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# A BILL FOR AN ACT

RELATING TO STATE FINANCES.

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

1           SECTION 1. The legislature finds that the office of the  
2 auditor was established pursuant to article VII, section 10, of  
3 the state constitution, which authorizes the auditor to conduct  
4 investigations, as directed, in addition to audits. Section  
5 23-5(a), Hawaii Revised Statutes, authorizes the auditor to  
6 "examine and inspect all accounts, books, records, files,  
7 papers, and documents and all financial affairs of every  
8 department, office, agency, and political subdivision."

9           However, the office of the auditor has conducted limited  
10 investigations in the past and has never been provided funds to  
11 enable investigations related to state finances. Through this  
12 Act, the legislature establishes an investigative unit in the  
13 office of the auditor and appropriates funds for this purpose.

14           The investigative unit of the office of the auditor would  
15 perform investigative functions similar to those performed by  
16 inspectors general on the federal level and in several states,  
17 and would include conducting investigations involving alleged or



1 suspected government waste, fraud, abuse, nonfeasance, or  
2 malfeasance related to state finances.

3       The purpose of this Act is to establish an investigative  
4 unit in the office of the auditor to conduct investigations  
5 involving government waste, fraud, abuse, nonfeasance, or  
6 malfeasance related to state finances at the request or mandate  
7 of the legislature or upon the auditor's initiative. This Act  
8 also expands the powers of the office of the auditor and  
9 appropriates funds for the investigative unit.

10       SECTION 2. Section 23-4, Hawaii Revised Statutes, is  
11 amended to read as follows:

12       "**§23-4 Duties.** (a) The auditor shall conduct postaudits  
13 of the transactions, accounts, programs, and performance of all  
14 departments, offices, and agencies of the State and its  
15 political subdivisions. The postaudits and all examinations to  
16 discover evidence of any unauthorized, illegal, irregular,  
17 improper, or unsafe handling or expenditure of state funds or  
18 other improper practice of financial administration shall be  
19 conducted at least once in every two years after the close of a  
20 fiscal year, and at any other time or times during the fiscal  
21 year as the auditor deems necessary or as may be required by the  
22 legislature for the purpose of certifying to the accuracy of all



1 financial statements issued by the respective accounting  
2 officers and of determining the validity of expenditures of  
3 state or public funds.

4 (b) Each department, office, or agency of the State or  
5 political subdivision thereof that is the subject of an audit  
6 performed pursuant to this chapter shall provide updates on its  
7 progress in implementing the recommendations made by the  
8 auditor, at intervals prescribed by the auditor.

9 (c) The auditor, in conducting postaudits, to the extent  
10 practicable and applicable to the audit scope and objectives,  
11 shall review and assess the audited agency's rules as defined in  
12 section 91-1.

13 (d) The auditor shall establish an investigative unit  
14 within the office of the auditor and shall conduct  
15 investigations involving alleged or suspected government waste,  
16 fraud, abuse, nonfeasance, or malfeasance related to state  
17 finances; provided that investigations shall be initiated by:

18 (1) A concurrent resolution adopted by the legislature;

19 (2) A request from a standing committee chair of either  
20 the senate or house of representatives, with the  
21 concurrence of both the president of the senate and  
22 the speaker of the house of representatives;



- 1       (3) An act of the legislature; or
- 2       (4) The auditor with the concurrence of both the president
- 3               of the senate and the speaker of the house of
- 4               representatives.

5   In determining whether to conduct an investigation under  
6   paragraph (4), the auditor may consider information based upon  
7   postaudits and examinations conducted pursuant to subsection  
8   (a)."

9       SECTION 3. There is appropriated out of the general  
10 revenues of the State of Hawaii the sum of \$                or so  
11 much thereof as may be necessary for fiscal year 2013-2014 and  
12 the same sum or so much thereof as may be necessary for fiscal  
13 year 2014-2015 for a five-person investigative unit composed of  
14 a manager, a senior-level supervisor, two investigators, and a  
15 clerk, with appropriate computer and other equipment.

16       The sums appropriated shall be expended by the office of  
17 the auditor for the purposes of this Act.

18       SECTION 4. New statutory material is underscored.

19       SECTION 5. This Act shall take effect on July 1, 2050.



**Report Title:**

Office of the Auditor; Investigative Unit; Appropriations

**Description:**

Authorizes and funds an investigative unit in the Office of the Auditor to conduct investigations involving alleged or suspected government waste, fraud, abuse, nonfeasance, or malfeasance. Appropriates funds. Effective July 1, 2050. (SB795 HD1)

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

