
A BILL FOR AN ACT

RELATING TO EDUCATION.

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

1 SECTION 1. Section 40-1, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:
3 "(b) With respect to the executive branch, except the
4 University of Hawaii until June 30, 2016, the Hawaii tourism
5 authority, and the department of education [~~until June 30,~~
6 ~~2015~~], the comptroller shall have complete supervision of all
7 accounts. The comptroller shall preaudit all proposed payments
8 of \$10,000 or more to determine the propriety of expenditures
9 and compliance with executive orders and rules that may be in
10 effect. When necessary, the comptroller shall withhold approval
11 of any payment. Whenever approval is withheld, the department
12 or agency concerned shall be promptly notified. With respect to
13 the University of Hawaii, the Hawaii tourism authority, and the
14 department of education, the comptroller shall issue warrants
15 for the release of funds for the operating costs of the
16 university, the Hawaii tourism authority, or the department of
17 education, as applicable, in amounts and at times mutually



1 agreed upon by the governor or director of finance and the
2 university, the Hawaii tourism authority, or department of
3 education, as applicable; provided that:

- 4 (1) The amounts released shall not exceed the allotment
5 ceilings for the respective funding sources of the
6 university's or the department of education's
7 appropriations established by the governor for an
8 allotment period pursuant to section 37-34, or in the
9 case of the Hawaii tourism authority, revenues
10 received by the convention center enterprise special
11 fund and the tourism special fund pursuant to section
12 237D-6.5; and
- 13 (2) The comptroller may issue warrants as an advance from
14 the state treasury to the University of Hawaii, the
15 Hawaii tourism authority, and the department of
16 education to establish a checking account and provide
17 working capital in amounts and at times mutually
18 agreed upon by the governor or director of finance and
19 the University of Hawaii, the Hawaii tourism
20 authority, and the department of education.



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



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

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

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



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

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

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



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

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

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



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

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

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



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

8 SECTION 6. 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, or the department of education [~~until June 30,~~
21 ~~2011,~~] pursuant to the authority granted to the university and



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

7 SECTION 7. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 8. This Act shall take effect on June 29, 2015.



Report Title:

Department of Education; Fiscal Operations; Housekeeping

Description:

Makes permanent the Department of Education's authority to supervise its accounts. Makes required housekeeping amendments to statutory provisions relating to the Department of Education's fiscal operations. (HB1412 HD1)

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

