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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 in addition to audits. Chapter 23, Hawaii  
5 Revised Statutes, authorizes the auditor to conduct  
6 investigations and provides the powers to conduct them.

7           However, the office of the auditor has not conducted  
8 investigations in the past, has not been requested to conduct  
9 investigations, and has never been provided funds to enable  
10 investigations. Through this Act, the legislature establishes  
11 an investigative unit in the office of the auditor, and  
12 appropriate funds for this purpose.

13           The investigative unit of the office of the auditor would  
14 provide similar investigative functions as inspector generals on  
15 the federal level and in several states, including conducting  
16 investigations involving alleged or suspected government waste,  
17 fraud, abuse, nonfeasance, or malfeasance.



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

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

10       "**§23-4 Duties.** (a) The auditor shall conduct postaudits  
11 of the transactions, accounts, programs, and performance of all  
12 departments, offices, and agencies of the State and its  
13 political subdivisions. The postaudits and all examinations to  
14 discover evidence of any unauthorized, illegal, irregular,  
15 improper, or unsafe handling or expenditure of state funds or  
16 other improper practice of financial administration shall be  
17 conducted at least once in every two years after the close of a  
18 fiscal year, and at any other time or times during the fiscal  
19 year as the auditor deems necessary or as may be required by the  
20 legislature for the purpose of certifying to the accuracy of all  
21 financial statements issued by the respective accounting



1 officers and of determining the validity of expenditures of  
2 state or public funds.

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

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

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

13 (2) A request from a standing committee chair of either  
14 the:

15 (A) Senate, with the concurrence of the president of  
16 the senate; or

17 (B) House of representatives, with the concurrence of  
18 the speaker of the house of representatives;

19 (3) An act of the legislature; or

20 (4) The initiative of the auditor with the concurrence of  
21 the president of the senate or the speaker of the  
22 house of representative;



1 provided further that the auditor may consider information from  
2 a postaudit pursuant to subsection (a) in initiating an  
3 investigation."

4 SECTION 3. There is appropriated out of the general  
5 revenues of the State of Hawaii the sum of \$350,000, or so much  
6 thereof as may be necessary for fiscal year 2007-2008, and the  
7 same sum, or so much thereof as may be necessary for fiscal year  
8 2008-2009, for a five-person investigative unit comprising a  
9 manager, a senior level supervisor, two investigative staff, and  
10 a clerk, with appropriate computer and other equipment.

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

13 SECTION 4. Statutory material to be repealed is bracketed  
14 and stricken. New statutory material is underscored.

15 SECTION 5. This Act shall take effect on July 1, 2007.  
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**Report Title:**

Office of the Auditor; Investigative Unit

**Description:**

Authorizes the establishment of an investigative unit within the office of the auditor to conduct investigations involving alleged or suspected government waste, fraud, abuse, nonfeasance, or malfeasance at the request of the legislature or upon the auditor's initiative; expands the powers of the office of the auditor; appropriates funds for the investigative unit.

