

DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
ANNUAL REPORT ON GOALS, OBJECTIVES AND POLICIES

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Program ID/Title: AGS-102/Expenditure Examination

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I. Goal

The primary goal of the program is to ensure that the State's payments conform to established standards of propriety and legality and are made promptly.

II. Objectives and Policies

- A. To ensure that payments conform to existing laws, administrative rules, executive orders, and are proper.
- B. To ensure that payments are made promptly, the program will explore various options that may expedite the payments to contractors, vendors, employees, and third party payees.

III. Action Plan with Timetable

- A. Objective/Policy #1 – The program has determined that knowledge of existing laws, administrative rules, and executive orders is not the standard in all departments due to staffing reductions and retirements.
  - 1. Required Action – The program will update training materials for contract processing.
    - a. Meet with State Procurement Office staff to confirm program's application of the Hawaii Administrative Rules as they pertain to source selection, use of HIePRO, etc.
    - b. Meet with the Department of Attorney General's staff responsible for contracts and contract forms for the purpose of replacing existing Comptroller's Memorandums related to contracts.
    - c. Meet with the Department of Accounting and General Services Administrative staff to determine issues that should be addressed in the updating of the training materials.

2. Required Action – The program will review State and Federal laws for any changes to reporting requirements.
    - a. Determine if Comptroller’s Memorandums need to be issued to inform departments and agencies of any changes to implement any new requirements.
    - b. Determine if changes in reporting requirements involve form revisions to allow for new reporting requirements which would be met by AGS 101 – Accounting System Development and Maintenance Program.
  3. Implementation Timetable
    - a. Past Year Accomplishment – The program has been reviewing problems/issues relating to contract processing. Due to staffing issues, the program has not completed its review.
    - b. One Year – Begin meetings with the Department of the Attorney General’s staff and review the revised contract forms to determine if any changes to contract encumbrance, payment and reporting procedures are required.
    - c. Two Year – Implement any changes that may be required and provide training, as required.
    - d. Five Year – Perform global review of existing contract and vendor payment processing procedures to confirm existing laws, rules, and orders are being complied with and reporting procedures are met.
- B. Objective/Policy #2 – Prompt payment of the State’s contractors, vendors, third party payees, and State employees.
1. Required Actions – The program will continue to maintain five working day turnaround for the State’s contractors and vendors.
    - a. Determine whether current pre-audit procedures need to be revised for any changes impacting the program’s “Objective/Policy #1”.
    - b. Implement any changes in pre-audit procedures that do not negatively impact pre-audit responsibility.
  2. Required Actions – The program will develop policies and procedures to accept electronic invoices. The program will also develop policies and procedures relating to acceptance of electronic signatures on contracts.

- a. Determine how current pre-audit procedures will need to be revised for electronic invoices and electronically signed contracts.
- b. Implement any changes in pre-audit procedures that do not negatively impact pre-audit responsibility.

### 3. Implementation Timetable

- a. Past Year Accomplishments – The ERP project had required the program to review current payroll practices and processes and to review possible impacts to the contract and vendor encumbrance and payment processes.
- b. One Year – Release Comptroller’s Memorandums relating to electronic invoices and electronic signatures on contracts.
- c. Two Year – Continue review and implement any changes resulting from ongoing payroll project and financial system changes.

## IV. Performance Measures

- A. Customer Satisfaction measure – Departmental personnel responsible for contracting and vouchering will be provided clear and consistent guidelines and hopefully reduce frustration from rejected contracts and payments.
- B. Program Standard measure – Number of “Audit Correction Slips” issued after issuance of new policies and procedures.
- C. Cost Effectiveness measure – Timely contract encumbrances and reduction in late interest payments.