
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's Annual Consolidated Financial
15 Statements.



1 The purpose of this Act is to extend the authority of the
2 University of Hawaii System to maintain a separate accounting
3 and financial management system that is compatible with the
4 State of Hawaii accounting and financial systems.

5 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is
6 amended by adding a new section to part V, subpart A, to be
7 appropriately designated and to read as follows:

8 "§304A- Program performance reports; quarterly reports.

9 The board of regents shall submit to the legislature not fewer
10 than sixty days subsequent to the end of each fiscal quarter, a
11 program performance report showing a comparison of actual
12 revenues and expenditures versus budgeted revenues and
13 expenditures. The actual revenues and expenditures shall be
14 reported on the same basis of accounting as that for the
15 university's budget."

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

18 "(b) With respect to the executive branch, except the
19 University of Hawaii until June 30, [~~2016~~] 2017, the Hawaii
20 tourism authority, and the department of education until June
21 30, 2015, the comptroller shall have complete supervision of all



1 accounts. The comptroller shall preaudit all proposed payments
2 of \$10,000 or more to determine the propriety of expenditures
3 and compliance with executive orders and rules that may be in
4 effect. When necessary, the comptroller shall withhold approval
5 of any payment. Whenever approval is withheld, the department
6 or agency concerned shall be promptly notified. With respect to
7 the University of Hawaii, the Hawaii tourism authority, and the
8 department of education, the comptroller shall issue warrants
9 for the release of funds for the operating costs of the
10 university, the Hawaii tourism authority, or the department of
11 education, as applicable, in amounts and at times mutually
12 agreed upon by the governor or director of finance and the
13 university, the Hawaii tourism authority, or department of
14 education, as applicable; provided that:

15 (1) The amounts released shall not exceed the allotment
16 ceilings for the respective funding sources of the
17 university's or the department of education's
18 appropriations established by the governor for an
19 allotment period pursuant to section 37-34, or in the
20 case of the Hawaii tourism authority, revenues
21 received by the convention center enterprise special



1 fund and the tourism special fund pursuant to section
2 237D-6.5; and

3 (2) The comptroller may issue warrants as an advance from
4 the state treasury to the University of Hawaii, the
5 Hawaii tourism authority, and the department of
6 education to establish a checking account and provide
7 working capital in amounts and at times mutually
8 agreed upon by the governor or director of finance and
9 the University of Hawaii, the Hawaii tourism
10 authority, and the department of education.

11 The University of Hawaii and the department of education shall
12 preaudit all proposed payments of \$10,000 or more and shall
13 preaudit samples of the population of proposed payments of less
14 than \$10,000; provided that the sample size comprises at least
15 five per cent of the population, and is of a size that the chief
16 financial officers of the University of Hawaii and the
17 department of education, as applicable, determine appropriate,
18 to determine the propriety of expenditures and compliance with
19 applicable laws, executive orders, and rules. The Hawaii
20 tourism authority shall preaudit all proposed payments to
21 determine the propriety of expenditures and compliance with



1 applicable laws, executive orders, and rules as may be in
2 effect. The University of Hawaii, the Hawaii tourism authority,
3 and the department of education shall make disbursements for
4 operating expenses from the amounts released by the comptroller
5 and maintain records and documents necessary to support those
6 disbursements at times mutually agreed upon by the university
7 president, the executive director of the Hawaii tourism
8 authority, or the superintendent of education, as applicable,
9 and the comptroller; provided that when requested by the
10 university, the Hawaii tourism authority, or department of
11 education, the comptroller shall make all disbursements for the
12 university, the Hawaii tourism authority, or department of
13 education, as applicable, subject to available allotment. Funds
14 released pursuant to this section shall be deposited by the
15 university, the Hawaii tourism authority, or department of
16 education, as applicable, in accordance with the provisions
17 applicable to the director of finance by chapter 38. Except for
18 moneys deposited by the Hawaii tourism authority in the
19 convention center enterprise special fund pursuant to section
20 201B-8, and in the tourism special fund pursuant to section
21 201B-11, any interest earned on the deposit of funds released



1 pursuant to this section shall be deposited in the state
2 treasury at the end of each fiscal year."

