

JAN 23 2015

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,~~ 2020, the comptroller shall have complete supervision of
7 all accounts. The comptroller shall preaudit all proposed
8 payments of \$10,000 or more to determine the propriety of
9 expenditures and compliance with executive orders and rules that
10 may be in effect. When necessary, the comptroller shall
11 withhold approval of any payment. Whenever approval is
12 withheld, the department or agency concerned shall be promptly
13 notified. With respect to the University of Hawaii, the Hawaii
14 tourism authority, and the department of education, the
15 comptroller shall issue warrants for the release of funds for
16 the operating costs of the university, the Hawaii tourism
17 authority, or the department of education, as applicable, in



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

5 (1) The amounts released shall not exceed the allotment
6 ceilings for the respective funding sources of the
7 university's or the department of education's
8 appropriations established by the governor for an
9 allotment period pursuant to section 37-34, or in the
10 case of the Hawaii tourism authority, revenues
11 received by the convention center enterprise special
12 fund and the tourism special fund pursuant to section
13 237D-6.5; and

14 (2) The comptroller may issue warrants as an advance from
15 the state treasury to the University of Hawaii, the
16 Hawaii tourism authority, and the department of
17 education to establish a checking account and provide
18 working capital in amounts and at times mutually
19 agreed upon by the governor or director of finance and
20 the University of Hawaii, the Hawaii tourism
21 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.



S.B. NO. 857

1 SECTION 4. This Act shall take effect on June 29, 2015.

2

INTRODUCED BY: Michelle Sudani



S.B. NO. 857

Report Title:

Préaudits of Proposed Payments; Comptroller; Education

Description:

Extends the fiscal flexibility and autonomy previously granted to the Department of Education until June 30, 2020, to allow the Department to continue to use its resources in a more cost-effective manner.

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

