

# S.B. NO. 3129

JAN 22 2008

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## A BILL FOR AN ACT

RELATING TO COMPTROLLER SUPERVISION OF ACCOUNTS.

**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 until June 30, 2011, the Hawaii tourism  
5 authority, and the department of education until June 30, 2011,  
6 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[7] shall preaudit all proposed  
21 payments of \$10,000 or more and the Hawaii tourism authority[7]  
22 and the department of education shall preaudit all proposed

1 payments to determine the propriety of expenditures and  
2 compliance with applicable laws, executive orders, and rules as  
3 may be in effect. The University of Hawaii, the Hawaii tourism  
4 authority, and the department of education shall make  
5 disbursements for operating expenses from the amounts released  
6 by the comptroller and maintain records and documents necessary  
7 to support those disbursements at times mutually agreed upon by  
8 the university president, the executive director of the Hawaii  
9 tourism authority, or the superintendent of education, as  
10 applicable, and the comptroller; provided that when requested by  
11 the university, the Hawaii tourism authority, or department of  
12 education, the comptroller shall make all disbursements for the  
13 university, the Hawaii tourism authority, or department of  
14 education, as applicable, subject to available allotment. Funds  
15 released pursuant to this section shall be deposited by the  
16 university, the Hawaii tourism authority, or department of  
17 education, as applicable, in accordance with the provisions  
18 applicable to the director of finance by chapter 38. Except for  
19 moneys deposited by the Hawaii tourism authority in the  
20 convention center enterprise special fund pursuant to section  
21 201B-8, and in the tourism special fund pursuant to section  
22 201B-11, any interest earned on the deposit of funds released

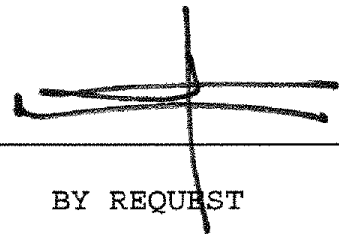
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1 pursuant to this section shall be deposited in the state  
2 treasury at the end of each fiscal year."

3 SECTION 2. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5 SECTION 3. This Act shall take effect on July 1, 2008.

6  
7 INTRODUCED BY: \_\_\_\_\_

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8 BY REQUEST

**Report Title:**

University of Hawaii; Preaudit

**Description:**

Allow the University of Hawaii to preaudit all proposed payments of \$10,000 or more.

JUSTIFICATION SHEET

DEPARTMENT: University of Hawaii

TITLE: A BILL FOR AN ACT RELATING TO COMPTROLLER SUPERVISION OF ACCOUNTS.

PURPOSE: To streamline the payment preaudit process by specifying that the University of Hawaii shall preaudit all proposed payments of \$10,000 or more. Preaudits of payments less than \$10,000 will be left to the discretion of the respective department.

MEANS: Amend section 40-1(b), Hawaii Revised Statutes.

JUSTIFICATION: The number of payments the University processes has increased to the point where additional staffing will be required in order to process payments in a timely manner. The amendment will allow the department(s) to implement a more cost effective payment preaudit program that is based on an evaluation of risk factors, existing internal controls and other relevant criteria while keeping within existing resources.

Impact on the public: The change will have little impact on the public. The potential public benefit will be improvements in the timeliness and propriety of payments being made by the affected agencies and the more effective usage of available resources.

Impact on the department and other agencies: The change will provide the University, with the ability to manage their fiscal controls and fiscal resources in a more efficient manner.

GENERAL FUNDS: None.

OTHER FUNDS: None.

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PPBS PROGRAM

DESIGNATION:

UOH 900    UOH 100    UOH 210    UOH 700    UOH  
800

OTHER AFFECTED

AGENCIES:

DAGS

EFFECTIVE DATE:

July 1, 2008.