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

5 "(a) The accounting system installed by the commission on
6 public accountancy under Act 181, Session Laws of Hawaii 1923,
7 as amended by Act 220, Session Laws of Hawaii 1925, for use in
8 the offices of the comptroller, director of finance,
9 departmental and agency services of the State, and the auditors,
10 treasurers, departmental and agency services of the several
11 counties shall be the accounting and reporting systems of the
12 State and counties; provided that the University of Hawaii,
13 until June 30, [~~2016~~] 2017, may install a different accounting
14 system that shall be in conformity with generally accepted
15 accounting principles as applied to colleges and universities;
16 and provided further that the department of education, until
17 June 30, 2011, may install a different accounting system that
18 shall be in conformity to generally accepted accounting
19 principles. The comptroller shall make such changes and
20 modifications in the accounting system as shall from time to



1 time appear to be in the best interest of the State and
2 counties."

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

5 "**§40-4 Publication of statements.** The comptroller shall
6 prepare and submit to the governor, immediately following the
7 close of each fiscal year, a statement of income and expenditure
8 by funds, showing the principal sources of revenue, the function
9 or purpose for which expenditures were made, together with a
10 consolidated statement showing similar information for all
11 funds; also a statement showing the balance in each fund at the
12 beginning of the fiscal year, plus the receipts, minus the
13 disbursements, and the balance on hand at the close of the
14 fiscal year after deducting outstanding warrants and vouchers.
15 The comptroller may request all agencies, the judiciary, the
16 University of Hawaii until June 30, [~~2016~~] 2017, the Hawaii
17 tourism authority, the department of education until June 30,
18 2011, and the legislature to provide such information as may be
19 required for the preparation of statements."

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



1 **"§40-6 Approval of business and accounting forms.** The
2 comptroller shall determine the forms required to adequately
3 supply accounting and statistical data for the state government.
4 The comptroller shall require heads of departments and
5 establishments of the state government to submit proposed new
6 forms or proposed changes in current business and accounting
7 forms for review and approval before ordering the same printed;
8 except that the University of Hawaii until June 30, [~~2016~~]
9 2017, the Hawaii tourism authority, and the department of
10 education until June 30, 2011, shall be subject to this
11 requirement only with respect to uniform business and accounting
12 forms of statewide use in the State's accounting system. All
13 standard state forms shall be classified, numbered, and
14 standardized in design, dimensions, color, and grade of paper
15 and recorded in a catalogue of accounting and statistical forms
16 by the comptroller."

17 SECTION 7. Section 40-58, Hawaii Revised Statutes, is
18 amended to read as follows:

19 **"§40-58 In favor of assignees.** No assignment of moneys by
20 a person to whom the State is directly indebted shall be
21 effective unless the assignment is first approved by the



1 comptroller or, in the case of the University of Hawaii until
2 June 30, [~~2016~~] 2017, and the department of education until
3 June 30, 2011, by their respective chief financial officers.

4 The comptroller or the chief financial officers of the
5 University of Hawaii and the department of education may
6 prescribe the form for an assignment, and may approve the
7 assignment within a reasonable time period if, in their
8 respective discretion, the rights or obligations of the State,
9 the University of Hawaii, or the department of education under
10 any contract or other undertaking or under any law, rule, or
11 order by a competent authority will not be prejudiced thereby.

12 Upon approval of the assignment, the comptroller or the
13 respective chief financial officers of the University of Hawaii
14 and the department of education shall draw a warrant payable to
15 the assignee. Except as to contracts encumbered by the
16 comptroller, the University of Hawaii, or the department of
17 education, each expending agency, upon notification of the
18 comptroller's approval of an assignment, shall prepare a claim
19 for payment in accordance with the terms of the assignment."

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



1 **"§40-81 Report by agencies receiving special moneys.** All
2 state officers, departments, boards, bureaus, commissions, or
3 agencies collecting or receiving any moneys not required by law
4 to be deposited in the state treasury shall report to the
5 comptroller all receipts and disbursements on account thereof
6 for each quarterly period of the calendar year not later than
7 the fifteenth day following the end of each quarterly period on
8 such forms and under such rules as may be prescribed by the
9 comptroller; provided that with respect to all moneys held
10 outside the state treasury by the University of Hawaii until
11 June 30, [~~2016,~~] 2017, or the department of education until June
12 30, 2011, pursuant to the authority granted to the university
13 and the department of education by this chapter, the University
14 of Hawaii and the department of education shall report to the
15 comptroller all transactions for each quarterly period not later
16 than the fifteenth day following the end of each quarterly
17 period on such forms and under such rules as may be prescribed
18 by the comptroller."

