1000 series

The Standards of Practice covering 1000 Series, Office of Fiscal Services, are still in review — with the exception of the SPs governing the Student Activities Fund, represented by the 1500 series.

In the meantime, this document provides relevant guidance for policies and regulations impacting Fiscal Services.

Please note that the linked materials include relevant Board of Education policies, although some policies and numbers may have changed as a result of the Board's update of its policies.
OFFICE OF FISCAL SERVICES
Standard Practices Series 1000

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SP 1000: Office of Fiscal Services; Overview of

1. **Purpose**
   To provide an overview of this SP Manual.

2. **Effective**
   Immediately.

3. **Applies to**
   Users of SPs (teachers, administrators, personnel in the Office of Fiscal Services, and other DOE employees).

4. **Mission**
   Personnel in the Office of Fiscal Services will provide “customer service”-oriented financial expertise and timely, accurate information to internal and external customers in order to ensure transparency, sound fiscal management, and accountability at all levels of the DOE—from the schools to the state office.

5. **Vision**
   The Office of Fiscal Services personnel will be exemplary stewards of all our resources to earn and maintain the public trust for effective use of state and federal taxpayer funds and donor resources to improve student achievement.

6. **“Our Pledge”**
   - We will process financial transactions with accuracy, integrity, and sense of urgency to meet our customers’ needs.
   - We will report timely, accurate results to our stakeholders.
   - We will conduct our business ethically and be responsible for our actions and behavior, with respect for each other and all stakeholders.
   - We will be technologically proficient and seek ways to continually improve our processes and methods of conducting business to create a productive and efficient work environment.
   - We will partner with our internal and external customers to add value through financial analyses and pro-active solutions rather than just being the “accounting police.”
   - We will strive to make the DOE the preferred-employer department within state government by providing opportunities for career development, a challenging work environment, and a safe workplace that result in employee satisfaction and well being.

7. **Organization**
   A. The Office of Fiscal Services is led by an Assistant Superintendent, who also serves as the DOE’s Chief Financial Officer (CFO). The Office includes the Administrative Services Branch (including accounting, vendor payment, payroll, inventory, and school support services), the Budget Branch (including budget preparation and budget execution), the Procurement & Contracts Branch, and the Internal Audit Section. See Reference (i), Organization of Office of Fiscal Services
B. **Budget Branch**: The Budget Branch prepares and executes the DOE’s operating budget. It consists of two sections:
   1) **Budget Preparation Section** – Administers the preparation, development and documentation of the DOE’s biennial and supplemental operating budgets.
   2) **Budget Execution Section** – Administers the implementation of the DOE’s operating budget, monitors adherence to policies and procedures, and makes adjustments to meet anticipated needs or restrictions.

C. **Procurement and Contracts Branch**: The Procurement and Contracts Branch provides procurement and contract guidance and assistance to personnel in all levels of the DOE regarding the procurement of goods and supplies, professional services, construction-related services, and health and human services. The Branch drafts contract agreements, reviews non-standard internal/external agreements, and coordinates the approval of these agreements with the attorney general’s office. This Branch consists of two sections:
   1) **Procurement Section** – Provides departmental procurement direction, oversight and expertise in compliance with the procurement code.
   2) **School-Based Behavioral Health Services Section** – Performs management support and fiscal support services to the Complex Areas in the delivery of school-based behavioral health services to children eligible for such services through IDEIA and Section 504.

D. **Administrative Services Branch**: The Administrative Services Branch provides accounting, payroll, vendor payment, fixed-assets inventory, and business-related operational support in the public school system. The Administrative Branch consists of three sections:
   1) **Accounting Section** – Administers and accounts for all funds, expenditures, and financial commitments incurred by the DOE through a centralized accounting system, in conformance with the state comptroller’s rules and regulations;
   2) **Operations Section** – Administers and performs the DOE’s payroll, vendor payment, and inventory functions; and
   3) **School Support Section** – Supports and assists the schools, complex areas, and state offices in business-related matters.

