

ACT 371

S.B. NO. 1856

A Bill for an Act Relating to Accounting.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The purposes of this Act are: (1) to extend for another five years the administrative flexibility granted to the University of Hawaii and the department of education under Act 321, Session Laws of Hawaii 1986; (2) to request the legislative auditor to make another evaluation of the administrative flexibility legislation, including an evaluation of the progress of educational assessment activities at the University of Hawaii and the department of education, for consideration by the legislature in 1994; and (3) to keep the payroll function with the department of accounting and general services instead of allowing it to be transferred to the University of Hawaii and the department of education.

SECTION 2. Act 321, Session Laws of Hawaii 1986, as amended by section 69 of Act 283, Session Laws of Hawaii 1987, is amended by adding a new section to read as follows:

“SECTION 10A. The University of Hawaii and the department of education shall provide the legislature during the first week of each of its regular sessions of 1990, 1991, 1992, 1993, and 1994 reports on the progress of their respective educational assessment activities. These reports shall include the status of educational assessment programs within the university and the department of education and shall indicate interrelationships between educational assessment activities of the programs of higher and lower education.”

SECTION 3. Act 321, Session Laws of Hawaii 1986, as amended by Act 283, Session Laws of Hawaii 1987, is amended by adding a new section to read as follows:

“SECTION 10B. When it has been determined by the governor that any allowance or exception conferred upon the University of Hawaii or department of education by the amendments made by this Act to sections 40-1, 40-2, 40-4, 40-6, 40-81, and 103-23, Hawaii Revised Statutes, impairs the governor’s ability to promote and ensure the economic and efficient management of the State’s financial resources, such allowance or exception may be suspended by the governor for no more than twelve months, as appropriate, before this Act is repealed. The governor shall report any suspension to the legislature within thirty days of its institution.”

SECTION 4. 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 shall preaudit all proposed payments to determine the propriety of expenditures and compliance with such executive orders and rules as 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 de-

partment 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 the department of education, as applicable; provided that 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. The University of Hawaii and the department of education shall preaudit all proposed payments to determine the propriety of expenditures and compliance with applicable laws, executive orders, and rules as may be in effect. The University of Hawaii and the department of education shall make disbursements for [payroll and other] operating expenses from the amounts released by the comptroller and maintain records and documents necessary to support those disbursements at times mutually agreed upon by the university president or the superintendent of education, as applicable, and the comptroller; provided that when requested by the university or the department of education, the comptroller shall make all disbursements for the university or the department of education, as applicable, subject to available allotment. Funds released pursuant to this section shall be deposited by the university or the department of education, as applicable, in accordance with the provisions applicable to the director of finance by chapter 38. Any interest earned on the deposit of funds released pursuant to this section shall be deposited in the state treasury at the end of each fiscal year."

SECTION 5. Act 321, Session Laws of Hawaii 1986, as amended by section 69 of Act 283, Session Laws of Hawaii 1987, is amended by amending section 1 to read as follows:

"SECTION 1. The purpose of this Act is to:

- (1) [To allow] Allow the University of Hawaii and the department of education to assume authority and responsibility for all matters relating to the acquisition of goods and services, [pre-audit] preaudit of payments, [payroll,] disbursing, fund accounting, and business and accounting forms.
- (2) Provide the board of regents of the University of Hawaii and the board of education with the authorization to approve certain exceptions to statutory competitive bidding requirements."

SECTION 6. Act 321, Session Laws of Hawaii 1986, as amended by section 69 of Act 283, Session Laws of Hawaii 1987, is amended by amending section 10 to read as follows:

"SECTION 10. The legislative auditor shall conduct a review of the University of Hawaii and the department of education in order to assess and evaluate any impact of the provisions of this Act on the quality and effectiveness of the instruction, organized research, public service, academic support, student services, and institutional support program areas, as applicable, at the university and the department of education. Particular emphasis shall be given to the impact of the provisions on<sup>1</sup> this Act upon student education. This review shall be conducted in [three] two phases with an initial [reports] report to the legislature during the first week of its [1987] 1991 regular session[.] and a final report to the legislature during the first week of its 1994 regular session. Each report shall include [an inventory and assessment of the conditions of the university and the department of education prior to implementation of this Act; interim reports to the legislature during the first week of its 1988 regular session evaluating progress made and identifying

problems encountered to date within any or all of the educational program areas; and] an assessment of the impact of this Act on the university and the department of education and an evolution<sup>2</sup> of the progress to date on educational assessment activities at the university and the department of education. The final [reports] report to the legislature during the first week of its [1989] 1994 regular session [with] shall contain overall evaluations and final recommendations, including recommended drafts of legislation, on continuation of the provisions of this Act."

SECTION 7. Act 321, Session Laws of Hawaii 1986, as amended by section 69 of Act 283, Session Laws of Hawaii 1987, is amended by amending section 12 to read as follows:

"SECTION 12. This Act shall take effect on July 1, 1986, and be repealed as of June 30, [1989;] 1994; provided that on repeal sections 40-1, 40-2, 40-4, 40-6, 40-81, and 103-23, Hawaii Revised Statutes, are reenacted in the form in which they read on June 30, 1986."

SECTION 8. Statutory material to be repealed is bracketed. New statutory material is underscored.<sup>3</sup>

SECTION 9. This Act shall take effect upon its approval.

(Approved June 19, 1989.)

#### Notes

1. Should probably read "of".
2. Should probably read "evaluation".
3. Edited pursuant to HRS §23G-16.5.