
A BILL FOR AN ACT

RELATING TO THE DEPOSIT BEVERAGE CONTAINER PROGRAM.

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

1 SECTION 1. Chapter 342G, Hawaii Revised Statutes, is
2 amended by adding a new section to part VIII to be appropriately
3 designated and to read as follows:

4 "§342G- Risk-based selection process; audit. (a) The
5 department shall develop a risk-based process to select
6 distributor and redemption center reports submitted to the
7 deposit beverage container program for periodic audit. The
8 department may hire personnel or external consultants to perform
9 audits. In developing a risk-based process to monitor
10 distributors and redemption centers, the department shall:

11 (1) Consider a variety of risk factors, including the
12 amount of money transacted, prior audit findings, and
13 the frequency of the distributor's or redemption
14 center's prior audits;

15 (2) Require distributors to send monthly distribution
16 report form supporting records, such as schedule of
17 invoices, shipping documents, and point-of-sale



1 reports, to the deposit beverage container program on
2 a periodic basis; and
3 (3) Ensure that the audit process includes a risk
4 assessment derived from distributor and redemption
5 center data based on the reports submitted, including
6 but not limited to performing analytics and trend
7 analysis to target certain distributors and redemption
8 centers with unusual fluctuations.
9 (b) The department shall:
10 (1) Summarize the results of distributor and redemption
11 center audits and assess whether enforcement actions
12 should be considered to ensure amounts that are being
13 reported are appropriate;
14 (2) Consider conducting follow-up audits; and
15 (3) Consider public announcements of violations.
16 (c) All distributors shall:
17 (1) Develop and submit to the program for approval an
18 internal control process to ensure that accurate data
19 is entered on the monthly distribution report and
20 adequate records are maintained; and



1 (2) Obtain independent audits for years ending in odd-
2 numbers.

3 (d) All redemption centers shall install reverse vending
4 machines or other type of mechanical or electronic devices
5 approved by the program at all redemption center locations."

6 SECTION 2. New statutory material is underscored.

7 SECTION 3. This Act shall take effect upon its approval.



Report Title:

Deposit Beverage Container Program; Auditor Recommendations;
Risk-Based Selection Process; Distributors; Redemption Centers

Description:

Requires the Department of Health to implement the auditor's recommendations for the deposit beverage container program, including developing a risk-based selection process to select reports submitted by distributors and redemption centers for audit. (SD1)

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