E. **Internal Audit Section**: The Internal Audit section conducts examinations and evaluations of the DOE’s fiscal activities and coordinates all external and internal audits. The internal auditor provides information as to the adequacy and effectiveness of the DOE’s system of internal controls. In addition, the Internal Auditor serves as the Superintendent’s liaison with external CPA firm auditors and audit sections of other governmental agencies (federal and state).

8. **SP Maintenance Responsibility**
   The Assistant Superintendent/Chief Financial Officer in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone.
References, Resources, and Forms
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Frequently Asked Questions (FAQ) for SP 1000
(b) OFS Organization Chart
(c) OFS Functional Statement

SP 1101: Position Control Procedures
Non-WSF Programs

1. Purpose
To ensure that the number of positions established does not exceed the number of authorized positions for each Program ID.

2. Effective
Immediately.

3. Applies to
Assistant Superintendents, Directors in the Superintendent’s Office, Complex Area Superintendents.

4. Authorized Positions
A. Authorization of positions funded by non-WSF Program IDs is the legislative appropriations act.
B. Adjustments to positions (such as adding a temporary position by moving Character “A1” or “B” funds to Character “A”) can be made if approved in writing by the Superintendent or designee per HRS, Section 302A-1116. Such authorization is only valid until June 30th of the fiscal year in which the approval was obtained.
C. If a temporary position, created with the approval of the Superintendent or designee, is to be extended to the following fiscal year, the approval must be obtained in writing before the new fiscal year.

5. Position Control for Certificated Positions Funded by Non-WSF Programs
A. For position control issues related to certificated positions, please contact OHR.

6. Position Control for Classified/SSP Positions Funded by Non-WSF Programs
A. The Legislative Appropriations Act sets the ceiling for permanent and temporary full time equivalent (FTE) positions for each Program ID. The allocation of positions for the upcoming fiscal year is reflected in each Program ID’s initial allocation document which is issued around summer by the Budget Execution Section.
B. Programs may request to establish new positions up to the allocation ceiling by submitting DOE-v1a forms to the Budget Preparation Section.
C. A program must obtain the Superintendent’s or designee’s approval in writing to establish a temporary position(s) that is in excess of the allocation ceiling. After the approval is obtained, the program may submit a DOE-v1a form to the Budget Preparation Section to establish a new position, attaching a copy of the approval document(s) to the DOE-v1a. If a transfer of funds between Characters (i.e.
moving funds from Character B to Character A) is required to fund the new
temporary position the school or office must initiate a request to transfer funds to
be approved by the Superintendent or designee. After approval is granted, the
Budget Execution section will generate a subsequent allocation notice
documenting the transfer of funds.

D. A program may establish a position with a different occupational group code than
what that position was allocated as. However, approval of the Superintendent
may be required if this change will also mean a change in bargaining unit for the
position (i.e. establishing a clerk typist with an FTE that was allocated as a bus
driver), or if a certificated position will be established when a classified/SSP FTE
is allocated. Please consult with OHR if these types of changes will be
requested. If these changes result in changes to the offices’ organizational
charts, the charts must be updated by coordinating with OHR.

E. A DOE-v1 must be submitted to the Budget Preparation Section to make
changes to the Uniform Accounting Code (UAC) for established classified and/or
SSP positions.

F. A DOE-v1 must be submitted to the Budget Preparation Section to abolish an
established classified/SSP position.

7. SP Maintenance Responsibility
The Budget Director in the Office of Fiscal Services is responsible for maintenance,
administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) reference page for this SP may provide
standard responses to common questions. Please review this resource before inquiring
via telephone.

8. References, Resources, and Forms
The following resources may provide access to statutory, policy, and contractual
authorities; and closely related SPs, procedures, and forms.
(a) HRS, Section 302A-1116, Authority for the DOE to create temporary positions
(b) HRS, Section 37-0074, Authority for the Superintendent to approve transfer of
funds among cost categories (Characters of Expenditure)

SP 1102: FMS Reports; School/Offices

1. Purpose
To describe the purpose of the various FMS reports that are designed to help schools
and offices monitor their accounts.

