

STAND. COM. REP. NO.

1152

Honolulu, Hawaii

MAR 27 2015

RE: H.B. No. 540  
H.D. 1  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Madam:

Your Committee on Higher Education and the Arts, to which was referred H.B. No. 540, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII  
ACCOUNTING AND FINANCIAL MANAGEMENT SYSTEM,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Extend sunset provisions with respect to accounting and fiscal management requirements relating to the University of Hawaii;
- (2) Require the Auditor to study whether the sunset provisions should be permanently repealed; and
- (3) Require quarterly variance reports for revenues and expenditures.

Your Committee received testimony in support of this measure from the University of Hawaii System. Your Committee received comments on this measure from the Department of Education.

Your Committee finds that the University of Hawaii has maintained a separate accounting system since 1986, which has been compatible with both Hawaii accounting system requirements and generally accepted accounting principles.



Your Committee further finds that the University of Hawaii has recently upgraded its accounting system through its participation in the Kualii financial system consortium, a university-based financial management software that better meets the unique needs of university systems throughout the United States.

Your Committee further finds that while the substantive content of this measure relates to the University of Hawaii's authority over its account, there are technical and nontechnical amendments in the measure as it is currently drafted that make reference to, and thereby directly affect, the Department of Education. More specifically, these amendments would repeal language authorizing the Department of Education to maintain authority over matters related to the purchase of goods and services, pre-audit payments, and accounting.

Your Committee has amended this measure by:

- (1) Amending the purpose section to more clearly articulate its purpose and intent;
- (2) Deleting the requirement that the Board of Regents of the University of Hawaii submit quarterly program performance reports to the Legislature;
- (3) Extending the sunset provisions with respect to the accounting and fiscal management requirements for the University of Hawaii from June 30, 2017, to June 30, 2019;
- (4) Reinstating language relating to the Department of Education's authority to maintain a separate accounting system;
- (5) Reinstating language relating to the Comptroller's authority to request information from the Department of Education to prepare statements of income and expenditure of funds;
- (6) Reinstating language making the Department of Education subject to uniform business and accounting forms of statewide use;



- (7) Reinserting language permitting the Department of Education to prescribe the form of assignment of monies and to approve the assignment within a reasonable time period if the rights or obligations of the Department of Education will not be prejudiced;
- (8) Reinserting language requiring the Department of Education to report to the Comptroller all transactions for each quarterly period no later than the fifteenth day following the end of each quarterly period on forms and under rules as the Comptroller may prescribe;
- (9) Amending relevant session laws to prevent necessary statutory language from being repealed under current sunset provisions;
- (10) Inserting an effective date of June 29, 2015; and
- (11) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Higher Education and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 540, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 540, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Higher Education  
and the Arts,



BRIAN T. TANIGUCHI, Chair



The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Higher Education and the Arts**  
**HEA**

Bill / Resolution No.:* <b>HB 540 HD1</b>	Committee Referral: <b>HEA, WAM</b>	Date: <b>3-17-15</b>
--	--	-------------------------

The Committee is reconsidering its previous decision on this measure.  
 If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312    
  Pass, with amendments 2311    
 Hold 2310    
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			
INOUYE, Lorraine R. (VC)				✓
GABBARD, Mike	✓			
KAHELE, Gilbert	✓			
KIDANI, Michelle N.	✓			
WAKAI, Glenn				✓
SLOM, Sam				✓
<b>TOTAL</b>	<b>4</b>			<b>3</b>

Recommendation:    
 Adopted    
 Not Adopted

Chair's or Designee's Signature:  


**Distribution:**    
 Original     Yellow     Pink     Goldenrod  
 File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy

\*Only one measure per Record of Votes