
A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII.

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

1 PART I

2 SECTION 1. This part amends sections of the Hawaii Revised
3 Statutes that are not set for repeal and reenactment by Act 58,
4 Session Laws of Hawaii 2004, as amended.

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

7 "**§40-2 Accounting systems and internal control; enforcing**
8 **the use of and inspection of the same.** (a) The accounting
9 system installed by the commission on public accountancy under
10 Act 181, Session Laws of Hawaii 1923, as amended by Act 220,
11 Session Laws of Hawaii 1925, for use in the offices of the
12 comptroller, director of finance, departmental and agency
13 services of the State, and the auditors, treasurers,
14 departmental and agency services of the several counties shall
15 be the accounting and reporting systems of the State and
16 counties; provided that the University of Hawaii, until June 30,
17 [~~2011,~~] 2016, may install a different accounting system [~~which~~]



1 that shall be in conformity with generally accepted accounting
2 principles as applied to colleges and universities; and provided
3 further that the department of education, until June 30, 2011,
4 may install a different accounting system [~~which~~] that shall be
5 in conformity to generally accepted accounting principles. The
6 comptroller shall make such changes and modifications in the
7 accounting system as shall from time to time appear to be in the
8 best interest of the State and counties.

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

17 (c) The judiciary, the legislature, and each county shall
18 be responsible for the establishment and maintenance of its
19 respective internal control system."

20 SECTION 3. Section 40-58, Hawaii Revised Statutes, is
21 amended to read as follows:



1 "**§40-58 In favor of assignees.** No assignment of moneys by
2 a person to whom the State is directly indebted shall be
3 effective unless the assignment is first approved by the
4 comptroller or, in the case of the University of Hawaii until
5 June 30, 2016, and the department of education[7] until June 30,
6 2011, by their respective chief financial officers. The
7 comptroller or the chief financial officers of the University of
8 Hawaii and the department of education may prescribe the form
9 for an assignment, and may approve the assignment within a
10 reasonable time period if, in their respective discretion, the
11 rights or obligations of the State, the University of Hawaii, or
12 the department of education under any contract or other
13 undertaking or under any law, rule, or order by a competent
14 authority will not be prejudiced thereby. Upon approval of the
15 assignment, the comptroller or the respective chief financial
16 officers of the University of Hawaii and the department of
17 education shall draw a warrant payable to the assignee. Except
18 as to contracts encumbered by the comptroller, the University of
19 Hawaii, or the department of education, each expending agency,
20 upon notification of the comptroller's approval of an
21 assignment, shall prepare a claim for payment in accordance with
22 the terms of the assignment."



1 SECTION 4. Section 40-81, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§40-81 Report by agencies receiving special moneys. All
4 state officers, departments, boards, bureaus, commissions, or
5 agencies collecting or receiving any moneys not required by law
6 to be deposited in the state treasury shall report to the
7 comptroller all receipts and disbursements on account thereof
8 for each quarterly period of the calendar year not later than
9 the fifteenth day following the end of each quarterly period on
10 such forms and under such rules as may be prescribed by the
11 comptroller; provided that [~~until June 30, 2011,~~] with respect
12 to all moneys held outside the state treasury by the University
13 of Hawaii until June 30, 2016, or the department of education
14 until June 30, 2011, pursuant to the authority granted to the
15 university and the department of education by this chapter, the
16 University of Hawaii and the department of education shall
17 report to the comptroller all transactions for each quarterly
18 period not later than the fifteenth day following the end of
19 each quarterly period on such forms and under such rules as may
20 be prescribed by the comptroller."



1 PART II

2 SECTION 5. This part amends sections of the Hawaii Revised
3 Statutes in the form in which they will read after they are
4 repealed and reenacted under Act 58, Session Laws of Hawaii
5 2004, as amended, on June 30, 2010.

6 SECTION 6. Section 40-1, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "§40-1 Comptroller to supervise accounts, etc. (a) The
9 comptroller shall be the general accountant of the State[7] and
10 [he] shall cause to be recorded every receipt and disbursement
11 of money made to, by, or through the treasury. [He] The
12 comptroller shall have the power to withhold any disbursement
13 for which no appropriation has been made or which would cause a
14 specific appropriation to be exceeded.

