

JAN 22 2010

A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII.

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,~~] and the Hawaii
5 tourism authority, and the department of education until
6 June 30, 2011, the comptroller shall have complete supervision
7 of all accounts. The comptroller shall preaudit all proposed
8 payments of \$10,000 or more to determine the propriety of
9 expenditures and compliance with executive orders and rules that
10 may be in effect. When necessary, the comptroller shall
11 withhold approval of any payment. Whenever approval is
12 withheld, the department or agency concerned shall be promptly
13 notified. With respect to the University of Hawaii, the Hawaii
14 tourism authority, and the department of education, the
15 comptroller shall issue warrants for the release of funds for
16 the operating costs of the university, the Hawaii tourism
17 authority, or the department of education, as applicable, in



1 amounts and at times mutually agreed upon by the governor or
2 director of finance and the university, the Hawaii tourism
3 authority, or department of education, as applicable;
4 provided[+] that:

5 (1) The amounts released shall not exceed the allotment
6 ceilings for the respective funding sources of the
7 university's or the department of education's
8 appropriations established by the governor for an
9 allotment period pursuant to section 37-34, or in the
10 case of the Hawaii tourism authority, revenues
11 received by the convention center enterprise special
12 fund and the tourism special fund pursuant to section
13 237D-6.5; and

14 (2) The comptroller may issue warrants as an advance from
15 the state treasury to the University of Hawaii, the
16 Hawaii tourism authority, and the department of
17 education to establish a checking account and provide
18 working capital in amounts and at times mutually
19 agreed upon by the governor or director of finance and
20 the University of Hawaii, the Hawaii tourism
21 authority, and the department of education.



1 The University of Hawaii shall preaudit all proposed payments of
2 \$10,000 or more and the Hawaii tourism authority and the
3 department of education shall preaudit all proposed payments to
4 determine the propriety of expenditures and compliance with
5 applicable laws, executive orders, and rules as may be in
6 effect. The University of Hawaii, the Hawaii tourism authority,
7 and the department of education shall make disbursements for
8 operating expenses from the amounts released by the comptroller
9 and maintain records and documents necessary to support those
10 disbursements at times mutually agreed upon by the university
11 president, the executive director of the Hawaii tourism
12 authority, or the superintendent of education, as applicable,
13 and the comptroller; provided that when requested by the
14 university, the Hawaii tourism authority, or department of
15 education, the comptroller shall make all disbursements for the
16 university, the Hawaii tourism authority, or department of
17 education, as applicable, subject to available allotment. Funds
18 released pursuant to this section shall be deposited by the
19 university, the Hawaii tourism authority, or department of
20 education, as applicable, in accordance with the provisions
21 applicable to the director of finance by chapter 38. Except for
22 moneys deposited by the Hawaii tourism authority in the



1 convention center enterprise special fund pursuant to section
2 201B-8, and in the tourism special fund pursuant to section
3 201B-11, any interest earned on the deposit of funds released
4 pursuant to this section shall be deposited in the state
5 treasury at the end of each fiscal year."

6 SECTION 2. Section 40-2, Hawaii Revised Statutes, is
7 amended to read as follows:

8 **"§40-2 Accounting systems and internal control; enforcing**
9 **the use of and inspection of the same.** The accounting system
10 installed by the commission on public accountancy under Act 181,
11 Session Laws of Hawaii 1923, as amended by Act 220, Session Laws
12 of Hawaii 1925, for use in the offices of the comptroller,
13 director of finance, departmental and agency services of the
14 State, and the auditors, treasurers, departmental and agency
15 services of the several counties shall be the accounting and
16 reporting systems of the State and counties; provided that the
17 University of Hawaii [~~until June 30, 2011,~~] may install a
18 different accounting system which shall be in conformity with
19 generally accepted accounting principles as applied to colleges
20 and universities; and provided further that the department of
21 education, until June 30, 2011, may install a different
22 accounting system which shall be in conformity to generally



1 accepted accounting principles. The comptroller shall make such
2 changes and modifications in the accounting system as shall from
3 time to time appear to be in the best interest of the State and
4 counties.