2. Effective
Immediately.

3. Applies to
All Schools and Offices.

4. Background
Various FMS reports are available to assist schools and offices either in WINFMS, on
the FMS website, or hardcopy. These reports are designed in different formats to
provide users with detailed information based on their needs. WINFMS reports reflect
real time balances that are updated as soon as financial adjustments are posted in FMS. These reports can be printed on demand. FMS website reports are monthly and/or cumulative that provide financial information through the end of a particular month. These reports can be found at the FMS website under “DOE School/Office Reports” or “DOE Grant Managers Reports” and can be searched, viewed on-line, printed, or worked with in Excel/Word documents. Only payroll reports are provided to schools and offices in hard copy. This is because they contain confidential personal information.

5. **Allotment Reports**

Allotment reports are designed to help users monitor their encumbrances, expenditures, and allotment balances. These reports provide a detailed listing of transactions that affect the schools or offices available allotment balances. Federal, general, and special funds have allotment balances that can be found in these reports.

- **DAFM482 – Allotment Status for all Prog IDs (WINFMS)**
  This report lists the user’s Program IDs with allotments. Payroll (character 10 and 11) and other (character 20) allotments, expenditures, encumbrances, and available allotment balances are provided for each Program ID. This report helps users to monitor their Program IDs and can be used to identify deficits.

- **DAFM437 – Allotment Status for Specific Prog ID (WINFMS)**
  This report lists all of the user’s Organization IDs which includes sub-Organization IDs for a specific Program ID. Payroll (character 10 and 11) and other (character 20) allotments, expenditures, encumbrances, and available allotment balances are provided for each Organization ID. This report is categorized by character (10, 11, or 20) and by BFY.

- **DAFM438 – Allotment Status for Specific Org ID (WINFMS)**
  This report lists all of the user’s Program IDs for a specific Organization ID which includes Sub-Organization IDs. Payroll (character 10 and 11) and other (character 20) allotments, expenditures, encumbrances, and available allotment balances are provided for each Organization ID. This report is categorized by character (10, 11, or 20) and by BFY.

- **The DAFX4480-A – Allotment Control Status for School Level by Prog ID and Org ID (DOE School/Office Reports website)**
  This report provides the same information as the WINFMS DAFM482; however, it is a monthly versus real time report. This report provides monthly payroll (character 10 and 11) and other (character 20) allotments, expenditures, encumbrances, and available allotment balances are provided for each Program ID. This report also helps users to monitor their Program IDs and can be used to identify deficits.

- **The DAFR4470 – School/Unit Allotment Register (DOE School/Office Reports website)**
  This report provides detailed information only for other (character 20) expenditures. This report combines the allotments, encumbrances, payments, and direct payments onto one report to show the calculation of the available allotment balance for an Organization ID/Program ID account. The Approval to Pay (ATP) report number and the check number for a specific purchase order payment can also be found on this report. This report is divided into current year and prior year. The current year
report shows encumbrances, payments, and direct payments that were created during the current fiscal year. The prior year report shows encumbrances, payments, and direct payments that were created during the current fiscal year for carryover Program IDs. This report also shows payments for purchase orders or contracts that were encumbered and still outstanding as of the end of the prior fiscal year.

6. **Cash Reports**

Cash reports are designed to help users monitor their encumbrances, expenditures, and cash balances. These reports provide a detailed listing of transactions that affect the schools or offices available cash balances. Special and trust funds have cash balances that can be found in these reports.

- **The DAFM484 – Cash Status for all Prog IDs (WINFMS)**
  This report provides summary information for the user’s Program IDs with cash balances. Payroll (character 10 and 11) and other (character 20) allotments, expenditures, encumbrances, and available cash balances are provided for each Program ID. This report helps users to monitor their Program IDs and can be used to identify deficits.

- **The DAFMR451 – School/Unit Cash Control Register (DOE School/Office Reports website)**
  This report provides detailed information on a monthly basis as compared to the WINFMS DAFM484 which is a real time report. Payroll (character 10 and 11) and other (character 20) allotments, expenditures, encumbrances, and available cash balances are provided for each Program ID. This report also helps users to monitor their Program IDs and can be used to identify deficits.

