
A BILL FOR AN ACT

RELATING TO THE OFFICE OF THE AUDITOR.

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

1 SECTION 1. The legislature finds that the office of the
2 auditor was established pursuant to article VII, section 10, of
3 the state constitution, which authorized the auditor to conduct
4 investigations, as directed, in addition to audits. Section
5 23-5, Hawaii Revised Statutes, authorizes the auditor to
6 "examine and inspect all accounts, books, records, files, and
7 documents and all financial affairs of every department, office,
8 agency, and political subdivision."

9 However, the office of the auditor has not conducted
10 investigations in the past, has not been requested to conduct
11 investigations, and has never been provided funds to enable
12 investigations. Through this Act, the legislature establishes
13 an investigative unit in the office of the auditor and
14 appropriate funds for this purpose.

15 The investigative unit of the office of the auditor would
16 perform investigative functions similar to those performed by
17 inspector generals on the federal level and in several states,



1 including conducting investigations involving alleged or
2 suspected government waste, fraud, abuse, nonfeasance, or
3 malfeasance.

4 The purpose of this Act is to establish an investigative
5 unit in the office of the auditor to conduct investigations
6 involving government waste, fraud, abuse, nonfeasance, or
7 malfeasance at the request of the legislature or upon the
8 auditor's initiative. The Act also expands the powers of the
9 office of the auditor and appropriates funds for the
10 investigative unit.

11 SECTION 2. Section 23-4, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "§23-4 Duties. (a) The auditor shall conduct postaudits
14 of the transactions, accounts, programs, and performance of all
15 departments, offices, and agencies of the State and its
16 political subdivisions. The postaudits and all examinations to
17 discover evidence of any unauthorized, illegal, irregular,
18 improper, or unsafe handling or expenditure of state funds or
19 other improper practice of financial administration shall be
20 conducted at least once in every two years after the close of a
21 fiscal year, and at any other time or times during the fiscal
22 year as the auditor deems necessary or as may be required by the



1 legislature for the purpose of certifying to the accuracy of all
2 financial statements issued by the respective accounting
3 officers and of determining the validity of expenditures of
4 state or public funds.

5 (b) The auditor, in conducting postaudits, to the extent
6 practicable and applicable to the audit scope and objectives,
7 shall review and assess the audited agency's rules as defined in
8 section 91-1.

9 (c) The auditor shall establish an investigative unit
10 within the office of the auditor and shall conduct
11 investigations involving alleged or suspected government waste,
12 fraud, abuse, nonfeasance, or malfeasance; provided that
13 investigations may be initiated by:

14 (1) A concurrent resolution adopted by the legislature;

15 (2) A request from a standing committee chair of either

16 the:

17 (A) Senate, with the concurrence of the president of

18 the senate; or

19 (B) House of representatives, with the concurrence of

20 the speaker of the house of representatives;

21 (3) An act of the legislature; or



1 (4) The initiative of the auditor with the concurrence of
2 the president of the senate or the speaker of the
3 house of representative;
4 provided further that the auditor may consider information from
5 a postaudit pursuant to subsection (a) in initiating an
6 investigation."

7 SECTION 3. There is appropriated out of the general
8 revenues of the State of Hawaii the sum of \$, or so much
9 thereof as may be necessary for fiscal year 2007-2008, and the
10 same sum, or so much thereof as may be necessary for fiscal year
11 2008-2009, for a five-person investigative unit comprised of a
12 manager, a senior level supervisor, two investigators, and a
13 clerk, with appropriate computer and other equipment.

14 The sums appropriated shall be expended by the office of
15 the auditor for the purposes of this Act.

16 SECTION 4. New statutory material is underscored.

17 SECTION 5. This Act shall take effect on July 1, 2007.



Report Title:

Office of the Auditor; Investigative Unit

Description:

Authorizes the establishment of an investigative unit within the office of the auditor to conduct investigations involving alleged or suspected government waste, fraud, abuse, nonfeasance, or malfeasance at the request of the legislature or upon the auditor's initiative; expands the powers of the office of the auditor; appropriates funds for the investigative unit.
(SD2)

