

---

# A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII ACCOUNTING AND FINANCIAL  
MANAGEMENT SYSTEM.

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

1           SECTION 1. The legislature finds that the University of  
2 Hawaii has maintained a separate accounting system since 1986,  
3 which has been compatible with both Hawaii accounting system  
4 requirements and generally accepted accounting principles. The  
5 legislature further finds that the University of Hawaii has  
6 recently upgraded its accounting system through its  
7 participation in the Kualii financial system consortium, a  
8 university-based financial management software that better meets  
9 the unique needs of university systems throughout the United  
10 States. Since the implementation of the Kualii financial system,  
11 the University of Hawaii continues to provide bi-monthly payroll  
12 feeds to the department of accounting and general services, in  
13 addition to routine and annual financial reports that are  
14 included in the State of Hawaii annual consolidated financial  
15 statements.

16           The purpose of this Act is to extend the authority of the  
17 University of Hawaii system to maintain a separate accounting



1 and financial management system that is compatible with the  
2 State of Hawaii accounting and financial systems.

3 SECTION 2. Section 40-1, Hawaii Revised Statutes, is  
4 amended by amending subsection (b) to read as follows:

5 "(b) With respect to the executive branch, except the  
6 University of Hawaii until June 30, [~~2016,~~ 2019, the Hawaii  
7 tourism authority, and the department of education until  
8 June 30, 2015, the comptroller shall have complete supervision  
9 of all accounts. The comptroller shall preaudit all proposed  
10 payments of \$10,000 or more to determine the propriety of  
11 expenditures and compliance with executive orders and rules that  
12 may be in effect. When necessary, the comptroller shall  
13 withhold approval of any payment. Whenever approval is  
14 withheld, the department or agency concerned shall be promptly  
15 notified. With respect to the University of Hawaii, the Hawaii  
16 tourism authority, and the department of education, the  
17 comptroller shall issue warrants for the release of funds for  
18 the operating costs of the university, the Hawaii tourism  
19 authority, or the department of education, as applicable, in  
20 amounts and at times mutually agreed upon by the governor or  
21 director of finance and the university, the Hawaii tourism



1 authority, or department of education, as applicable; provided  
2 that:

3 (1) The amounts released shall not exceed the allotment  
4 ceilings for the respective funding sources of the  
5 university's or the department of education's  
6 appropriations established by the governor for an  
7 allotment period pursuant to section 37-34, or in the  
8 case of the Hawaii tourism authority, revenues  
9 received by the convention center enterprise special  
10 fund and the tourism special fund pursuant to section  
11 237D-6.5; and

12 (2) The comptroller may issue warrants as an advance from  
13 the state treasury to the University of Hawaii, the  
14 Hawaii tourism authority, and the department of  
15 education to establish a checking account and provide  
16 working capital in amounts and at times mutually  
17 agreed upon by the governor or director of finance and  
18 the University of Hawaii, the Hawaii tourism  
19 authority, and the department of education.

20 The University of Hawaii and the department of education shall  
21 preaudit all proposed payments of \$10,000 or more and shall

1 preaudit samples of the population of proposed payments of less  
2 than \$10,000; provided that the sample size comprises at least  
3 five per cent of the population, and is of a size that the chief  
4 financial officers of the University of Hawaii and the  
5 department of education, as applicable, determine appropriate,  
6 to determine the propriety of expenditures and compliance with  
7 applicable laws, executive orders, and rules. The Hawaii  
8 tourism authority shall preaudit all proposed payments to  
9 determine the propriety of expenditures and compliance with  
10 applicable laws, executive orders, and rules as may be in  
11 effect. The University of Hawaii, the Hawaii tourism authority,  
12 and the department of education shall make disbursements for  
13 operating expenses from the amounts released by the comptroller  
14 and maintain records and documents necessary to support those  
15 disbursements at times mutually agreed upon by the university  
16 president, the executive director of the Hawaii tourism  
17 authority, or the superintendent of education, as applicable,  
18 and the comptroller; provided that when requested by the  
19 university, the Hawaii tourism authority, or department of  
20 education, the comptroller shall make all disbursements for the  
21 university, the Hawaii tourism authority, or department of



1 education, as applicable, subject to available allotment. Funds  
 2 released pursuant to this section shall be deposited by the  
 3 university, the Hawaii tourism authority, or department of  
 4 education, as applicable, in accordance with the provisions  
 5 applicable to the director of finance by chapter 38. Except for  
 6 moneys deposited by the Hawaii tourism authority in the  
 7 convention center enterprise special fund pursuant to section  
 8 201B-8, and in the tourism special fund pursuant to section  
 9 201B-11, any interest earned on the deposit of funds released  
 10 pursuant to this section shall be deposited in the state  
 11 treasury at the end of each fiscal year."

