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## HOUSE RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT A FINANCIAL AND MANAGEMENT  
AUDIT OF THOSE STATE AGENCIES WITH SALARY AND WAGE  
OVERPAYMENTS.

1           WHEREAS, a recent investigation revealed that the State has  
2 overpaid its employees more than \$2,000,000, with hundreds of  
3 thousands more in state tax dollars written off as uncollectable  
4 and other incorrect pay amounts recovered months or years later  
5 from employees who were mistakenly paid too much; and

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7           WHEREAS, the problem has persisted for so long that many  
8 state employees have retired or died while still owing the State  
9 thousands of dollars they were overpaid by mistake; and

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11           WHEREAS, many of these overpayments happen because Hawaii's  
12 state workers are still required to fill out paper forms for  
13 vacation or sick leave, and that process is not computerized;  
14 and

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16           WHEREAS, if a state employee decides at the last minute to  
17 take vacation time at the end of a pay period, the paycheck may  
18 have already been cut and the time off not reflected; and

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20           WHEREAS, other salary and wage overpayments occur when an  
21 employee has not been to work or has terminated employment and  
22 the appropriate department has failed to inform the personnel  
23 officer in a timely manner; a reduction in hours worked is not  
24 reported; an employee has not reported to work and has exhausted  
25 all sick and vacation leave; and leave without pay is not  
26 reported; and

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28           WHEREAS, as of December 31, 2011, the overpaid wage balance  
29 owed to the State by its employees was more than \$1,587,393,  
30 with some of these payments dating to 1994; and

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32           WHEREAS, approximately twenty-five percent of the  
33 uncollected overpaid wages are attributable to the last two  
34 years; and



1 WHEREAS, state law prohibits officials from collecting  
2 overpayments of employees more than two years after the fact,  
3 and departments are authorized to write off some overpayments as  
4 uncollectable; and

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6 WHEREAS, as a result, hundreds of thousands of dollars that  
7 were never collected has been forgiven; now, therefore,

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9 BE IT RESOLVED by the House of Representatives of the  
10 Twenty-sixth Legislature of the State of Hawaii, Regular Session  
11 of 2012, that the Auditor is requested to conduct a financial  
12 and management audit of those state agencies with salary and  
13 wage overpayments; and

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15 BE IT FURTHER RESOLVED that the audit include:

- 16 (1) The full extent of the overpayments, the total amount
- 17 repaid, amounts still eligible for repayment, and
- 18 amounts deemed uncollectable, by department;
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- 20 (2) Efforts by the State to resolve the overpayments; and
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- 22 (3) Any recommendations for legislation to address or
- 23 prevent the issue of salary and wage overpayment and
- 24 improve the collection of overpayments; and
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- 26

27 BE IT FURTHER RESOLVED that the Auditor is requested to  
28 submit the audit findings and recommendations to address the  
29 issues raised no later than twenty days prior to the convening  
30 of the Regular Session of 2013; and

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32 BE IT FURTHER RESOLVED that certified copies of this  
33 Resolution be transmitted to the Governor and the Auditor.

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OFFERED BY:

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