



**STATE OF HAWAII**  
**DEPARTMENT OF ACCOUNTING**  
**AND GENERAL SERVICES**  
P.O. BOX 119  
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December 16, 2004

MEMORANDUM

TO: Department Heads

FROM: Russ Saito  
Comptroller

SUBJECT: Late Vendor Payment

In a memo dated May 13, 2004 each department was requested to meet the following established goals by the end of December 2004:

Statewide Average Composite Rate	5%
Departments averaging up to 1000 transactions per month	0 to 2%
Departments averaging more than 1000 transactions per month	3 to 5%

In the past two years there has been significant improvement in the reduction of late payments. The total average late payment percentages have declined from 13.26% in FY03 to 8.62% for the first five months of FY05. Congratulations on the progress you have made and please continue your efforts to promptly pay vendors and contractors for the goods and services your department purchases. However, based on the established goal criteria, more than half of the departments have not met their goals. Therefore, this is a reminder that for departments not meeting their

goals, an action plan and a timeline indicating how your department will reduce its late payment percentages is due by December 31, 2004.

The Accounting and Audit Review Committee (AARC) has determined that approximately 93% of all vendor payments are non-contract related. This coupled with the anticipated increase in the use of the pCard is expected to result in a greater rate of reduction in late payments to vendors. Therefore, to enable programs to track trends, the AARC is developing two additional reports 1) illustrating late payments to vendors and 2) illustrating late payments to contractors. These reports will be provided to the Directors at the next Cabinet meeting.