12 SECTION 3. Section 40-2, Hawaii Revised Statutes, is  
 13 amended by amending subsection (a) to read as follows:

14 "(a) The accounting system installed by the commission on  
 15 public accountancy under Act 181, Session Laws of Hawaii 1923,  
 16 as amended by Act 220, Session Laws of Hawaii 1925, for use in  
 17 the offices of the comptroller, director of finance,  
 18 departmental and agency services of the State, and the auditors,  
 19 treasurers, departmental and agency services of the several  
 20 counties shall be the accounting and reporting systems of the  
 21 State and counties; provided that the University of Hawaii,



1 until June 30, [~~2016,~~] 2019, may install a different accounting  
 2 system that shall be in conformity with generally accepted  
 3 accounting principles as applied to colleges and universities;  
 4 and provided further that the department of education, until  
 5 June 30, 2011, may install a different accounting system that  
 6 shall be in conformity to generally accepted accounting  
 7 principles. The comptroller shall make [~~such~~] changes and  
 8 modifications in the accounting system [~~as shall from time to~~  
 9 ~~time appear to be~~] that are in the best interest of the State  
 10 and counties."

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

13 "**§40-4 Publication of statements.** The comptroller shall  
 14 prepare and submit to the governor, immediately following the  
 15 close of each fiscal year, a statement of income and expenditure  
 16 by funds, showing the principal sources of revenue, the function  
 17 or purpose for which expenditures were made, together with a  
 18 consolidated statement showing similar information for all  
 19 funds; also a statement showing the balance in each fund at the  
 20 beginning of the fiscal year, plus the receipts, minus the  
 21 disbursements, and the balance on hand at the close of the



1 fiscal year after deducting outstanding warrants and vouchers.  
2 The comptroller may request all agencies, the judiciary, the  
3 University of Hawaii until June 30, [~~2016~~] 2019, the Hawaii  
4 tourism authority, the department of education until June 30,  
5 2011, and the legislature to provide such information as may be  
6 required for the preparation of statements."

7 SECTION 5. Section 40-6, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 "**§40-6 Approval of business and accounting forms.** The  
10 comptroller shall determine the forms required to adequately  
11 supply accounting and statistical data for the state government.  
12 The comptroller shall require heads of departments and  
13 establishments of the state government to submit proposed new  
14 forms or proposed changes in current business and accounting  
15 forms for review and approval before ordering the same printed;  
16 except that the University of Hawaii until June 30, [~~2016~~]  
17 2019, and the Hawaii tourism authority, and the department of  
18 education until June 30, 2011, shall be subject to this  
19 requirement only with respect to uniform business and accounting  
20 forms of statewide use in the State's accounting system. All  
21 standard state forms shall be classified, numbered, and



1 standardized in design, dimensions, color, and grade of paper  
2 and recorded in a catalogue of accounting and statistical forms  
3 by the comptroller."

4 SECTION 6. Section 40-58, Hawaii Revised Statutes, is  
5 amended to read as follows:

6 "§40-58 In favor of assignees. No assignment of moneys by  
7 a person to whom the State is directly indebted shall be  
8 effective unless the assignment is first approved by the  
9 comptroller or, in the case of the University of Hawaii until  
10 June 30, [~~2016~~] 2019, and the department of education until  
11 June 30, 2011, by their respective chief financial officers.  
12 The comptroller or the chief financial officers of the  
13 University of Hawaii and the department of education may  
14 prescribe the form for an assignment[~~7~~] and may approve the  
15 assignment within a reasonable time period if, in their  
16 respective discretion, the rights or obligations of the State[~~7~~]  
17 or the University of Hawaii, or the department of education  
18 under any contract or other undertaking or under any law, rule,  
19 or order by a competent authority will not be prejudiced  
20 thereby. Upon approval of the assignment, the comptroller or  
21 the respective chief financial officers of the University of





1 Hawaii and the department of education shall draw a warrant  
2 payable to the assignee. Except as to contracts encumbered by  
3 the comptroller[~~7~~] or the University of Hawaii, or the  
4 department of education, each expending agency, upon  
5 notification of the comptroller's approval of an assignment,  
6 shall prepare a claim for payment in accordance with the terms  
7 of the assignment."

8 SECTION 7. Section 40-81, Hawaii Revised Statutes, is  
9 amended to read as follows:

10 "**§40-81 Report by agencies receiving special moneys.** All  
11 state officers, departments, boards, bureaus, commissions, or  
12 agencies collecting or receiving any moneys not required by law  
13 to be deposited in the state treasury shall report to the  
14 comptroller all receipts and disbursements on account thereof  
15 for each quarterly period of the calendar year not later than  
16 the fifteenth day following the end of each quarterly period on  
17 such forms and under such rules as may be prescribed by the  
18 comptroller; provided that with respect to all moneys held  
19 outside the state treasury by the University of Hawaii until  
20 June 30, [~~2016~~], 2019, or the department of education until  
21 June 30, 2011, pursuant to the authority granted to the



1 university and the department of education by this chapter, the  
2 University of Hawaii and the department of education shall  
3 report to the comptroller all transactions for each quarterly  
4 period not later than the fifteenth day following the end of  
5 each quarterly period on [sueh] forms and under [sueh] rules as  
6 may be prescribed by the comptroller."