15 (b) With respect to the executive branch, [he] except the
16 University of Hawaii until June 30, 2016, the comptroller shall
17 have complete supervision of all accounts. [He] The comptroller
18 shall preaudit all proposed payments to determine the propriety
19 of expenditures and compliance with [~~such~~] executive orders[7]
20 and rules [and regulations as] that may be in effect. [~~He shall~~
21 ~~when~~] When necessary, the comptroller shall withhold [his]
22 approval of any payment. Whenever [~~he withholds his approval,~~



1 ~~he shall promptly notify]~~ approval is withheld, the department
2 or agency concerned[-] shall be promptly notified. With respect
3 to the University of Hawaii, the comptroller shall issue
4 warrants for the release of funds for the operating costs of the
5 university in amounts and at times mutually agreed upon by the
6 governor or director of finance and the university; provided
7 that:

8 (1) The amounts released shall not exceed the allotment
9 ceilings for the funding sources of the university's
10 appropriations established by the governor for an
11 allotment period pursuant to section 37-34; and

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

18 The University of Hawaii shall preaudit all proposed payments of
19 \$10,000 or more to determine the propriety of expenditures and
20 compliance with applicable laws, executive orders, and rules as
21 may be in effect. The University of Hawaii shall make
22 disbursements for operating expenses from the amounts released



1 by the comptroller and maintain records and documents necessary
2 to support those disbursements at times mutually agreed upon by
3 the university president and the comptroller; provided that when
4 requested by the university, the comptroller shall make all
5 disbursements for the university subject to available allotment.
6 Funds released pursuant to this section shall be deposited by
7 the university in accordance with the provisions applicable to
8 the director of finance by chapter 38. Any interest earned on
9 the deposit of funds released pursuant to this section shall be
10 deposited in the state treasury at the end of each fiscal year.

11 (c) With respect to the judiciary and the legislature,
12 [he] the comptroller shall make available to the judiciary and
13 the legislature the total amount appropriated to each, except
14 that the judiciary and the legislature may request [~~his~~] the
15 comptroller's services in maintaining custody of the amount
16 appropriated to each and in making payments therefrom. When
17 such services are requested, [he] the comptroller shall make all
18 disbursements requested by the judiciary or the legislature, but
19 [he] shall not make any disbursement for which no appropriation
20 has been made or which would cause a specific appropriation to
21 be exceeded.



1 (d) Any financial transaction recorded [~~by the~~
2 ~~comptroller~~] may be inspected by the public."

3 SECTION 7. Section 40-4, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§40-4 Publication of statements.** The comptroller shall
6 prepare and submit to the governor, and publish in a newspaper
7 of general circulation in the [~~State,~~] state, immediately
8 following the close of each fiscal year, a statement of income
9 and expenditure by funds, showing the principal sources of
10 revenue, the function or purpose for which expenditures were
11 made, together with a consolidated statement showing similar
12 information for all funds; also a statement showing the balance
13 in each fund at the beginning of the fiscal year, plus the
14 receipts, minus the disbursements, and the balance on hand at
15 the close of the fiscal year after deducting outstanding
16 warrants and vouchers. The comptroller may request all
17 agencies, the judiciary, the University of Hawaii until June 30,
18 2016, and the legislature to provide such information as may be
19 required for the preparation of statements."

20 SECTION 8. Section 40-6, Hawaii Revised Statutes, is
21 amended to read as follows:



1 "**§40-6 Approval of business and accounting forms.** The
2 comptroller shall determine the forms required to adequately
3 supply accounting and statistical data for the state government.
4 The comptroller shall require heads of departments and
5 establishments of the state government to submit proposed new
6 forms or proposed changes in current business and accounting
7 forms for review and approval before ordering the same
8 printed[-]; except that the University of Hawaii until June 30,
9 2016, shall be subject to this requirement only with respect to
10 uniform business and accounting forms of statewide use in the
11 State's accounting system. All standard state forms shall be
12 classified, numbered, and standardized in design, dimensions,
13 color, and grade of paper and recorded in a catalogue of
14 accounting and statistical forms by the comptroller."