5 The departments and agencies of the executive branch are
6 respectively charged with the responsibility to maintain an
7 adequate system of internal control and with the further
8 responsibility to see that the internal control system continues
9 to function effectively as designed. The comptroller shall make
10 such investigations and audits from time to time to enforce the
11 use of the accounting system and internal control systems in the
12 executive branch.

13 The judiciary, the legislature, and each county shall be
14 responsible for the establishment and maintenance of its
15 respective internal control system."

16 SECTION 3. Section 40-4, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "**§40-4 Publication of statements.** The comptroller shall
19 prepare and submit to the governor, immediately following the
20 close of each fiscal year, a statement of income and expenditure
21 by funds, showing the principal sources of revenue, the function
22 or purpose for which expenditures were made, together with a



1 consolidated statement showing similar information for all
2 funds; also a statement showing the balance in each fund at the
3 beginning of the fiscal year, plus the receipts, minus the
4 disbursements, and the balance on hand at the close of the
5 fiscal year after deducting outstanding warrants and vouchers.
6 The comptroller may request all agencies, the judiciary, the
7 University of Hawaii [~~until June 30, 2011~~], the Hawaii tourism
8 authority, the department of education until June 30, 2011, and
9 the legislature to provide such information as may be required
10 for the preparation of statements."

11 SECTION 4. Section 40-6, Hawaii Revised Statutes, is
12 amended to read as follows:

13 **"§40-6 Approval of business and accounting forms.** The
14 comptroller shall determine the forms required to adequately
15 supply accounting and statistical data for the state government.
16 The comptroller shall require heads of departments and
17 establishments of the state government to submit proposed new
18 forms or proposed changes in current business and accounting
19 forms for review and approval before ordering the same printed;
20 except that the University of Hawaii [~~until June 30, 2011,~~] and
21 the Hawaii tourism authority, and the department of education
22 until June 30, 2011, shall be subject to this requirement only



1 with respect to uniform business and accounting forms of
2 statewide use in the State's accounting system. All standard
3 state forms shall be classified, numbered, and standardized in
4 design, dimensions, color, and grade of paper and recorded in a
5 catalogue of accounting and statistical forms by the
6 comptroller."

7 SECTION 5. Section 40-58, Hawaii Revised Statutes, is
8 amended to read as follows:

9 **"§40-58 In favor of assignees.** No assignment of moneys by
10 a person to whom the State is directly indebted shall be
11 effective unless the assignment is first approved by the
12 comptroller or, in the case of [~~the University of Hawaii and~~]
13 the department of education[~~,~~] until June 30, 2011, and the
14 University of Hawaii, by their respective chief financial
15 officers. The comptroller or the chief financial officers of
16 the University of Hawaii and the department of education may
17 prescribe the form for an assignment, and may approve the
18 assignment within a reasonable time period if, in their
19 respective discretion, the rights or obligations of the State,
20 the University of Hawaii, or the department of education under
21 any contract or other undertaking or under any law, rule, or
22 order by a competent authority will not be prejudiced thereby.



1 Upon approval of the assignment, the comptroller or the
2 respective chief financial officers of the University of Hawaii
3 and the department of education shall draw a warrant payable to
4 the assignee. Except as to contracts encumbered by the
5 comptroller, the University of Hawaii, or the department of
6 education, each expending agency, upon notification of the
7 comptroller's approval of an assignment, shall prepare a claim
8 for payment in accordance with the terms of the assignment."

