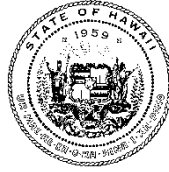


DAVID Y. IGE
GOVERNOR



DOUGLAS MURDOCK
Comptroller

AUDREY HIDANO
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

October 28, 2015

COMPTROLLER'S MEMORANDUM NO. 2015-23

TO: All Department Heads

FROM: Douglas Murdock, Comptroller

SUBJECT: Early Cancellation of 2015 Claims Encumbrances

This is a reminder that all inactive operating funds claims encumbrances recorded as of June 30, 2015 will be cancelled and the related appropriation balances lapsed if the encumbrances have not been expended by the close of December 2015. This early cancellation process is applicable only to operating funds (general, special, federal, revolving, and trust) expended by the executive branch unless otherwise provided by law.

An encumbrance will be considered active and will be automatically extended if it meets all of the following conditions:

1. Last activity date of the encumbrance is after August 1, 2015.
2. Total payment against the encumbrance is more than 50% of the encumbrance.
3. Amount is greater than \$25.00.

Any claims encumbrance not meeting all of the above conditions as of the close of December 2015 will be considered inactive and will be cancelled. The Department of Education is exempt because of carryover provisions authorized by general law.

Encumbrances that are paid by journal vouchers using transaction code 804 will not be automatically extended even if all of the conditions are met. Departments must therefore request an extension for these encumbrances. This is because transaction code 804 is not reflected as an encumbrance expenditure in the accounting records.

Extension requests must also be submitted for federal grant and trust fund encumbrances that do not meet all of the conditions above, but whose conditions of funding prohibit cancellation of the encumbrances. This is because the federal grant and trust agreement takes precedence over the encumbrance cancellation requirement.

Please submit all extension requests to DAGS Accounting Division by December 11, 2015 as follows:

- 1. Departments with attached agencies/divisions should consolidate the information into one request.**
- 2. All encumbrances should be listed in order by fund, appropriation account, document number, and suffix. (See attached sample for the required format.)**
- 3. Approved/disapproved signature sections must also be included in your extension request. (See attached.)**
- 4. Extension requests and encumbrance lists that do not follow instructions in this memorandum will be returned.**

If you have any questions, please call our fund accountants at 586-0639 or 586-0641.

Attachment

**ATTACHMENT TO COMPTROLLER MEMORANDUM 2015-23
EARLY CANCELLATION OF 2015 CLAIMS ENCUMBRANCES**

Required Format for Claims Encumbrance Listing:

<u>Apprn Acct</u>	<u>Document #</u>	<u>Vendor Name</u>	<u>Amount</u>
G-14-001-A	1234-01	Vendor A	5,000.00
G-14-001-A	1243-02	Vendor B	3,000.00
G-14-023-A	2436-01	Vendor C	6,000.00
S-14-212-A	3456-01	Vendor D	3,000.00
S-14-222-A	3566-02	Vendor E	2,000.00
S-14-222-A	3566-03	Vendor E	1,000.00
S-14-223-A	4300-01	Vendor F	4,000.00
T-14-901-A	6544-01	Vendor G	9,000.00

Format for Approved/Disapproved Signature Section:

Approved Disapproved

Wayne M. Horie, Accounting System Administrator

Dated: _____

Approved Disapproved

Douglas Murdock, Comptroller

Dated: _____