15 PART III

16 SECTION 9. This part amends sections of the Hawaii Revised
17 Statutes set for repeal and reenactment under Act 58, Session
18 Laws of Hawaii 2004, as amended, in the event that the 2010
19 legislature either repeals the reenactment provisions of Act 58,
20 Session Laws of Hawaii 2004, as amended, that apply to these
21 sections, or extends the date on which these sections will be
22 repealed and reenacted.



1 SECTION 10. 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~~,] 2016, 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
18 amounts and at times mutually agreed upon by the governor or
19 director of finance and the university, the Hawaii tourism
20 authority, or department of education, as applicable;
21 provided[+] that:



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

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

18 The University of Hawaii shall preaudit all proposed payments of
19 \$10,000 or more and the Hawaii tourism authority and the
20 department of education shall preaudit all proposed payments to
21 determine the propriety of expenditures and compliance with
22 applicable laws, executive orders, and rules as may be in



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



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

3 "§40-4 **Publication of statements.** The comptroller shall
4 prepare and submit to the governor, immediately following the
5 close of each fiscal year, a statement of income and expenditure
6 by funds, showing the principal sources of revenue, the function
7 or purpose for which expenditures were made, together with a
8 consolidated statement showing similar information for all
9 funds; also a statement showing the balance in each fund at the
10 beginning of the fiscal year, plus the receipts, minus the
11 disbursements, and the balance on hand at the close of the
12 fiscal year after deducting outstanding warrants and vouchers.
13 The comptroller may request all agencies, the judiciary, the
14 University of Hawaii until June 30, [~~2011~~,] 2016, the Hawaii
15 tourism authority, the department of education until June 30,
16 2011, and the legislature to provide such information as may be
17 required for the preparation of statements."

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

20 "§40-6 **Approval of business and accounting forms.** The
21 comptroller shall determine the forms required to adequately
22 supply accounting and statistical data for the state government.



1 The comptroller shall require heads of departments and
2 establishments of the state government to submit proposed new
3 forms or proposed changes in current business and accounting
4 forms for review and approval before ordering the same printed;
5 except that the University of Hawaii until June 30, [~~2011,~~
6 2016, the Hawaii tourism authority, and the department of
7 education until June 30, 2011, shall be subject to this
8 requirement only with respect to uniform business and accounting
9 forms of statewide use in the State's accounting system. All
10 standard state forms shall be classified, numbered, and
11 standardized in design, dimensions, color, and grade of paper
12 and recorded in a catalogue of accounting and statistical forms
13 by the comptroller."

14 PART IV

15 SECTION 13. Any act passed by the 2010 legislature,
16 whether enacted before or after the effective date of this Act,
17 shall be amended to conform to the provisions of this Act that
18 change the repeal date of the University of Hawaii's authority
19 under sections 40-1, 40-2, 40-4, 40-6, 40-58, and 40-81, Hawaii
20 Revised Statutes, to June 30, 2016.

21 SECTION 14. Statutory material to be repealed is bracketed
22 and stricken. New statutory material is underscored.



1 SECTION 15. This Act, upon its approval, shall take effect
2 retroactive to April 30, 2010; provided that:

3 (1) Part II shall only take effect upon the repeal and
4 reenactment of sections 40-1, 40-4, and 40-6, Hawaii
5 Revised Statutes, on June 30, 2010, pursuant to Act
6 58, Session Laws of Hawaii 2004, as amended; and

7 (2) Part III shall only take effect upon the repeal of
8 paragraph (2)(B) of section 14 of Act 58, Session Laws
9 of Hawaii 2004, as amended, pursuant to an Act of the
10 2010 legislature; or in the absence of that repeal,
11 upon the extension of the June 30, 2010, repeal date
12 in paragraph (2) of section 14 of Act 58, Session Laws
13 of Hawaii 2004, as amended, pursuant to an Act of the
14 2010 legislature.

15



Report Title:

University of Hawaii; Fiscal Autonomy

Description:

Extends to June 30, 2016, University of Hawaii's (UH) authority regarding: (1) Supervision of accounts; (2) Installation of a different accounting system; (3) Business and accounting forms; and (4) Approval of assignments of moneys to creditors. Authorizes the comptroller to request, until June 30, 2016, that UH provide information required for the preparation of income and expenditure statements. Requires UH to report to the comptroller on moneys held outside the state treasury by UH until June 30, 2016. (CD1)

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