9 SECTION 6. Section 40-81, Hawaii Revised Statutes, is
10 amended to read as follows:

11 **"§40-81 Report by agencies receiving special moneys.** All
12 state officers, departments, boards, bureaus, commissions, or
13 agencies collecting or receiving any moneys not required by law
14 to be deposited in the state treasury shall report to the
15 comptroller all receipts and disbursements on account thereof
16 for each quarterly period of the calendar year not later than
17 the fifteenth day following the end of each quarterly period on
18 such forms and under such rules as may be prescribed by the
19 comptroller; provided that [~~until June 30, 2011,~~] with respect
20 to all moneys held outside the state treasury by the University
21 of Hawaii or until June 30, 2011, by the department of education
22 pursuant to the authority granted to the university and the



1 department of education by this chapter, the University of
 2 Hawaii and the department of education shall report to the
 3 comptroller all transactions for each quarterly period not later
 4 than the fifteenth day following the end of each quarterly
 5 period on such forms and under such rules as may be prescribed
 6 by the comptroller."

7 SECTION 7. Act 58, Session Laws of Hawaii 2004, as amended
 8 by section 50 of Act 22, Session Laws of Hawaii 2005, as amended
 9 by section 1 of Act 306, Session Laws of Hawaii 2006, as amended
 10 by section 12 of Act 5, Special Session Laws of Hawaii 2009, is
 11 amended by amending section 14 to read as follows:

12 ""SECTION 14. This Act shall take effect upon its
 13 approval; provided that:

14 [~~(1)~~] ~~The amendments made to sections 40-1, 40-4, and 40-6,~~
 15 ~~Hawaii Revised Statutes, by part I of this Act shall~~
 16 ~~not be repealed when those sections are reenacted on~~
 17 ~~June 30, 2006, by section 1 of Act 137, Session Laws~~
 18 ~~of Hawaii 2005;~~

19 ~~(2)]~~ (1) Sections 3, 4, 5, 6, and 7 of Part I shall be
 20 repealed on June 30, 2010, and:

21 (A) Sections 201B-2 and 201B-11, Hawaii Revised
 22 Statutes, shall be reenacted in the form in which



1 they read on May 5, 2004; except that the
 2 amendments made by Act 5, Special Session Laws of
 3 Hawaii 2009, to section 201B-2, Hawaii Revised
 4 Statutes, and subsection (c) of section 201B-11,
 5 Hawaii Revised Statutes, shall not be repealed;
 6 and

7 (B) Sections 40-1, 40-4, and 40-6, Hawaii Revised
 8 Statutes, shall be reenacted in the form in which
 9 they read on [~~June 30, 1986;~~] May 5, 2004; and
 10 [~~(3)~~] (2) Section 9 shall take effect on July 1, 2004."

11 SECTION 8. Statutory material to be repealed is bracketed
 12 and stricken. New statutory material is underscored.

13 SECTION 9. This Act shall take effect on June 29, 2010;
 14 provided that the amendments made by sections 1, 3, and 4 of Act
 15 161, Session Laws of Hawaii 2006, section 1 of Act 37, Session
 16 Laws of Hawaii 2008, and sections 1, 3, and 4 of this Act shall
 17 not be repealed when sections 40-1, 40-4, and 40-6, Hawaii
 18 Revised Statutes, are repealed and reenacted on June 30, 2010,
 19 by section 12 of Act 5, Special Session Laws of Hawaii 2009.

20 *Ikei Esh*

INTRODUCED BY: *JM*
Arnd J. J. ... *Thomas Chumaceros*



Russell Koh *George H. Baker*
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Report Title:

University of Hawaii; Fiscal Autonomy

Description:

Gives the University of Hawaii fiscal autonomy from the comptroller beyond June 30, 2011. Removes the time limit on the authority of the University of Hawaii to install a different accounting system. Extends the comptroller's authority to request the University of Hawaii to provide information for the preparation of income and expenditure statements. Extends the University of Hawaii's authority to submit proposed new forms or changes to forms for only uniform business and accounting forms for review and approval. Extends the University of Hawaii's chief financial officer's authority to approve assignment of moneys to assignees. Extends beyond June 30, 2011 the requirement for the University of Hawaii to report to the comptroller transactions involving moneys held outside of the state treasury by the University of Hawaii.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

