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DEPARTMENT OF BUDGET AND FISCAL SERVICES
KA 'OIHANA MĀLAMA MO'OHELU A KĀLĀ
CITY AND COUNTY OF HONOLULU

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January 7, 2026

The Honorable Val Okimoto, Chair
and Members
Committee on Budget
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawai'i 96813

Dear Chair Okimoto and Councilmembers:

SUBJECT: Opposition to Bill 77 (2025) – Relating to Budget Execution

The Department of Budget and Fiscal Services (BFS) is opposed to Bill 77 (2025), which requires the Administration to provide specified authorized legislative users with direct access to budget management software systems necessary to enable real-time tracking and monitoring of expenditures pursuant to the operating and capital budget ordinances. We have concerns about safeguarding confidential and private information that is contained in the financial data, accessing real time budget information that would interfere with BFS's executive function, requiring information and data that may be contrary to Charter requirements, and the staff time that will be required to meet the requirements of Bill 77.

Because this proposed measure would authorize the tracking and monitoring of expenditures pursuant to the operating and capital budget ordinances, the authorized legislative users would need direct access to the Financial Production System (FIN) of the City and County of Honolulu's Enterprise Resource Planning System (C2HERPS), not the Budget Management System. If the intent is to access the Budget Management System, that could interfere with BFS's executive function relating to the City's budget, potentially violating the separation of powers doctrine. If the intent is actually to access FIN to monitor expenditures, there is detailed expenditure information in FIN that includes confidential or private information relating to housing project vouchers, Workers' Compensation and non-payroll related reimbursements, and other transactions. The system also contains banking information for all current and prior vendors that the City pays with electronic funds transfer (EFT). This information is

needed in the financial databases to process payments, and is required for financial audits, grant requirements, and financial recordkeeping.

Regarding confidential information, Hawaii Revised Statutes (HRS) Section 92F-19(a) provides:

> (a) No agency may disclose or authorize disclosure of government records to any other agency unless the disclosure is:
> (1) **Necessary for the performance of the requesting agency's duties and functions** and is also:
> (A) Compatible with the purpose for which the information was collected or obtained; or
> (B) Consistent with the conditions or reasonable expectations of use and disclosure under which the information was provided.
> (b) An agency receiving government records pursuant to subsection (a) shall be subject to the same restrictions on disclosure of the records as the originating agency.

Disclosure of the confidential and private information contained in FIN is not necessary for the Council's stated purpose of tracking and monitoring of expenditures. Confidential or private information referenced above should not be disclosed to entities not involved in these functions. Generally, City departments are allowed access only to their own department's data because access is restricted to those who need it for work-related purposes. The provision of access that goes beyond what is strictly required has been an internal control related financial statement finding in prior City single audits, therefore the City has implemented annual user access review to ensure user access rights are commensurate with job responsibilities. In general, departments are allowed access to their own department's information only, and are not allowed the option of a read-only role because that provides system-wide access. We think that due to confidential and private information contained in FIN, the access required by Bill 77 is not commensurate with the job responsibilities of the authorized legislative users.

Moreover, section 9-106 of the Revised Charter of the City and County of Honolulu (RCH) dictates the administration and enforcement of the budget ordinances, and we believe Bill 77 goes beyond the requirements therein. RCH §9-106(2)(a) provides: "[e]xecutive agencies authorized to make expenditures under the executive operating budget ordinance may do so without other authority from the council to incur obligations or make expenditures for proper purposes." BFS already provides expenditure reports (i.e., the BFS Director's Quarterly Report) to Council, therefore, the real time access required by Bill 77 not only goes beyond the authority detailed in 9-106

but is duplicative and unnecessarily burdensome. Please see Departmental Communication No. 331 (2025), BFS Director's Quarterly Report, which already captures the expenditure information and data that is the focus of Bill 77.

Finally, if authorized legislative users have full access to FIN, there would be considerable time spent by both BFS staff and legislative users to train legislative users to correctly interpret the data. Many of the FIN reports are used for the Annual Comprehensive Financial Report (ACFR) and are difficult for non-accountants to understand. Bill 77 would require additional BFS staff time to answer questions asked by legislative users trying to interpret data in these reports. If the legislative users do not correctly interpret the data, they could potentially provide incorrect information to the public during public meetings.

The requirements of Bill 77 go beyond what is needed for the stated purpose of monitoring expenditures, and (1) will result in the unnecessary disclosure of confidential or private information, (2) could interfere with BFS's budgetary executive function (if access to its Budget Management System is required) and potentially violate the separation of powers doctrine, (3) goes beyond the requirements of RCH § 9-106, and (4) would overburden the BFS Accounting and Fiscal Services division, who would be tasked with assisting to interpret the data in FIN reports and answering the users' questions, thereby interfering with their primary responsibilities, including processing payments, monitoring budgets, assisting departments, and performing other essential BFS functions to enable City operations.

If you have any questions, please contact me by telephone at (808) 768-3901 or by email at andy.kawano@honolulu.gov.

Sincerely,

Andrew T. Kawano
Director

APPROVED:

Michael D. Formby, Managing Director
Office of the Managing Director