
A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII ACCOUNTING AND FINANCIAL
MANAGEMENT SYSTEM.

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

1 SECTION 1. The legislature finds that the University of
2 Hawaii has maintained a separate accounting system since 1986,
3 which has been compatible with both Hawaii accounting system
4 requirements and generally accepted accounting principles. The
5 legislature further finds that the University of Hawaii has
6 recently upgraded its accounting system through its
7 participation in the Kualii Financial System consortium, a
8 university-based financial management software that better meets
9 the unique needs of university systems throughout the United
10 States. Since the implementation of the Kualii Financial System,
11 the University of Hawaii continues to provide bi-monthly payroll
12 feeds to the state department of accounting and general
13 services, in addition to routine and annual financial reports
14 that are included in the State of Hawaii's Annual Consolidated
15 Financial Statements.

16 The purpose of this Act is to extend the authority of the
17 University of Hawaii System to maintain a separate accounting



1 and financial management system that is compatible with the
2 State of Hawaii accounting and financial systems.

3 SECTION 2. Section 40-1, Hawaii Revised Statutes, is
4 amended by amending subsection (b) to read as follows:

5 "(b) With respect to the executive branch, except the
6 University of Hawaii until June 30, [~~2016~~] 2019, the Hawaii
7 tourism authority, and the department of education until June
8 30, 2015, the comptroller shall have complete supervision of all
9 accounts. The comptroller shall preaudit all proposed payments
10 of \$10,000 or more to determine the propriety of expenditures
11 and compliance with executive orders and rules that may be in
12 effect. When necessary, the comptroller shall withhold approval
13 of any payment. Whenever approval is withheld, the department
14 or agency concerned shall be promptly notified. With respect to
15 the University of Hawaii, the Hawaii tourism authority, and the
16 department of education, the comptroller shall issue warrants
17 for the release of funds for the operating costs of the
18 university, the Hawaii tourism authority, or the department of
19 education, as applicable, in amounts and at times mutually
20 agreed upon by the governor or director of finance and the



1 university, the Hawaii tourism authority, or department of
2 education, as applicable; provided that:

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

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

20 The University of Hawaii and the department of education shall
21 preaudit all proposed payments of \$10,000 or more and shall



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



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

12 SECTION 3. Section 40-2, Hawaii Revised Statutes, is
13 amended by amending subsection (a) to read as follows:

14 "(a) The accounting system installed by the commission on
15 public accountancy under Act 181, Session Laws of Hawaii 1923,
16 as amended by Act 220, Session Laws of Hawaii 1925, for use in
17 the offices of the comptroller, director of finance,
18 departmental and agency services of the State, and the auditors,
19 treasurers, departmental and agency services of the several
20 counties shall be the accounting and reporting systems of the
21 State and counties; provided that the University of Hawaii,



1 until June 30, [~~2016~~] 2019, may install a different accounting
2 system that shall be in conformity with generally accepted
3 accounting principles as applied to colleges and universities;
4 and provided further that the department of education, until
5 June 30, 2011, may install a different accounting system that
6 shall be in conformity to generally accepted accounting
7 principles. The comptroller shall make such changes and
8 modifications in the accounting system as shall from time to
9 time appear to be in the best interest of the State and
10 counties."

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

13 "**§40-4 Publication of statements.** The comptroller shall
14 prepare and submit to the governor, immediately following the
15 close of each fiscal year, a statement of income and expenditure
16 by funds, showing the principal sources of revenue, the function
17 or purpose for which expenditures were made, together with a
18 consolidated statement showing similar information for all
19 funds; also a statement showing the balance in each fund at the
20 beginning of the fiscal year, plus the receipts, minus the
21 disbursements, and the balance on hand at the close of the



1 fiscal year after deducting outstanding warrants and vouchers.
 2 The comptroller may request all agencies, the judiciary, the
 3 University of Hawaii until June 30, [~~2016,~~] 2019, the Hawaii
 4 tourism authority, the department of education until June 30,
 5 2011, and the legislature to provide such information as may be
 6 required for the preparation of statements."

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

9 "**§40-6 Approval of business and accounting forms.** The
 10 comptroller shall determine the forms required to adequately
 11 supply accounting and statistical data for the state government.
 12 The comptroller shall require heads of departments and
 13 establishments of the state government to submit proposed new
 14 forms or proposed changes in current business and accounting
 15 forms for review and approval before ordering the same printed;
 16 except that the University of Hawaii until June 30, [~~2016,~~]
 17 2019, the Hawaii tourism authority, and the department of
 18 education until June 30, 2011, shall be subject to this
 19 requirement only with respect to uniform business and accounting
 20 forms of statewide use in the State's accounting system. All
 21 standard state forms shall be classified, numbered, and



1 standardized in design, dimensions, color, and grade of paper
2 and recorded in a catalogue of accounting and statistical forms
3 by the comptroller."

