A8.800 Disbursing/Preaudit and Payroll

A8.801 Purpose

To provide uniform procedures for various encumbrance, expenditure and payroll documents as authorized by the Executive Policies Manual.

A8.802 Objectives

a. To furnish procedures, for both new and continuing employees, whereby the day-to-day operations can be made clearer and simpler.

b. To provide a basis for preauditing for compliance with applicable statutes, policies, rules and regulations.

c. To provide a vehicle for changes that must be made in the disbursing preauditing and payroll sections to keep it relevant to changing needs.

A8.803 Definitions

The following definitions are taken from the State of Hawaii Accounting Manual:

a. **Disbursements** — Disbursements include payments to vendors, University personnel and students. The nature of such payments include stipend payments and loans to students, reimbursements of travel expenses to faculty and staff, and payments for services of consultants. Disbursements is also made by means of the imprest checking account and petty cash payments.

b. **Encumbrance** — Obligations in the form of purchase orders, contracts, or other such commitments that do not become liabilities until performance of the conditions stated in the commitment.

c. **Expenditures** — The cost of goods and services, including current operating expenses, capital outlays, and provision for debt retirement not reported as a liability.
of the fund from which retired. All such costs incurred, whether paid of unpaid, are expenditures, but encumbrances are never classified as expenditures.

d. **Fiscal Year** - A twelve-month period ending June 30.

e. **Reimbursement** - Cash or other assets received as a repayment of the cost of work or services performed, or as repayment of other expenditures made for or on behalf of another party.

f. **Requisition** - A written request, usually to the purchasing officer for specified articles or services.

g. **Unliquidated Encumbrances** - Encumbrances that are outstanding and are to be liquidated.

h. **Voucher** - A document that gives evidence to the propriety of a transaction.

i. **Warrant** - A draft for the payment of money, drawn by the State Comptroller upon the Director of Finance, and payable on demand within a specified period.

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**A8.804 Applicability/Responsibilities**

a. Each campus/department is responsible for the execution of these procedures.

b. The Disbursing/Preaudit and Payroll Office is responsible for preauditing, coordinating and processing documents with proper State agencies.

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**A8.805 Guidelines**

a. When a commitment is made to expend University funds at a future date, the total amount committed should be encumbered in the account(s) from which payment is to be made.

b. Funds held in the State accounting system only include Bond, General, Special and Trust funds. On "G", "S", and "T" fund payments, vouchers are forwarded to the State Department of Accounting and General Services for preparation of State checks. Encumbrance for all funds are recorded in the University accounting system (Bond, General, Special, Trust, Federal and Agency.) Checks are
drawn on the University's Bank of Hawaii general checking account when payments are chargeable to "F" or "A" funds.

c. Total commitments should be planned for and encumbered fully in the quarter in which the commitment is initially made; not divided into various periods in which the payments are to be made.

d. Invoices should be submitted for payment together with the Receiving Reports immediately after receipt and matching (if applicable) by the campus/departments. This will eliminate late vendor payments.

e. Disbursements under $25 and $100 (with few exceptions) should be made by means of petty cash and imprest checking account funds respectively.