H.B. NO. 3207

A BILL FOR AN ACT

RELATING TO COMPTROLLER SUPERVISION OF ACCOUNTS.

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[~~,~~] shall preaudit all proposed payments of $10,000 or more and 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. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 3. This Act shall take effect on July 1, 2008.

INTRODUCED BY: _____

BY REQUEST

JAN 22 2008

H.B. NO. 3207

Report Title:
University of Hawaii; Preaudit

Description:
Allow the University of Hawaii to preaudit all proposed payments of $10,000 or more.

HB 3207

JUSTIFICATION SHEET

DEPARTMENT: University of Hawaii

TITLE: A BILL FOR AN ACT RELATING TO COMPTROLLER SUPERVISION OF ACCOUNTS.

PURPOSE: To streamline the payment preaudit process by specifying that the University of Hawaii shall preaudit all proposed payments of $10,000 or more. Preaudits of payments less than $10,000 will be left to the discretion of the respective department.

MEANS: Amend section 40-1(b), Hawaii Revised Statutes.

JUSTIFICATION: The number of payments the University processes has increased to the point where additional staffing will be required in order to process payments in a timely manner. The amendment will allow the department(s) to implement a more cost effective payment preaudit program that is based on an evaluation of risk factors, existing internal controls and other relevant criteria while keeping within existing resources.

Impact on the public: The change will have little impact on the public. The potential public benefit will be improvements in the timeliness and propriety of payments being made by the affected agencies and the more effective usage of available resources.

Impact on the department and other agencies: The change will provide the University, with the ability to manage their fiscal controls and fiscal resources in a more efficient manner.

GENERAL FUNDS: None.

OTHER FUNDS: None.

HB 3207

PPBS PROGRAM DESIGNATION:	UOH 900 UOH 100 UOH 210 UOH 700 UOH 800
OTHER AFFECTED AGENCIES:	DAGS
EFFECTIVE DATE:	July 1, 2008.