7. **Expenditure Reports**

Expenditure reports are designed to help users monitor their expenditures by Object code. These reports provide a detailed listing of expenditures and encumbrances that affect the available allotment balances for schools or offices. Federal, general, special, and trust funds have allotment balances for Characters 11 and 20 that can be found in these reports. These reports show expenditures for salaries. For general funds, the salary allotments are in the central salary account, so school reports do not include allotments for character 10. Therefore, although the reports appear to show a deficit for Object codes in character 10, the Allotment Status reports should be used to monitor for deficits. The receipts for special and trust funds are not shown on these reports, therefore the Cash Control reports should be used to monitor for deficits in special and trust funds.

- **The DAFR 385A – Expenditure Status by Program – School View by Program ID (DOE School/Office Reports website)**
  This report provides the schools or offices with encumbrances, expenditures, and allotment balances by object code for each Program ID. The schools or offices can refer to this report when planning for the expenditures for the following fiscal year.

- **The DAFR 385B – Expenditure Status for Program Managers (DOE Grant Managers Reports website)**
This report helps program managers monitor their program(s). This report provides financial information for all of the schools that received funding for a particular program. It also helps to ensure that the funds are being expended appropriately and supports the various objectives of the program. The financial information on this report is sorted by grant #, BFY, fund, appropriation, and Program ID which is then sorted by school(s) within each district. The expenditures for each school are categorized by payroll (character 10 and 11) and other (character 20) object codes.

8. **Payroll Reports**

Payroll reports are designed to help users monitor expenditures that are not posted to central salary. These reports provide payroll expenditure information for federal, general, special, and trust funds on a monthly or cumulative basis.

- **DAFMZ032 – Payroll Detail Transaction Report (Hardcopy)**
  This report is a monthly, non-cumulative report that provides payroll detail for programs not charged to central salary. Character 10 (salaried payroll) and/or character 11 (hourly payroll) expenditures are listed with payroll date, last four digits of the social security number, payroll number, and Batch ID. Expenditures are categorized by Program ID first and then object code. This report is only available to schools and offices in hard copy because of the sensitive nature of its contents. Besides payroll expenditures, this report also shows payroll adjustments that have been processed through an FMS-AC4.

- **DAFR 385B – Expenditure Status for Program Managers (DOE School/Office Reports website)**
  This can be used to provide this information, but it will be categorized by character 10 and 11 object codes. Also, this report does not provide the sensitive type of information that can be found on the DAFMZ032. This report is available on a monthly basis and can be found at the FMS website under “DOE Grant Managers Report.”

9. **Adjustments**

The reports that include journal voucher (JV) and other adjustments are designed to help users view the adjustments that have been made to their accounts. These reports provide adjustment information for federal, general, special, and trust funds on a monthly or cumulative basis.

- **Most Current AC4 Report (DOE School/Office Reports website)**
  This report lists all FMS-AC4 adjustments that have been processed by the Accounting Section, Information System Services Branch, or mass JVs (i.e. automated General Fund Carryover Program). This report is organized by district office, Organization ID, BFY, fund, appropriation, and Program ID.

- **DAFMZ011 – JV/Adjustment List (DOE School/Office Reports website)**
  This report provides a detailed listing of the JVs entered by the Accounting Section and other adjustments (cash, allotment, etc.) entered by the schools and offices during the fiscal year.
10. **FMS Web Report Tools**
The FMS website reports usually consist of an index frame on the left and a report data frame on the right. To search the index frame you must click within the index frame first. In Internet Explorer press Ctrl-F or select Edit from the menu and then Find. Type in the text you are looking for and then click on the "Find Next" button. The text in the index frame will be highlighted if it is found. Click on the found text to be taken to your section of the report.

Below are brief explanations for the web report tools icons:

- "Work With" Button. This button opens the FMS website report in a separate window. Inside this window, highlight the section you want to print then select File, Print. In the Print window click on Selection under the Print Range section then click on OK.