4 SECTION 6. Section 40-58, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "§40-58 In favor of assignees. No assignment of moneys by
7 a person to whom the State is directly indebted shall be
8 effective unless the assignment is first approved by the
9 comptroller or, in the case of the University of Hawaii until
10 June 30, [~~2016~~,] 2019, and the department of education until
11 June 30, 2011, by their respective chief financial officers.
12 The comptroller or the chief financial officers of the
13 University of Hawaii and the department of education may
14 prescribe the form for an assignment, and may approve the
15 assignment within a reasonable time period if, in their
16 respective discretion, the rights or obligations of the State,
17 the University of Hawaii, or the department of education under
18 any contract or other undertaking or under any law, rule, or
19 order by a competent authority will not be prejudiced thereby.
20 Upon approval of the assignment, the comptroller or the
21 respective chief financial officers of the University of Hawaii



1 and the department of education shall draw a warrant payable to
2 the assignee. Except as to contracts encumbered by the
3 comptroller, the University of Hawaii, or the department of
4 education, each expending agency, upon notification of the
5 comptroller's approval of an assignment, shall prepare a claim
6 for payment in accordance with the terms of the assignment."

7 SECTION 7. Section 40-81, Hawaii Revised Statutes, is
8 amended to read as follows:

9 **"§40-81 Report by agencies receiving special moneys.** All
10 state officers, departments, boards, bureaus, commissions, or
11 agencies collecting or receiving any moneys not required by law
12 to be deposited in the state treasury shall report to the
13 comptroller all receipts and disbursements on account thereof
14 for each quarterly period of the calendar year not later than
15 the fifteenth day following the end of each quarterly period on
16 such forms and under such rules as may be prescribed by the
17 comptroller; provided that with respect to all moneys held
18 outside the state treasury by the University of Hawaii until
19 June 30, [~~2016~~,] 2019, or the department of education until June
20 30, 2011, pursuant to the authority granted to the university
21 and the department of education by this chapter, the University



1 of Hawaii and the department of education shall report to the
2 comptroller all transactions for each quarterly period not later
3 than the fifteenth day following the end of each quarterly
4 period on such forms and under such rules as may be prescribed
5 by the comptroller."

6 SECTION 8. Act 58, Session Laws of Hawaii 2004, as amended
7 by section 50 of Act 22, Session Laws of Hawaii 2005, as amended
8 by section 1 of Act 306, Session Laws of Hawaii 2006, as amended
9 by section 12 of Act 5, Special Session Laws of Hawaii 2009, as
10 amended by section 5 of Act 102, Session Laws of Hawaii 2010, is
11 amended by amending section 14 to read as follows:

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

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

19 (2) Sections 3, 4, 5, 6, and 7 of part I shall be repealed
20 on June 30, 2015, and:



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

9 (B) Sections 40-1, 40-4, and 40-6, Hawaii Revised
 10 Statutes, shall be reenacted in the form in which
 11 they read on [~~June 30, 1986;~~] May 5, 2004; and

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

13 SECTION 9. Act 124, Session Laws of Hawaii 2010, is
 14 amended by amending section 15 to read as follows:

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

17 (1) Part II shall only take effect upon the repeal and
 18 reenactment of sections 40-1, 40-4, and 40-6, Hawaii
 19 Revised Statutes, on June 30, 2010, pursuant to Act
 20 58, Session Laws of Hawaii 2004, as amended; and



1 (2) Part III shall only take effect upon the repeal of
2 paragraph (2)(B) of section 14 of Act 58, Session Laws
3 of Hawaii 2004, as amended, pursuant to an Act of the
4 2010 legislature; or in the absence of that repeal,
5 upon the extension of the June 30, 2010, repeal date
6 in paragraph (2) of section 14 of Act 58, Session Laws
7 of Hawaii 2004, as amended, pursuant to an Act of the
8 2010 legislature[-]; provided further that the
9 amendments to sections 40-1, 40-4, and 40-6, Hawaii
10 Revised Statutes, by part III shall not be repealed
11 when those sections are repealed and reenacted
12 pursuant to section 5 of Act 102, Session Laws of
13 Hawaii 2010."

14 SECTION 10. Act 161, Session Laws of Hawaii 2010, is
15 amended by amending section 8 to read as follows:

16 "SECTION 8. This Act, upon its approval, shall take effect
17 retroactive to April 30, 2010; provided that:

18 (1) Part II shall only take effect upon the repeal and
19 reenactment of section 40-1, Hawaii Revised Statutes,
20 on June 30, 2010, pursuant to Act 58, Session Laws of
21 Hawaii 2004, as amended; and



1 (2) Part III shall only take effect upon the repeal of
2 paragraph (2)(B) of section 14 of Act 58, Session Laws
3 of Hawaii 2004, as amended, pursuant to an Act of the
4 2010 legislature; or in the absence of that repeal,
5 upon the extension of the June 30, 2010, repeal date
6 in paragraph (2) of section 14 of Act 58, Session Laws
7 of Hawaii 2004, as amended, pursuant to an Act of the
8 2010 legislature[-]; provided that the amendment to
9 section 40-1, Hawaii Revised Statutes, by part III
10 shall not be repealed when that section is repealed
11 and reenacted pursuant to section 5 of Act 102,
12 Session Laws of Hawaii 2010."

13 SECTION 11. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 12. This Act shall take effect on June 29, 2015;
16 provided that the amendments made to sections 40-1(b), 40-4, and
17 40-6, Hawaii Revised Statutes, shall not be repealed when those
18 sections are repealed and reenacted on June 30, 2015, pursuant
19 to section 5 of Act 102, Session Laws of Hawaii 2010.



Report Title:

University of Hawaii; Accounting and Financial Management System

Description:

Amends the sunset provisions, with respect to the University of Hawaii's authority to maintain a separate accounting system, under sections 40-1, 40-2, 40-4, 40-6, 40-58, and 40-81, Hawaii Revised Statutes. (SD1)

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

