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# A BILL FOR AN ACT

RELATING TO THE PREAUDITS OF PROPOSED PAYMENTS.

**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, 2016, the Hawaii tourism  
5 authority, and the department of education [~~until June 30,~~  
6 ~~2015~~], the comptroller shall have complete supervision of all  
7 accounts. The comptroller shall preaudit all proposed payments  
8 of \$10,000 or more to determine the propriety of expenditures  
9 and compliance with executive orders and rules that may be in  
10 effect. When necessary, the comptroller shall withhold approval  
11 of any payment. Whenever approval is withheld, the department  
12 or agency concerned shall be promptly notified. With respect to  
13 the University of Hawaii, the Hawaii tourism authority, and the  
14 department of education, the comptroller shall issue warrants  
15 for the release of funds for the operating costs of the  
16 university, the Hawaii tourism authority, or the department of  
17 education, as applicable, in amounts and at times mutually



1 agreed upon by the governor or director of finance and the  
2 university, the Hawaii tourism authority, or department of  
3 education, as applicable; provided that:

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

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



1 The University of Hawaii and the department of education shall  
2 preaudit all proposed payments of \$10,000 or more and shall  
3 preaudit samples of the population of proposed payments of less  
4 than \$10,000; provided that the sample size comprises at least  
5 five per cent of the population, and is of a size that the chief  
6 financial officers of the University of Hawaii and the  
7 department of education, as applicable, determine appropriate,  
8 to determine the propriety of expenditures and compliance with  
9 applicable laws, executive orders, and rules. The Hawaii  
10 tourism authority shall preaudit all proposed payments to  
11 determine the propriety of expenditures and compliance with  
12 applicable laws, executive orders, and rules as may be in  
13 effect. The University of Hawaii, the Hawaii tourism authority,  
14 and the department of education shall make disbursements for  
15 operating expenses from the amounts released by the comptroller  
16 and maintain records and documents necessary to support those  
17 disbursements at times mutually agreed upon by the university  
18 president, the executive director of the Hawaii tourism  
19 authority, or the superintendent of education, as applicable,  
20 and the comptroller; provided that when requested by the  
21 university, the Hawaii tourism authority, or department of



1 education, the comptroller shall make all disbursements for the  
 2 university, the Hawaii tourism authority, or department of  
 3 education, as applicable, subject to available allotment. Funds  
 4 released pursuant to this section shall be deposited by the  
 5 university, the Hawaii tourism authority, or department of  
 6 education, as applicable, in accordance with the provisions  
 7 applicable to the director of finance by chapter 38. Except for  
 8 moneys deposited by the Hawaii tourism authority in the  
 9 convention center enterprise special fund pursuant to section  
 10 201B-8, and in the tourism special fund pursuant to section  
 11 201B-11, any interest earned on the deposit of funds released  
 12 pursuant to this section shall be deposited in the state  
 13 treasury at the end of each fiscal year."

14 SECTION 2. Act 58, Session Laws of Hawaii 2004, as amended  
 15 by section 50 of Act 22, Session Laws of Hawaii 2005, as amended  
 16 by section 1 of Act 306, Session Laws of Hawaii 2006, as amended  
 17 by section 12 of Act 5, Special Session Laws of Hawaii 2009, as  
 18 amended by section 5 of Act 102, Session Laws of Hawaii 2010, is  
 19 amended by amending section 14 to read as follows:

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



1 (1) The amendments made to sections 40-1, 40-4, and 40-6,  
2 Hawaii Revised Statutes, by part I of this Act shall  
3 not be repealed when those sections are reenacted on  
4 June 30, 2006, by section 1 of Act 137, Session Laws  
5 of Hawaii 2005;

6 (2) Sections 3, 4, 5, 6, and 7 of part I shall be repealed  
7 on June 30, [~~2015~~] 2020, and:

8 (A) Sections 201B-2 and 201B-11, Hawaii Revised  
9 Statutes, shall be reenacted in the form in which  
10 they read on May 5, 2004; except that the  
11 amendments made by Act 5, Special Session Laws of  
12 Hawaii 2009, to section 201B-2, Hawaii Revised  
13 Statutes, and subsection (c) of section 201B-11,  
14 Hawaii Revised Statutes, shall not be repealed;  
15 and

16 (B) Sections 40-1, 40-4, and 40-6, Hawaii Revised  
17 Statutes, shall be reenacted in the form in which  
18 they read on June 30, 1986; and

19 (3) Section 9 shall take effect on July 1, 2004."

20 SECTION 3. Statutory material to be repealed is bracketed  
21 and stricken. New statutory material is underscored.



1 SECTION 4. This Act shall take effect on June 29, 2015;  
2 provided that the amendments made to section 40-1, Hawaii  
3 Revised Statutes, by section 1 of this Act shall not be repealed  
4 when that section is reenacted on June 30, 2020, by section 5 of  
5 Act 102, Session Laws of Hawaii 2010, as amended by section 2 of  
6 this Act.



**Report Title:**

Preaudits of Proposed Payments; Comptroller; Education

**Description:**

Makes permanent the fiscal flexibility previously granted temporarily to the Department of Education to allow the Department to continue to use its resources in a more cost-effective manner. (HB231 HD1)

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