- "Print" Button. This button allows the schools and offices to print within the report data frame which will be printed in landscape mode. The right side of the report will not be cut off and the report headings will be at the top of each page. Each school/office is contained within a single frame wherever. In some instances, it may be a very large report, but the print program will let you know how many pages will be printed before printing.

- "Search" Button. If this is the first time you have tried out the search feature you will be warned by your browser that a plug-in or ActiveX control has been requested. You will be taken through a set of dialog boxes asking if it is OK to install the software from Forest Computer. Then you will be able to type your search criteria in the "Look for:" box and then click the "Find Now" button.

Additional functions that are available in the "Search Results" window are listed below.

- Flags to select one or more pages for the "Print" or "Work With" operation. If you click on the "Print" button all of the selected pages will be printed. If you select "Work With" all of the selected pages will be brought into an edit window. You can then edit and/or print part or all of the report.

- "Print" and "Work With" buttons operate on selected pages (select them by clicking on the flag to the left of the page). These buttons will be active as soon as you click on the flag for one or more pages.

- Dynamically change font size of search results in "List View" or "Browse".

- Select or Deselect all pages

- Page through results or go to first or last page.

- Go forward or backward to each search occurrence within the current page.
11. **SP Maintenance Responsibility**
The Accounting Section in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) for this SP may provide standard responses to common questions. Please review the FAQ section below before inquiring via telephone.

**Frequently Asked Questions (FAQ)**

(1) **Q:** Is there a guide available that provides an overview on how to use the various FMS reports? If so, where is it located?
   **A:** There is a guide that provides an overview of the FMS reports which is located on the FMS website (http://fms.k12.hi.us/fmsreportsguide/). This guide will provide general information for all schools and state offices on how to use the various FMS reports.

(2) **Q:** How do I print out an FMS report from WINFMS?
   **A:** There is a guide on the FMS website that provides a walk through on how to print out FMS reports from WINFMS (http://ists.k12.hi.us/fms2/).

(3) **Q:** What do I do if there is a payroll deficit in one of the Program IDs?
   **A:** If this is a payroll deficit, you will need to look at the DAFMZ032 (Payroll Detail Transaction Report) to determine if payroll is being erroneously charged to this Program ID. Please refer to Section #8 for further information on how to use this report. Once the error is identified, an FMS-AC4 with appropriate supporting documentation will need to be submitted to the Accounting Section to correct the error. Please refer to the SP on Error Corrections for further information.

(4) **Q:** When I printed out the DAFM484 (Cash Status) from WINFMS, there is an expenditure credit for one of the Program IDs. How did this occur and do I need to correct this?
   **A:** You will need to look at the DAFMR451 (School/Unit Cash Control Register) for detailed information regarding this Program ID. Please refer to Section #6 for further information. If the expenditure credit is caused by an erroneously deposited cash receipt, an FMS-AC4 with appropriate supporting documentation will need to be submitted to the Accounting Section. Please refer to the SP on Error Corrections for further information.

(5) **Q:** When I printed out the DAFM482 (Allotment Status for all Prog IDs) from WINFMS, I thought I paid all of the encumbrances for one of the Program IDs?
   **A:** If there is an encumbrance balance even though you thought that all of it was paid for, you will need to look at the DAFR4470 (School/Unit Allotment Register). Please refer to Section #5 for further information. Once the encumbrances are identified, they will need to either be paid or liquidated.

(6) **Q:** How do I print out an FMS report under “DOE School/Office Reports” at the FMS website?
A: You will need to click on the printer icon on the upper left corner of the FMS report. Then you will be able to print the selected page(s) of the FMS report that you need to use. Please refer to Section #10 for further information.

(7) Q: How can I find out if the schools are expending the funds that they have received?
A: The Grant Manager’s Report (DAFR 385B – Expenditure Status for Program Managers) provides financial information for all schools that received funding for a particular program. Please refer to Section #8 for further information.

