor for the purposes of this Act.

14 SECTION 4. New statutory material is underscored.

15 SECTION 5. This Act shall take effect on July 1, 2008.

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**Report Title:**

Office of the Auditor; Investigative Unit; Appropriation

**Description:**

Authorizes and funds an investigative unit in the Office of the Auditor to conduct investigations involving alleged or suspected government waste, fraud, abuse, nonfeasance, or malfeasance.

