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GOVERNOR



KATHRYN S. MATAYOSHI
SUPERINTENDENT

STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 03/02/2015

Time: 09:00 AM

Location: 211

Committee: Senate Ways and Means

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 0857 RELATING TO THE PREAUDITS OF PROPOSED PAYMENTS.

Purpose of Bill: 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.

Department's Position:

The Department of Education (Department) strongly supports SB 0857, which authorizes the department to preaudit all proposed payments of \$10,000 or more. With the department's personnel resources already strained to meet basic department and State fiscal compliance and timeliness of payment, it would be highly inefficient for the department's preaudit clerks to fully examine the thousands of transactions processed annually, regardless of dollar amount.

The department still performs the required sample audits of proposed payments of less than \$10,000, comprising of a sample size that is at least five per cent (5%) of the total population, or a sample size that the chief financial officer of the department determines appropriate in determining the propriety of expenditures and compliance with applicable law.