(8) Q: The DAFMZ032 (Payroll Detail Transaction Report) provides payroll details on a monthly, non-cumulative basis. Is there a report that provides cumulative payroll information?
A: The Grant Manager’s Report (DAFR 385B – Expenditure Status for Program Managers) can provide cumulative payroll expenditures based on character 10 and 11 object codes. However, this report will not provide you with specific information that the DAFMZ032 will provide like the last four digits of the Social Security Number. Please refer to Section #7 and 8 for further information.

12. References, Resources, and Forms
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

FMS Reports
a) The FMS reports that are available for schools and offices to use are located on the FMS website. Please refer to the following link (http://fms-reports.k12.hi.us/school-reports.htm).

Grant Managers Report
b) The Grant Managers report is located at (http://fms-reports.k12.hi.us/grant-reports.htm).

FMS Reports Guide
c) The FMS reports guide is located at http://fms.k12.hi.us/fmsreportsguide/.

WINFMS Report Guide
d) The WINFMS reports guide is located at (http://ists.k12.hi.us/fms2/).

SP 1103: FMS Reports; Monitoring by Program Managers

1. Purpose
To provide helpful tools in monitoring grant awards. This SP is written specifically for grant awards received from the Federal Government.

2. Effective
Immediately.
3. **Applies to**  
Department of Education (DOE) State, Complex Area, and District Program Managers and Accountants.

4. **Background**  
The Program Manager is responsible in monitoring the overall financial as well as programmatic requirements of a grant. The funds must be expended in accordance with approved grant application and budget. Compliance with applicable statutes, provisions, regulations and guidelines should be strictly enforced. The Financial Management System (FMS) User Policy and Process Flow Guide is another tool to help program managers monitor the expenditure of funds.

5. **The Grant Award**  
The grant application and budget, supporting documents and write up submitted in support of the approved grant application determines how to use the funds.

The grant award notification provides certain requirements including the budget and performance period when the funds will be used, the authorized amount of the grant, matching requirements, terms and conditions, and other provisions specified by the grantor (See Grant Award Notification and explanation of Blocks for more information).

6. **Program ID/Grant No/FY**  
When a new grant is received, a program identification (Program ID) and grant number with the fiscal year are assigned by Accounting Section (Refer to SP 1101 – FMS Codes). The Program ID will be used by recipients of the grant to credit allotment and charge expenditures. The grant number and fiscal year maintains records of all expenditures, contract encumbrances, claims encumbrances and revenue.

The Program Manager prepares an expenditure plan to distribute the funds to school/units. This plan is submitted to Budget Office for allocation (Refer to SP 1604 - Budget Execution Process for more information on this subject). Once the schools/units receive their allocation, they prepare and enter their own expenditure plans in the budget system. An interface is done between Budget System and the Financial Management System (FMS) creating an allocation in the latter.

7. **Expenditure Monitoring**  
Monitoring of expenditures is just as important as obtaining the grant award. The Program Manager should always be in control of where and when the funds are expended. Proper monitoring prevents lapsing of funds and ensures appropriate and timely expenditures of funds that support project objectives.

8. **Tools in Monitoring**  
There are various tools in monitoring expenditures whether hard copy reports, live view of FMS data or downloads from the internet. Some reports can be viewed or printed on line by central accountants, user support technicians, complex area program managers, and district program managers, to get the most current status of the account.

The following FMS reports are available every month and can be downloaded from the following FMS website address (Refer to “How to View FMS Reports on the Web http://fms.k12.hi.us/fmsreports/).
http://fms-reports.k12.hi.us/school-reports.htm

a. DAFR385A Expenditure Status By Program – School View by Program ID – Current and Claims.
b. DAFR4470 School Unit Allotment Register
c. DAFMR451 School Unit Cash Control Register
d. DAFMZ011 Journal Voucher (JV) Adjustment List
e. DAFMC015 Posted Purchase Order Log

http://fms-reports.k12.hi.us/accounting-reports.htm

a. DAFR3811 Expenditure Status by Program ID – District Office View
b. DAFR3831 Expenditure Status by Program ID – Department Wide View
c. DAFR385B Expenditure Status for Program Managers – Current and Claims.
d. DAFR385C Expenditure Status for District Program Managers

Helpful hints on how to use the reports are available through this website:

http://fms-reports.k12.hi.us/fmsreportsguide/

9. Perusing the Reports
Negative amounts whether expenditure, encumbrances or account balance should always raise a red flag when browsing an FMS report. The expenditure or encumbrance becomes negative when an incorrect credit adjustment is made; a negative account balance is the result of over-expending the allotment, incorrect charge, or the fund may still be sitting in the Budget System.