19 SECTION 9. Act 58, Session Laws of Hawaii 2004, as amended
20 by section 50 of Act 22, Session Laws of Hawaii 2005, as amended
21 by section 1 of Act 306, Session Laws of Hawaii 2006, as amended



1 by section 12 of Act 5, Special Session Laws of Hawaii 2009, as
2 amended by section 5 of Act 102, Session Laws of Hawaii 2010, is
3 amended by amending section 14 to read as follows:

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

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

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

13 (A) Sections 201B-2 and 201B-11, Hawaii Revised
14 Statutes, shall be reenacted in the form in which
15 they read on May 5, 2004; except that the
16 amendments made by Act 5, Special Session Laws of
17 Hawaii 2009, to section 201B-2, Hawaii Revised
18 Statutes, and subsection (c) of section 201B-11,
19 Hawaii Revised Statutes, shall not be repealed;
20 and



1 (B) Sections 40-1, 40-4, and 40-6, Hawaii Revised
 2 Statutes, shall be reenacted in the form in which
 3 they read on [~~June 30, 1986;~~] May 5, 2004; and
 4 (3) Section 9 shall take effect on July 1, 2004."

5 SECTION 10. Act 124, Session Laws of Hawaii 2010, is
 6 amended by amending section 15 to read as follows:

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

9 (1) Part II shall only take effect upon the repeal and
 10 reenactment of sections 40-1, 40-4, and 40-6, Hawaii
 11 Revised Statutes, on June 30, 2010, pursuant to Act
 12 58, Session Laws of Hawaii 2004, as amended; and

13 (2) Part III shall only take effect upon the repeal of
 14 paragraph (2)(B) of section 14 of Act 58, Session Laws
 15 of Hawaii 2004, as amended, pursuant to an Act of the
 16 2010 legislature; or in the absence of that repeal,
 17 upon the extension of the June 30, 2010, repeal date
 18 in paragraph (2) of section 14 of Act 58, Session Laws
 19 of Hawaii 2004, as amended, pursuant to an Act of the
 20 2010 legislature[-]; provided further that the
 21 amendments to sections 40-1, 40-4, and 40-6, Hawaii



1 Revised Statutes, by part III shall not be repealed
2 when those sections are repealed and reenacted
3 pursuant to section 5 of Act 102, Session Laws of
4 Hawaii 2010."

5 SECTION 11. Act 161, Session Laws of Hawaii 2010, is
6 amended by amending section 8 to read as follows:

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

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

13 (2) Part III shall only take effect upon the repeal of
14 paragraph (2)(B) of section 14 of Act 58, Session Laws
15 of Hawaii 2004, as amended, pursuant to an Act of the
16 2010 legislature; or in the absence of that repeal,
17 upon the extension of the June 30, 2010, repeal date
18 in paragraph (2) of section 14 of Act 58, Session Laws
19 of Hawaii 2004, as amended, pursuant to an Act of the
20 2010 legislature[-]; provided that the amendment to
21 section 40-1, Hawaii Revised Statutes, by part III



1 shall not be repealed when that section is repealed
2 and reenacted pursuant to section 5 of Act 102,
3 Session Laws of Hawaii 2010."

4 SECTION 12. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 13. This Act shall take effect on June 29, 2025;
7 provided that the amendments made to sections 40-1(b), 40-4, and
8 40-6, Hawaii Revised Statutes, shall not be repealed when those
9 sections are repealed and reenacted on June 30, 2015, pursuant
10 to section 5 of Act 102, Session Laws of Hawaii 2010.



Report Title:

University of Hawaii; Accounting and Financial Management System

Description:

Requires the University of Hawaii Board of Regents to submit to the Legislature a program performance report for each fiscal quarter showing a comparison of actual revenues and expenditures versus budgeted revenues and expenditures. Extends the University of Hawaii's authority for independent fiscal management and oversight for one additional year. (SB1146 HD1)

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

