

JAN 22 2021

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 amend the
10 powers and duties of the comptroller to reduce the preaudit
11 requirements of all proposed payments to expenditures by:

12 (1) Increasing the minimum dollar amount of payments to be
13 preaudited from \$10,000 to \$100,000; and

14 (2) Allowing rather than requiring the comptroller to
15 preaudit proposed payments of expenditures below
16 \$100,000.



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 to determine
7 the priority of expenditures and compliance with executive
8 orders and rules that may be in effect. The comptroller shall
9 preaudit all proposed payments of [~~\$10,000~~] \$100,000 or more to
10 determine the propriety of expenditures and compliance with
11 executive orders and rules that may be in effect. When
12 necessary, the comptroller shall withhold approval of any
13 payment. Whenever approval is withheld, the department or
14 agency concerned shall be promptly notified. With respect to
15 the University of Hawaii and the department of education, the
16 comptroller shall issue warrants for the release of funds for
17 the operating costs of the university or the department of
18 education, as applicable, in amounts and at times mutually
19 agreed upon by the governor or director of finance and the
20 university or department of education, as applicable; provided
21 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



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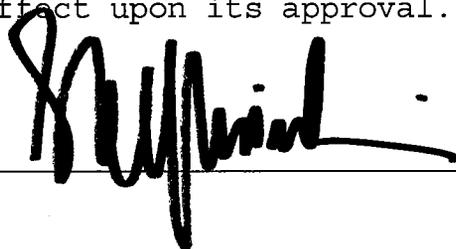
1 Hawaii and the department of education shall make disbursements
 2 for operating expenses from the amounts released by the
 3 comptroller and maintain records and documents necessary to
 4 support those disbursements at times mutually agreed upon by the
 5 university president or the superintendent 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 upon its approval.

19

INTRODUCED BY: _____




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Report Title:

Comptroller; Powers And Duties; Preaudit

Description:

Increases the minimum dollar amount of payments required to be preaudited. Allows rather than requires the comptroller to preaudit all proposed payments of expenditures.

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

