

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA  
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STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON HIGHER EDUCATION  
ON  
HOUSE BILL NO. 2163

January 22, 2008

RELATING TO COMPTROLLER SUPERVISION OF ACCOUNTS

House Bill No. 2163 would require the University of Hawaii to pre-audit all proposed payments of \$10,000 or more. This is comparable to the current requirement that the Comptroller pre-audit payments of \$10,000 or more. However, we believe it is more important for the University to focus on pre-auditing payments under \$10,000 on a random and periodic basis to ensure proper expenditure of public funds, as is done by the Department of Accounting and General Services.

# UNIVERSITY OF HAWAI‘I SYSTEM LEGISLATIVE TESTIMONY



HB 2163 – RELATING TO COMPTROLLER SUPERVISION OF  
ACCOUNTS

Testimony Presented Before the  
House Committee on Higher Education

January 22, 2008 at 2:00pm

by

Howard Todo  
Vice President for Budget & Finance/CFO  
University of Hawaii System

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HB 2163 – RELATING TO COMPTROLLER SUPERVISION OF ACCOUNTS

Chair Chang, Vice Chair Bertram, and Members of the Committee:

This bill amends section 40-1 HRS relating to Comptroller supervision of accounts by specifying that the University shall preaudit proposed payments of \$10,000 or more. Currently, the University is required to preaudit all proposed payments, while the Comptroller (DAGS) is required to preaudit only payments of \$10,000 or more.

Presently, the University's preaudit unit must manually review each and every transaction for legality, propriety, conformity to policies, rules and regulations, and the adequacy of supporting documentation.

This requirement has become increasingly more difficult to comply with due to staffing shortages, resource constraints, and the need to process payments more quickly in order to avoid late payment penalties.

Passage of this bill will allow the University to redesign its preaudit program and use its resources more effectively through the use of risk-based sampling techniques. We believe that by selectively targeting transactions having higher risks of abuse or are more likely to contain errors; a more thorough preaudit review can be achieved thereby reducing the amount of erroneous payments. Targeted transactions may include transactions involving employee payments such as travel, worker's compensation, mileage, vacation transfers, reimbursements, meals as well as payments for professional services contracts and consultants.

The University strongly supports passage of this measure.

Thank you for the opportunity to present testimony.