7 SECTION 8. Act 58, Session Laws of Hawaii 2004, as amended  
8 by section 50 of Act 22, Session Laws of Hawaii 2005, as amended  
9 by section 1 of Act 306, Session Laws of Hawaii 2006, as amended  
10 by section 12 of Act 5, Special Session Laws of Hawaii 2009, as  
11 amended by section 5 of Act 102, Session Laws of Hawaii 2010, is  
12 amended by amending section 14 to read as follows:

13 "SECTION 14. This Act shall take effect upon its approval;  
14 provided that:

15 (1) The amendments made to sections 40-1, 40-4, and 40-6,  
16 Hawaii Revised Statutes, by part I of this Act shall  
17 not be repealed when those sections are reenacted on  
18 June 30, 2006, by section 1 of Act 137, Session Laws  
19 of Hawaii 2005;

20 (2) Sections 3, 4, 5, 6, and 7 of part I shall be repealed  
21 on June 30, 2015, and:



1 (A) Sections 201B-2 and 201B-11, Hawaii Revised  
 2 Statutes, shall be reenacted in the form in which  
 3 they read on May 5, 2004; except that the  
 4 amendments made by Act 5, Special Session Laws of  
 5 Hawaii 2009, to section 201B-2, Hawaii Revised  
 6 Statutes, and subsection (c) of section 201B-11,  
 7 Hawaii Revised Statutes, shall not be repealed;  
 8 and

9 (B) Sections 40-1, 40-4, and 40-6, Hawaii Revised  
 10 Statutes, shall be reenacted in the form in which  
 11 they read on [~~June 30, 1986,~~] May 5, 2004; and

12 (3) Section 9 shall take effect on July 1, 2004."

13 SECTION 9. Act 124, Session Laws of Hawaii 2010, is  
 14 amended by amending section 15 to read as follows:

15 "SECTION 15. This Act, upon its approval, shall take  
 16 effect retroactive to April 30, 2010; provided that:

17 (1) Part II shall only take effect upon the repeal and  
 18 reenactment of sections 40-1, 40-4, and 40-6, Hawaii  
 19 Revised Statutes, on June 30, 2010, pursuant to Act  
 20 58, Session Laws of Hawaii 2004, as amended; and



1 (2) Part III shall only take effect upon the repeal of  
2 paragraph (2) (B) of section 14 of Act 58, Session Laws  
3 of Hawaii 2004, as amended, pursuant to an Act of the  
4 2010 legislature; or in the absence of that repeal,  
5 upon the extension of the June 30, 2010, repeal date  
6 in paragraph (2) of section 14 of Act 58, Session Laws  
7 of Hawaii 2004, as amended, pursuant to an Act of the  
8 2010 legislature[-]; provided further that the  
9 amendments to sections 40-1, 40-4, and 40-6, Hawaii  
10 Revised Statutes, by part III shall not be repealed  
11 when those sections are repealed and reenacted  
12 pursuant to section 5 of Act 102, Session Laws of  
13 Hawaii 2010."

14 SECTION 10. Act 161, Session Laws of Hawaii 2010, is  
15 amended by amending section 8 to read as follows:

16 "SECTION 8. This Act, upon its approval, shall take effect  
17 retroactive to April 30, 2010; provided that:

18 (1) Part II shall only take effect upon the repeal and  
19 reenactment of section 40-1, Hawaii Revised Statutes,  
20 on June 30, 2010, pursuant to Act 58, Session Laws of  
21 Hawaii 2004, as amended; and



1 (2) Part III shall only take effect upon the repeal of  
2 paragraph (2) (B) of section 14 of Act 58, Session Laws  
3 of Hawaii 2004, as amended, pursuant to an Act of the  
4 2010 legislature; or in the absence of that repeal,  
5 upon the extension of the June 30, 2010, repeal date  
6 in paragraph (2) of section 14 of Act 58, Session Laws  
7 of Hawaii 2004, as amended, pursuant to an Act of the  
8 2010 legislature[-]; provided that the amendment to  
9 section 40-1, Hawaii Revised Statutes, by part III  
10 shall not be repealed when that section is repealed  
11 and reenacted pursuant to section 5 of Act 102,  
12 Session Laws of Hawaii 2010."

13 SECTION 11. Statutory material to be repealed is bracketed  
14 and stricken. New statutory material is underscored.

15 SECTION 12. This Act shall take effect on June 29, 2015;  
16 provided that the amendments made to sections 40-1(b), 40-4, and  
17 40-6, Hawaii Revised Statutes, shall not be repealed when those  
18 sections are repealed and reenacted on June 30, 2015, pursuant  
19 to section 5 of Act 102, Session Laws of Hawaii 2010.

20



**Report Title:**

University of Hawaii; Accounting; Fiscal Management

**Description:**

Extends sunset provisions with respect to accounting and fiscal management requirements relating to the University of Hawaii. Makes conforming amendments. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

