

ACT 161

H.B. NO. 1866

A Bill for an Act Relating to Education.

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

SECTION 1. 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[,] until June 30, 2011, the Hawaii tourism authority, and the department of education[,] until June 30, 2011, the comptroller shall have complete supervision of all accounts. The comptroller shall preaudit all proposed payments of \$10,000 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, the Hawaii tourism authority, and the department of education, the comptroller shall issue warrants for the release of funds for the operating costs of the university, the Hawaii tourism authority, 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, the Hawaii tourism authority, or department of education, as applicable; provided:

- (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, or in the case of the Hawaii tourism authority, revenues received by the convention center enterprise special fund and the tourism special fund pursuant to section 237D-6.5; and
- (2) The comptroller may issue warrants as an advance from the state treasury to the University of Hawaii, the Hawaii tourism authority, 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, the Hawaii tourism authority, and the department of education.

The University of Hawaii, the Hawaii tourism authority, 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, the Hawaii tourism authority, and the department of education shall make disbursements for 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, the executive director of the Hawaii tourism authority, or the superintendent of education, as applicable, and the comptroller; provided that when requested by the university, the Hawaii tourism authority, or department of education, the comptroller shall make all disbursements for the university, the Hawaii tourism authority, or department of education, as applicable, subject to available allotment. Funds released pursuant to this section shall be deposited by the university, the Hawaii tourism authority, or department of education, as applicable, in accordance with the provisions applicable to the director of finance by chapter 38. Except for moneys deposited by the Hawaii tourism authority in the convention center enterprise special fund pursuant to section 201B-8, and in the tourism special fund pursuant to section 201B-11, 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 2. Section 40-2, Hawaii Revised Statutes, is amended to read as follows:

“§40-2 Accounting systems and internal control; enforcing the use of and inspection of the same. The accounting system installed by the commission on public accountancy under Act 181, Session Laws of Hawaii 1923, as amended by Act 220, Session Laws of Hawaii 1925, for use in the offices of the comptroller, director of finance, departmental and agency services of the State, and the auditors, treasurers, departmental and agency services of the several counties shall be the accounting and reporting systems of the State and counties; provided that the University of Hawaii, until June 30, 2011, may install a different accounting system which shall be in conformity with generally accepted accounting principles as applied to colleges and universities; and provided further that the department of education, until June 30, 2011, may install a different accounting system which shall be in conformity to generally accepted accounting principles. The comptroller shall make such changes and modifications in the accounting system as shall from time to time appear to be in the best interest of the State and counties.

The departments and agencies of the executive branch are respectively charged with the responsibility to maintain an adequate system of internal control and with the further responsibility to see that the internal control system continues to function effectively as designed. The comptroller shall make such investigations and audits from time to time to enforce the use of the accounting system and internal control systems in the executive branch.

The judiciary, the legislature, and each county shall be responsible for the establishment and maintenance of its respective internal control system.”

SECTION 3. Section 40-4, Hawaii Revised Statutes, is amended to read as follows:

“§40-4 Publication of statements. The comptroller shall prepare and submit to the governor, immediately following the close of each fiscal year, a statement of income and expenditure by funds, showing the principal sources of revenue, the function or purpose for which expenditures were made, together with a consolidated statement showing similar information for all funds; also a statement showing the balance in each fund at the beginning of the fiscal year, plus the receipts, minus the disbursements, and the balance on hand at the close of the fiscal year after deducting outstanding warrants and vouchers. The comptroller may request all agencies, the judiciary, the University of Hawaii^[5] until June 30, 2011, the Hawaii tourism authority, the department of education^[5] until June 30, 2011, and the legislature to provide such information as may be required for the preparation of statements.”

SECTION 4. Section 40-6, Hawaii Revised Statutes, is amended to read as follows:

“§40-6 Approval of business and accounting forms. The comptroller shall determine the forms required to adequately supply accounting and statistical data for the state government. The comptroller shall require heads of departments and establishments of the state government to submit proposed new forms or proposed changes in current business and accounting forms for review and approval before ordering the same printed; except that the University of Hawaii^[5] until June 30, 2011, the Hawaii tourism authority, and the department of education until June 30, 2011, shall be subject to this requirement only with respect to uniform business and accounting forms of statewide use in the State’s accounting system. All standard state forms shall be classified, numbered, and standardized in design, dimensions,

color, and grade of paper and recorded in a catalogue of accounting and statistical forms by the comptroller.”

SECTION 5. Section 40-58, Hawaii Revised Statutes, is amended to read as follows:

“§40-58 In favor of assignees. No assignment of moneys by a person to whom the State is directly indebted shall be effective unless the assignment is first approved by the comptroller or, in the case of the University of Hawaii and the department of education, until June 30, 2011, by their respective chief financial officers. The comptroller or the chief financial officers of the University of Hawaii and the department of education may prescribe the form for an assignment, and may approve the assignment within a reasonable time period if, in their respective discretion, the rights or obligations of the State, the University of Hawaii, or the department of education under any contract or other undertaking or under any law, rule, or order by a competent authority will not be prejudiced thereby. Upon approval of the assignment, the comptroller or the respective chief financial officers of the University of Hawaii and the department of education shall draw a warrant payable to the assignee. Except as to contracts encumbered by the comptroller, the University of Hawaii, or the department of education, each expending agency, upon notification of the comptroller’s approval of an assignment, shall prepare a claim for payment in accordance with the terms of the assignment.”

SECTION 6. Section 40-81, Hawaii Revised Statutes, is amended to read as follows:

“§40-81 Report by agencies receiving special moneys. All state officers, departments, boards, bureaus, commissions, or agencies collecting or receiving any moneys not required by law to be deposited in the state treasury shall report to the comptroller all receipts and disbursements on account thereof for each quarterly period of the calendar year not later than the fifteenth day following the end of each quarterly period on such forms and under such rules as may be prescribed by the comptroller; provided that until June 30, 2011, with respect to all moneys held outside the state treasury by the University of Hawaii or the department of education pursuant to the authority granted to the university and the department of education by this chapter, the University of Hawaii and the department of education shall report to the comptroller all transactions for each quarterly period not later than the fifteenth day following the end of each quarterly period on such forms and under such rules as may be prescribed by the comptroller.”

SECTION 7. Section 12 of Act 321, Session Laws of Hawaii 1986; as amended by section 69 of Act 283, Session Laws of Hawaii 1987; as amended by section 7 of Act 371, Session Laws of Hawaii 1989; as amended by section 3 of Act 163, Session Laws of Hawaii 1991; as amended by section 2 of Act 314, Session Laws of Hawaii 1993; as amended by section 22 of Act 8, Special Session Laws of Hawaii 1993, as amended by section 1 of Act 180, Session Laws of Hawaii 1997; as amended by section 24 of Act 115, Session Laws of Hawaii 1998; and as amended by section 1 of Act 137, Session Laws of Hawaii 2005, is amended to read as follows:

~~“SECTION 12. This Act shall take effect on July 1, 1986[, and be repealed as of June 30, 2006; provided that on repeal sections 40-1, 40-2, 40-4, 40-6 and 40-81, Hawaii Revised Statutes, are reenacted in the form in which they read on June~~

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30, 1986, and section 40-58, Hawaii Revised Statutes, is reenacted in the form in which it read on June 30, 1991.”

SECTION 8. Statutory material to be repealed is bracketed and stricken.
New statutory material is underscored.

SECTION 9. This Act shall take effect on June 29, 2006.

(Approved June 1, 2006.)