UNIVERSITY OF HAWAI'I SYSTEM LEGISLATIVE TESTIMONY

SB 2677 – RELATING TO COMPTOLLER SUPERVISION OF ACCOUNTS

Testimony Presented Before the
Senate Committee on Education

February 1, 2008 at 1:30pm

by

Howard Todo
Vice President for Budget & Finance/CFO
University of Hawaii System

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Chair Sakamoto, Vice Chair Tokuda, and Members of the Committee:

This bill amends section 40-1 HRS relating to Comptroller supervision of accounts by specifying that the University shall preaudit proposed payments of $10,000 or more. Currently, the University is required to preaudit all proposed payments, while the Comptroller (DAGS) is required to preaudit only payments of $10,000 or more.

Presently, the University's preaudit unit must manually review each and every transaction for legality, propriety, conformity to policies, rules and regulations, and the adequacy of supporting documentation.

This requirement has become increasingly more difficult to comply with due to staffing shortages, resource constraints, and the need to process payments more quickly in order to avoid late payment penalties.

Passage of this bill will allow the University to redesign its preaudit program and use its resources more effectively through the use of risk-based sampling techniques. We believe that by selectively targeting transactions having higher risks of abuse or are more likely to contain errors; a more thorough preaudit review can be achieved thereby reducing the amount of erroneous payments. Targeted transactions may include transactions involving employee payments such as travel, worker's compensation, mileage, vacation transfers, reimbursements, meals as well as payments for professional services contracts and consultants.

The University strongly supports passage of this measure.

Thank you for the opportunity to present testimony.