Unusually big account balances should also be a concern for Program Managers especially when the grant is nearing the lapse date.

10. Identifying the Problems
The Program Manager identifies the school/unit with deficits by going through the DAFR 385B report. This report provides the grant/fiscal year and Program ID by school/office and the status of the account. The grant/fiscal year determines when the will grant lapse, therefore, it is necessary to check where the funds come from. The lapse date can also be verified per the allocation notice.

The Program Manager should be able to view print the most current allotment status of a Program ID in FMS. This will facilitate immediate resolution of deficits. The problem should be relayed to the school/office if it cannot be resolved by the Program Manager.

The school/office will examine the account in deficit and initiate corrective actions. Refer to SP 1102 – FMS Reports; School/Offices and/or SP 1105 – School/Office/Program FMS Error Corrections)

Unresolved deficits may result in locking out other school/office from paying bills or encumbering purchase orders because the grant ceiling may have been overspent.
11. **SP Maintenance Responsibility**
The Accounting Section in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

12. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

(a) Frequently Asked Questions (FAQ) for SP 1103.
   Q: Who is responsible in correcting an erroneous charge to a school/office?
   A: The school/office where the incorrect charge was made should initiate the correction by completing and submitting the Form AC4 "Request For Change of Accounting Codes and/or Amounts"

(b) US Education Department General Administrative Regulations (EDGAR)  

(c) FMS User Policy and Process Flow Guide

(d) SP 1101 – FMS Codes

(e) SP 1604 – Budget Execution Process

(f) SP 1102 – FMS Reports; School/Offices

(g) SP 1105 – School/Office/Program FMS Expenditure Error Corrections

(h) Form AC-4, Request For Change of Accounting and/or Amounts  

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**SP 1104: FMS Processing Schedule**

1. **Purpose**
   To outline the Financial Management System (FMS) and Budget plans and processing requirements for the end of the current fiscal year and the start of the new school fiscal year.

2. **Effective**
   Immediately.

3. **Applies to**
   All State, complex area, district offices and schools.

4. **Background**
   The FMS/Budget processing schedule identifies key dates as we close the current fiscal year and start the new fiscal year.

5. **Processing Schedule**
   The FMS processing schedule can be found on the FMS website (http://fms.k12.hi.us/) under the FMS Year-End Close Information section.

   The FMS/Budget processing schedule establishes the following key deadlines:
- Planned budget carryovers to become available.
- First and last days to post purchase orders, pay purchase orders and make direct payments using current and carryover funds.
- Form FMS AC-4 deadlines for the first and second half of the year.
- Form BUD-3 deadlines for Budget System.
- Planned carryover transfer program.
- When FMS will temporarily close for year-end processing.
- Identifies the new purchase order prefixes for the new fiscal year.

Also refer to the following:
- SP 1105 – Error Corrections for details and instructions on AC4.
- Budget Branch Standard Practices at SP 1600s.

6. **SP Maintenance Responsibility**
The Accounting Section in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

7. **References, Resources, and Forms**
FMS processing schedule: [http://fms.k12.hi.us](http://fms.k12.hi.us)

**SP 1105: FMS Corrections to Accounting Codes and/or Amounts**

1. **Purpose**
   To provide instructions for requesting corrections or changes related to revenue and expenditure transactions posted in Financial Management System (FMS).

2. **Effective**
   Immediately.

3. ** Applies to**
   All DOE offices and schools.

