Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on May 6, 2015, the following bill was signed into law:

HB1412 HD2 SD1 RELATING TO EDUCATION
ACT 044 (15)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai‘i
A BILL FOR AN ACT

RELATING TO EDUCATION.

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, 2016, the Hawaii tourism authority, and the department of education, 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 that:

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 and the department of education shall preaudit all proposed payments of $10,000 or more and shall
preaudit samples of the population of proposed payments of less
than $10,000; provided that the sample size comprises at least
five per cent of the population, and is of a size that the chief
financial officers of the University of Hawaii and the
department of education, as applicable, determine appropriate,
to determine the propriety of expenditures and compliance with
applicable laws, executive orders, and rules. The Hawaii
tourism authority 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. Section 40-2, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) The accounting system installed by the commission on public accountancy under Act 181, Session Laws of Hawaii 1923, as amended by Act 220, Session Laws of Hawaii 1925, for use in the offices of the comptroller, director of finance, departmental and agency services of the State, and the auditors, treasurers, departmental and agency services of the several counties shall be the accounting and reporting systems of the State and counties; provided that the University of Hawaii,
until June 30, 2016, may install a different accounting system that shall be in conformity with generally accepted accounting principles as applied to colleges and universities; and provided further that the department of education[, until June 30, 2011,] may install a different accounting system that shall be in conformity to generally accepted accounting principles. The comptroller shall make such changes and modifications in the accounting system as shall from time to time appear to be in the best interest of the State and counties."

SECTION 3. Section 40-4, Hawaii Revised Statutes, is amended to read as follows:

"§40-4 Publication of statements. The comptroller shall prepare and submit to the governor, immediately following the close of each fiscal year, a statement of income and expenditure by funds, showing the principal sources of revenue, the function or purpose for which expenditures were made, together with a consolidated statement showing similar information for all funds; also a statement showing the balance in each fund at the beginning of the fiscal year, plus the receipts, minus the disbursements, and the balance on hand at the close of the fiscal year after deducting outstanding warrants and vouchers.
The comptroller may request all agencies, the judiciary, the University of Hawaii until June 30, 2016, the Hawaii tourism authority, the department of education [until June 30, 2011], and the legislature to provide such information as may be required for the preparation of statements."

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

"§40-6 Approval of business and accounting forms. The comptroller shall determine the forms required to adequately supply accounting and statistical data for the state government. The comptroller shall require heads of departments and establishments of the state government to submit proposed new forms or proposed changes in current business and accounting forms for review and approval before ordering the same printed; except that the University of Hawaii until June 30, 2016, the Hawaii tourism authority, and the department of education [until June 30, 2011] shall be subject to this requirement only with respect to uniform business and accounting forms of statewide use in the State's accounting system. All standard state forms shall be classified, numbered, and standardized in design, dimensions, color, and grade of paper and recorded in a
catalogue of accounting and statistical forms by the comptroller."

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

"§40-58 In favor of assignees. No assignment of moneys by a person to whom the State is directly indebted shall be effective unless the assignment is first approved by the comptroller or, in the case of the University of Hawaii until June 30, 2016, and the department of education [until June 30, 2011], by their respective chief financial officers. The comptroller or the chief financial officers of the University of Hawaii and the department of education may prescribe the form for an assignment, and may approve the assignment within a reasonable time period if, in their respective discretion, the rights or obligations of the State, the University of Hawaii, or the department of education under any contract or other undertaking or under any law, rule, or order by a competent authority will not be prejudiced thereby. Upon approval of the assignment, the comptroller or the respective chief financial officers of the University of Hawaii and the department of education shall draw a warrant payable to the assignee. Except
as to contracts encumbered by the comptroller, the University of
Hawaii, or the department of education, each expending agency,
upon notification of the comptroller's approval of an
assignment, shall prepare a claim for payment in accordance with
the terms of the assignment."

SECTION 6. Section 40-81, Hawaii Revised Statutes, is
amended to read as follows:

"§40-81 Report by agencies receiving special moneys. All
state officers, departments, boards, bureaus, commissions, or
agencies collecting or receiving any moneys not required by law
to be deposited in the state treasury shall report to the
comptroller all receipts and disbursements on account thereof
for each quarterly period of the calendar year not later than
the fifteenth day following the end of each quarterly period on
such forms and under such rules as may be prescribed by the
comptroller; provided that with respect to all moneys held
outside the state treasury by the University of Hawaii until
June 30, 2016, or the department of education [until June 30, 2017]
pursuant to the authority granted to the university and
the department of education by this chapter, the University of
Hawaii and the department of education shall report to the
comptroller all transactions for each quarterly period not later
than the fifteenth day following the end of each quarterly
period on such forms and under such rules as may be prescribed
by the comptroller."

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

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

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

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

(A) Sections 201B-2 and 201B-11, Hawaii Revised
Statutes, shall be reenacted in the form in which
they read on May 5, 2004; except that the
amendments made by Act 5, Special Session Laws of
Hawaii 2009, to section 201B-2, Hawaii Revised
Statutes, and subsection (c) of section 201B-11,
Hawaii Revised Statutes, shall not be repealed;
and
(B) Sections 40-1, 40-4, and 40-6, Hawaii Revised
Statutes, shall be reenacted in the form in which
they read on May 5, 2004; and
(3) Section 9 shall take effect on July 1, 2004."
SECTION 8. Act 124, Session Laws of Hawaii 2010, is
amended by amending section 15 to read as follows:
"SECTION 15. This Act, upon its approval, shall take
effect retroactive to April 30, 2010; provided that:
(1) Part II shall only take effect upon the repeal and
reenactment of sections 40-1, 40-4, and 40-6, Hawaii
Revised Statutes, on June 30, 2010, pursuant to Act
58, Session Laws of Hawaii 2004, as amended; and
(2) Part III shall only take effect upon the repeal of
paragraph (2)(B) of section 14 of Act 58, Session Laws
of Hawaii 2004, as amended, pursuant to an Act of the
2010 legislature; or in the absence of that repeal, upon the extension of the June 30, 2010, repeal date in paragraph (2) of section 14 of Act 58, Session Laws of Hawaii 2004, as amended, pursuant to an Act of the 2010 legislature[-]; provided further that the amendments to sections 40-1, 40-4, and 40-6, Hawaii Revised Statutes, by part III shall not be repealed when those sections are repealed and reenacted pursuant to section 5 of Act 102, Session Laws of Hawaii 2010."

SECTION 9. Act 161, Session Laws of Hawaii 2010, is amended by amending section 8 to read as follows:

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

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

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

SECTION 10. Statutory material to be repealed is bracketed
and stricken. New statutory material is underscored.

SECTION 11. This Act shall take effect on June 29, 2015;
provided that the amendments made to sections 40-1, 40-4, and
40-6, Hawaii Revised Statutes, by sections 1, 3, and 4 of this
Act shall not be repealed when those sections are repealed and
reenacted pursuant to section 5 of Act 102, Session Laws of
Hawaii 2010.

APPROVED this 6 day of MAY, 2015

[Signature]

GOVERNOR OF THE STATE OF HAWAII