

EXECUTIVE CHAMBERS

HONOLULU

JUNE 20, 2002

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STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 1821

Honorable Members
Twenty-First Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 1821, entitled "A Bill for an Act Relating to the Legislative Auditor."

The purpose of this bill is to authorize the Legislative Auditor to charge "a reasonable fee" to entities on which the Office of the Legislative Auditor performs financial statement and other audits, and to create an audit revolving fund into which those fees would be deposited.

I do not believe that this funding mechanism is appropriate, because it merely allows for the movement of money from an executive branch agency to a legislative branch agency. If the Legislature chooses to authorize audits of executive branch departments by the Legislative Auditor, I believe the Legislature should appropriate moneys for that purpose to the Office of the Legislative Auditor.

This bill is also objectionable because there are no criteria for determining what a "reasonable" fee may be. For example, it is not clear whether the Legislative Auditor would be allowed under this bill to pass the cost of an outside auditing firm plus a surcharge to the audited entity.


Finally, this bill is objectionable because \$275,000 is appropriated from the general revenues of the State into the newly created audit revolving fund, but section 5 of the bill appropriates \$600,000 out of the audit revolving fund. There is no indication whether the Legislative Auditor will receive an additional \$325,000

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during the fiscal year to cover the balance of the appropriation.

For the foregoing reasons, I am returning House Bill No. 1821 without my approval.

Respectfully,


BENJAMIN J. CAYETANO
Governor of Hawaii

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P R O C L A M A T I O N

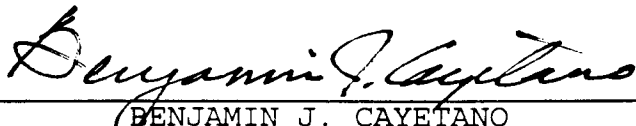
WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 1821, entitled "A Bill for an Act Relating to the Legislative Auditor," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 1821 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, BENJAMIN J. CAYETANO, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 1821 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 20
day of Jan, 2002.


BENJAMIN J. CAYETANO
Governor of Hawaii