



GOV. MSG. NO. 1331

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

July 6, 2021

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Thirty First State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Thirty First State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on July 6, 2021, the following bill was signed into law:

SB0332 SD2 HD2 CD1

RELATING TO PREAUDIT PAYMENTS.
ACT 203 (21)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

A BILL FOR AN ACT

RELATING TO PREAUDIT PAYMENTS.

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

1 SECTION 1. The legislature finds that the government would
2 be able to provide services more effectively, efficiently, and
3 expeditiously by updating the preaudit process for proposed
4 payments to meet the demands of the public. Currently, the
5 comptroller is required to preaudit all proposed payments of
6 \$10,000 or more to determine the propriety of the expenditures
7 and its compliance with the operative and relevant executive
8 orders and rules.

9 Accordingly, the purpose of this Act is to temporarily
10 amend the powers and duties of the comptroller to reduce the
11 preaudit requirements of all proposed payments to expenditures
12 by:

- 13 (1) Amending the minimum dollar amount of payments to be
14 preaudited; and
- 15 (2) Allowing, rather than requiring, the comptroller to
16 preaudit proposed payments of expenditures below the
17 threshold amount.



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

"(b) With respect to the executive branch, except the University of Hawaii and the department of education, the comptroller shall have complete supervision of all accounts. The comptroller may preaudit all proposed payments less than \$100,000 to determine the propriety of expenditures and compliance with executive orders and rules that may be in effect. The comptroller shall preaudit all proposed payments of ~~[\$10,000]~~ \$100,000 or more to determine the propriety of expenditures and compliance with executive orders and rules that may be in effect. When necessary, the comptroller shall withhold approval of any payment. Whenever approval is withheld, the department or agency concerned shall be promptly notified. With respect to the University of Hawaii and the department of education, the comptroller shall issue warrants for the release of funds for the operating costs of the university or the department of education, as applicable, in amounts and at times mutually agreed upon by the governor or director of finance and the university or department of education, as applicable; provided that:



(1) The amounts released shall not exceed the allotment ceilings for the respective funding sources of the university's or the department of education's appropriations established by the governor for an allotment period pursuant to section 37-34; and

(2) The comptroller may issue warrants as an advance from the state treasury to the University of Hawaii and the department of education to establish a checking account and provide working capital in amounts and at times mutually agreed upon by the governor or director of finance and the University of Hawaii and the department of education.

The University of Hawaii and the department of education shall preaudit all proposed payments of \$10,000 or more and shall preaudit samples of the population of proposed payments of less than \$10,000; provided that the sample size comprises at least five per cent of the population, and is of a size that the chief financial officers of the University of Hawaii and the department of education, as applicable, determine appropriate, to determine the propriety of expenditures and compliance with applicable laws, executive orders, and rules. The University of



1 Hawaii and the department of education shall make disbursements
2 for operating expenses from the amounts released by the
3 comptroller and maintain records and documents necessary to
4 support those disbursements at times mutually agreed upon by the
5 university president or the superintendent of education, as
6 applicable, and the comptroller; provided that when requested by
7 the university or the department of education, the comptroller
8 shall make all disbursements for the university or the
9 department of education, as applicable, subject to available
10 allotment. Funds released pursuant to this section shall be
11 deposited by the university or the department of education, as
12 applicable, in accordance with the provisions applicable to the
13 director of finance by chapter 38. Any interest earned on the
14 deposit of funds released pursuant to this section shall be
15 deposited in the state treasury at the end of each fiscal year."

16 SECTION 3. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 4. This Act shall take effect on July 1, 2021, and
19 shall be repealed on July 1, 2024; provided that
20 section 40-1(b), Hawaii Revised Statutes, shall be reenacted in



1 the form in which it read on the day before the effective date
2 of this Act.

APPROVED this 06 day of JUL , 2021

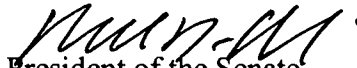
A handwritten signature in black ink, appearing to read "David Y. Ige", with a stylized flourish at the end.


GOVERNOR OF THE STATE OF HAWAII

THE SENATE OF THE STATE OF HAWAII

Date: April 27, 2021
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate
of the Thirty-First Legislature of the State of Hawai'i, Regular Session of 2021.


President of the Senate


Clerk of the Senate

SB No. 332, SD 2, HD 2, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 27, 2021
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-First Legislature of the State of Hawaii, Regular Session of 2021.



Scott K. Saiki
Speaker
House of Representatives



Brian L. Takeshita
Chief Clerk
House of Representatives