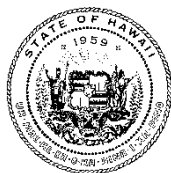


DAVID Y. IGE
GOVERNOR



DOUGLAS MURDOCK
Comptroller

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Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

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WRITTEN TESTIMONY
OF
DOUGLAS MURDOCK, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE
ON
WAYS AND MEANS
ON
FEBRUARY 26, 2016

S.B. 2939

RELATING TO THE UNIVERSITY OF HAWAII ACCOUNTING AND FINANCIAL
MANAGEMENT SYSTEM

Chair Tokuda and members of the Committee, thank you for the opportunity to submit written testimony on S.B. 2939.

The Department of Accounting and General Services (DAGS) supports repealing the sunset provisions from Act 321, SLH 1986 with respect to the University of Hawaii, giving them flexibility by exempting them from Sections 40-1, 40-2, 40-4, 40-6, 40-58 and 40-81, Hawaii Revised Statutes.

Thank you for the opportunity to submit written testimony on this matter.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
February 26, 2016 at 9:35 a.m., Room 211

by
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

SB 2939 – RELATING TO THE UNIVERSITY OF HAWAII ACCOUNTING AND FINANCIAL MANAGEMENT SYSTEM

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means:

Thank you for this opportunity to testify. The University of Hawai'i (UH) supports SB2939, Relating to the University of Hawaii Accounting and Financial Management System. This bill repeals sunset provisions related to UH's authority to maintain a separate accounting and financial management system.

Act 321, SLH 1986, provided authority for both UH and the Department of Education (DOE) to implement their own accounting systems in conformity with generally accepted accounting principles as they apply to schools, colleges, and universities. Last year, the Legislature passed Act 44, which eliminated similar sunset provisions for the DOE. This bill seeks to do the same for UH.

UH's most recent update of its financial system is the Kualii Financial System (KFS), which is a comprehensive financial software package that was developed and is supported by a consortium of universities throughout the country that use an open source and partner enhanced process. Thus, it serves the unique needs of UH's reporting, regulatory, and accreditation requirements, while also allowing for compatibility with external partners, such as the State Department of Accounting and General Services (DAGS).

Because KFS is an open source product, there are no large license fees similar to off-the-shelf vended products, and the only costs are the physical hardware costs and personnel to support the software systems. Twenty other schools have also implemented KFS, including Cornell University, Indiana University, Michigan State University, University of Connecticut, University of Maryland, Colorado State University, University of Arizona, University of California at Irvine, University of California at Davis, and the University of Southern California.

Furthermore, State of Hawai'i efforts for system modernization in DAGS make moving to DAGS' systems rather than staying with Kualii impractical at this time. If the exemption is allowed to sunset, UH would have to return an older financial management system that is designed for more traditional state government entities, rather than university systems.

Thank you for your time and consideration.