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STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

December 3, 2018

COMPTROLLER'S MEMORANDUM NO. 2018-21

TO: All Department Heads
FROM: Roderick K. Becker, Comptroller 
SUBJECT: **Early Cancellation of 2018 Claims Encumbrances**
Negative Response Required

This is a reminder that all inactive operating funds claims encumbrances recorded as of June 30, 2018, will be cancelled and the related appropriation balances lapsed if the encumbrances have not been expended by the close of December 2018. This early cancellation process is applicable only to operating appropriation accounts (general, special, federal, revolving, and trust) with lapse dates of June 30, 2018 and prior.

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, 2018.
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 2018 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.

Departments (except DOE) should submit a response to us regardless of whether an extension is requested. Your response should be sent to DAGS Accounting Division no later than January 7, 2019. See below for guidelines:

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/suffix and **justification**. (See attached sample for the required format.)
3. Approved/disapproved signature sections must also be included in your extension request. (See attached.)
4. **If applicable, submit a memo indicating "No Extension Required"**.
5. 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 586-0637.

Attachment

**ATTACHMENT TO COMPTROLLER MEMORANDUM 2018-21
EARLY CANCELLATION OF 2018 CLAIMS ENCUMBRANCES**

Required Format for Claims Encumbrance Listing:

<u>Apprn Acct</u>	<u>Document #</u>	<u>Vendor Name</u>	<u>Amount</u>	<u>Justification</u>
G-18-001-A	1234-01	Vendor A	5,000.00	Goods received – waiting for invoice
G-18-001-A	1243-02	Vendor B	3,000.00	Travel 05/09/2018 waiting for invoice
G-18-023-A	0G18023A	Vendor C	6,000.00	Vacation Payout
S-18-212-A	3456-01	Vendor D	3,000.00	
S-18-222-A	3566-02	Vendor E	2,000.00	
S-18-222-A	3566-03	Vendor E	1,000.00	
S-18-223-A	4300-01	Vendor F	4,000.00	
T-18-901-A	6544-01	Vendor G	9,000.00	

Format for Approved/Disapproved Signature Section:

Approved Disapproved

Audrey Hidano, Acting Accounting System Administrator

Dated: _____

Approved Disapproved

Roderick K. Becker, Comptroller

Dated: _____