



SENATE COMMITTEE ON GOVERNMENT OPERATIONS
The Honorable Sharon Y. Moriwaki, Chair
The Honorable Donovan M. Dela Cruz, Vice Chair

S.B. No. 229, RELATING TO THE OFFICE OF THE AUDITOR

Hearing: Tuesday, February 9, 2021, 3:05 p.m.

The Office of the Auditor takes **no position** on S.B. No. 229. We offer the following comments about the information currently required to be reported by each department about its special, revolving, and trust funds, which, if enforced, make our additional reporting duplicative and unnecessary, especially considering our resources and the other work we are required to perform.

Section 23-12, Hawai'i Revised Statutes, currently requires us to review each state department's special, revolving, and trust funds every five years and to report to the Legislature before each legislative session. These reports include recommendations where, for example, we identify funds with little or no activity over the past 5 years or a fund that does not meet the statutory criteria. In those situations, we may recommend that the fund be closed or the fund be reclassified to a more appropriate type of fund.

In its present form, the bill requires departments to report to both the Legislature and the Auditor on the implementation status of recommendations relating to their funds, and if no action has been taken, to detail reasons why. The bill also requires us to provide a "compilation report" that assesses each department's reported implementation of those recommendations.

We believe our review of departments' special, revolving, and trust funds as well as trust accounts provides the Legislature with valuable information about the moneys held in these funds and accounts that are not subject to the general fund appropriation process.

While we are committed to providing valuable information to the Legislature about these funds, we suggest requiring us to also compile departments' reports on their implementation efforts is duplicative of the reports that the departments are currently required to provide the Legislature. Weighing our resources, the work we currently are required by statute to perform, and legislative mandates and requests that we receive each session, we request the bill be amended to require only the departments to report on the status of implementing recommendations made in reports about the departments' non-general funds.

Thank you for considering our testimony related to S.B. No. 229.