



GOV. MSG. NO. 1331

EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

July 6, 2021

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Thirty First State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,  
Speaker and Members of the  
House of Representatives  
Thirty First State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

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

This is to inform you that on July 6, 2021, the following bill was signed into law:

SB0332 SD2 HD2 CD1

RELATING TO PREAUDIT PAYMENTS.  
**ACT 203 (21)**

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i

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**A BILL FOR AN ACT**

RELATING TO PREAUDIT PAYMENTS.

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

1           SECTION 1. The legislature finds that the government would  
2 be able to provide services more effectively, efficiently, and  
3 expeditiously by updating the preaudit process for proposed  
4 payments to meet the demands of the public. Currently, the  
5 comptroller is required to preaudit all proposed payments of  
6 \$10,000 or more to determine the propriety of the expenditures  
7 and its compliance with the operative and relevant executive  
8 orders and rules.

9           Accordingly, the purpose of this Act is to temporarily  
10 amend the powers and duties of the comptroller to reduce the  
11 preaudit requirements of all proposed payments to expenditures  
12 by:

- 13           (1) Amending the minimum dollar amount of payments to be  
14           preaudited; and
- 15           (2) Allowing, rather than requiring, the comptroller to  
16           preaudit proposed payments of expenditures below the  
17           threshold amount.



1 SECTION 2. 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 and the department of education, the  
5 comptroller shall have complete supervision of all accounts.  
6 The comptroller may preaudit all proposed payments less than  
7 \$100,000 to determine the propriety of expenditures and  
8 compliance with executive orders and rules that may be in  
9 effect. The comptroller shall preaudit all proposed payments of  
10 [~~\$10,000~~] \$100,000 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 and the  
16 department of education, the comptroller shall issue warrants  
17 for the release of funds for the operating costs of the  
18 university or the department of education, as applicable, in  
19 amounts and at times mutually agreed upon by the governor or  
20 director of finance and the university or department of  
21 education, as applicable; provided that:



1           (1) The amounts released shall not exceed the allotment  
2           ceilings for the respective funding sources of the  
3           university's or the department of education's  
4           appropriations established by the governor for an  
5           allotment period pursuant to section 37-34; and  
6           (2) The comptroller may issue warrants as an advance from  
7           the state treasury to the University of Hawaii and the  
8           department of education to establish a checking  
9           account and provide working capital in amounts and at  
10          times mutually agreed upon by the governor or director  
11          of finance and the University of Hawaii and the  
12          department of education.

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



1 Hawaii and the department of education shall make disbursements  
2 for operating expenses from the amounts released by the  
3 comptroller and maintain records and documents necessary to  
4 support those disbursements at times mutually agreed upon by the  
5 university president or the superintendent of education, as  
6 applicable, and the comptroller; provided that when requested by  
7 the university or the department of education, the comptroller  
8 shall make all disbursements for the university or the  
9 department of education, as applicable, subject to available  
10 allotment. Funds released pursuant to this section shall be  
11 deposited by the university or the department of education, as  
12 applicable, in accordance with the provisions applicable to the  
13 director of finance by chapter 38. Any interest earned on the  
14 deposit of funds released pursuant to this section shall be  
15 deposited in the state treasury at the end of each fiscal year."

16 SECTION 3. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18 SECTION 4. This Act shall take effect on July 1, 2021, and  
19 shall be repealed on July 1, 2024; provided that  
20 section 40-1(b), Hawaii Revised Statutes, shall be reenacted in



1 the form in which it read on the day before the effective date  
2 of this Act.

APPROVED this 06 day of JUL , 2021



GOVERNOR OF THE STATE OF HAWAII

**THE SENATE OF THE STATE OF HAWAI‘I**

Date: April 27, 2021  
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-First Legislature of the State of Hawai‘i, Regular Session of 2021.

  
President of the Senate

  
Clerk of the Senate

SB No. 332, SD 2, HD 2, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 27, 2021  
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-First Legislature of the State of Hawaii, Regular Session of 2021.



Scott K. Saiki  
Speaker  
House of Representatives



Brian L. Takeshita  
Chief Clerk  
House of Representatives