

**HB 2186,  
HD1  
Testimony**

TESTIMONY BY GEORGINA K. KAWAMURA  
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TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
HOUSE BILL NO. 2186, H.D. 1

March 16, 2010

RELATING TO IMPROPER PAYMENTS ELIMINATION AND RECOVERY

House Bill No. 2186, H.D. 1, amends Chapter 37, HRS, by adding a new part to establish financial accounting and reporting requirements for State agencies to eliminate and recover improper payments. Among other requirements, the bill requires the departments to provide accounting reports on the elimination and recovery of improper payments, and to include conducting recovery audit, as prescribed by the Director of Finance. In addition, the measure requires the Director of Finance to prepare and submit reports on improper payments and actions taken to recover improper payments.

We believe that this bill is not necessary, and it would incur costs to implement and maintain for which there are no funding available. Currently, each agency has already established internal policies and procedures for financial accounting management to ensure payments are made to eligible recipients. In addition, the Department of Accounting and General Services maintains the State accounting system and pre-audits expenditures before making payments. Records and reports of financial transactions are reviewed to determine if they comply with State statutes and policies. Pre-audits are also conducted on payroll, contracts, and other expenditures before payments are made to the appropriate recipients.