

Honolulu, Hawaii

, 2010

APR 23 2010

RE: S.B. No. 2115
S.D. 1
H.D. 2
C.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2115, S.D. 1, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PREAUDITS FOR PROPOSED PAYMENTS,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Extend the fiscal autonomy previously granted to the University of Hawaii and Department of Education;
- (2) Clarify that the Department of Education is required to preaudit proposed payments of \$10,000 or more; and
- (3) Require the University of Hawaii and Department of Education to preaudit samples of proposed payments of less than \$10,000.



Given the budgetary constraints of the current fiscal year, your Committee on Conference finds that this measure would be useful to the University of Hawaii and the Department of Education by extending the fiscal flexibility previously granted to these agencies. This measure also retains the requirement that the Department of Education must preaudit proposed payments of \$10,000 or more but requires the Department of Education to preaudit *samples* of proposed payments of less than \$10,000. This additional flexibility would allow the Department of Education to use its resources in a more cost-effective manner.

Your Committee on Conference expressed concerns relating to section 3 of the measure. Article III, section 14 of the Hawaii State Constitution requires that each law embrace but one subject, which shall be expressed in the title. Your Committee on Conference is concerned that section 3 of this measure, relating to accounting systems, may not be appropriate given the title of this measure ("relating to preaudits of proposed payments").

Additionally, your Committee on Conference finds that changes to the drafting style of this measure would clarify the language of section 40-1, Hawaii Revised Statutes, as it would read upon repeal and reenactment or upon repeal or extension of the repeal and reenactment. Your Committee on Conference notes that although the drafting style changes significantly affect the appearance of the measure, the changes are technical and nonsubstantive.

In accordance with the findings described above, your Committee on Conference has amended this measure as follows:

- (1) By removing section 3 of the measure;
- (2) By adding language to require that any act passed by the Legislature during the 2010 Regular Session shall be amended to conform to the provisions of this measure relating to:
 - (A) The repeal date of the Department of Education's exemption from the Comptroller's supervision of the Department of Education's accounts;
 - (B) The requirement that the Department of Education shall preaudit all proposed payments of \$10,000 or more; and



- (C) The requirement that the University of Hawaii and Department of Education shall preaudit samples of proposed payments of less than \$10,000;
- (3) By changing the effective date from July 1, 2010, to upon approval; provided that the measure shall take effect retroactive to April 30, 2010; and
- (4) By making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2115, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2115, S.D. 1, H.D. 2, C.D. 1.

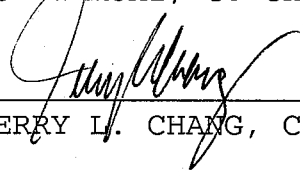
Respectfully submitted on behalf of the managers:

ON THE PART OF THE HOUSE

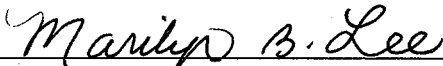
ON THE PART OF THE SENATE



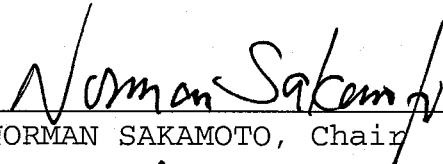
ROY TAKUMI, Co-Chair



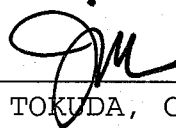
JERRY L. CHANG, Co-Chair



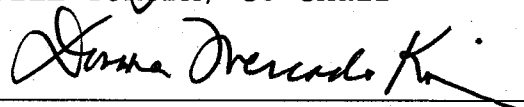
MARILYN B. LEE, Co-Chair



NORMAN SAKAMOTO, Chair



JILL TOKUDA, Co-Chair



DONNA MERCADO KIM, Co-Chair



Hawaii State Legislature

Record of Votes of a
Conference Committee

129-10

Bill / Concurrent Resolution No.: SB 2115, SD 1, HD 2	Date/Time: 4/22/10 2:36 pm
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.
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Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
SAKAMOTO, Norman, Chr.	✓				TAKUMI, Roy M., Co-Chr.	✓			
TOKUDA, Jill N., Co-Chr.	✓				CHANG, Jerry L., Co-Chr.	✓			
KIM, Donna Mercado, Co-Chr.	✓				LEE, Marilyn B., Co-Chr.	✓			
GALUTERIA, Brickwood	✓				CHING, Corinne W.L.	✓			
SLOM, Sam				✓					
TOTAL	4	-	-	1	TOTAL	4	-	-	1

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature:
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