4. **Background**
   Schools/offices may make corrections/changes to revenue and expenditure transactions posted in FMS. For example, changes may be made to the following transaction detail: Organization ID, Program ID, Object Code, Budget Fiscal Year (BFY), Source Code, and/or Amount. To request this change, schools/offices should complete a Form FMS-AC4, Request for Change of Accounting Codes and/or Amounts. The FMS-AC4 should be sent to DOE Accounting Section with appropriate supporting documentation. DOE Accounting will process the FMS-AC4 by posting a correcting journal voucher (JV) to FMS.

5. **Completing FMS-AC4**
The FMS-AC4 and related instructions to complete the Form is provided below at Section 11 - References, Resources and Forms.
A few important notes regarding the FMS-AC4:

- Form FMS-AC4s should not be used to clear deficits unless they were caused by legitimate errors. Examples of legitimate errors include using an erroneous Program ID to purchase supplies or equipment, or an erroneous Organization ID or Program ID to incur substitute teacher charges.
- Error corrections must be processed timely. Refer to Section 9 below for deadlines.
- There is no dollar threshold amount for processing a Form FMS-AC4
  
  Q: Can error corrections be processed for errors that were made in a prior fiscal year?
  
  A: No. Error corrections need to be corrected in the fiscal year in which the errors occur. Refer to the Deadlines section below.

Q: Is there a dollar threshold amount for processing FMS-AC4s?
A: No. There is no dollar threshold amount for processing a Form FMS-AC4.

6. **Acceptable Supporting Documentation**

The type of supporting documentation that should be submitted with the FMS-AC4 depends on the type of correction/change that is being requested, such as follows:

**Payroll Expenditures (Character 10):**
- Payroll Detail Transaction Report (DAFMZ032), or
- Principal Report
  AND
- Form 5, Personal Action Form

**Payroll Expenditures (Character 11):**
- Payroll Detail Transaction Report (DAFMZ032), or
- Principal Report

**Non-Payroll Expenditures (Character 20):**
- Approval To Pay Report (ATP), or
- DAFR447, School/Unit Allotment Register, or
- ERFP100-C, P-Card Transactions Posted Report

**Revenue Receipts:**
- Collection Activity Report (CAR), or
- Treasury Deposit Receipt (TDR), or
- DAFMR451, School/Unit Cash Control Register

**Cash Transfer:**
- DAFMR451, School/Unit Cash Control Register
- Formal memo/letter initiating or authorizing the cash transfer and/or calculation of cash transfer amounts (if applicable)

7. **Submission Process**

One copy of the FMS-AC4 should be submitted to DOE Accounting Section via intra-departmental mail. A second copy should be maintained by the school/office as a suspense copy until the “validated” FMS-AC4 is returned.
For rush requests, the FMS-AC4 may be faxed to DOE Accounting Section @ (808) 586-3374. Rush request should be only be used in extreme cases such as to prevent the lapsing of funds.

**Please do not submit the FMS-AC4 more than once. Submitting duplicate forms may result in double-postings.**

8. **Completion Process**
   After DOE Accounting processes the FMS-AC4, the Accountant will write the DOE Journal Voucher (JV) number on the bottom of the FMS-AC4, and send a copy of the processed or “validated” FMS-AC4 back to the school/office.

   Schools/offices should review the processed or “validated” FMS-AC4 against what was posted on FMS to verify the correction/change was posted properly. Schools/offices can see the FMS-AC4s transactions posted in FMS in the current fiscal year at the “Most Current AC4 Report” link at the FMS website: http://fms-reports.k12.hi.us/school-reports.htm.

   Schools/offices should keep on file a copy of the processed FMS-AC4 for their records.

9. **Deadlines**
   There are two deadlines during each fiscal year to submit Form FMS-AC4s—the mid-year close for July – Dec transactions and year-end close for January – June transactions. For further information regarding the deadlines, please refer to SP 1104 - FMS Processing Schedule.

   **Please be mindful of the deadline schedules. FMS-AC4 corrections/changes cannot be posted for the period after the deadlines have passed.**

10. **SP Maintenance Responsibility**
    The Accounting Section in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

11. **References, Resources, and Forms**
    The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
    (a) Form FMS-AC4, Request for Change of Accounting Codes and/or Amount
    (b) Instructions for Form FMS-AC4

**SP 1106: Revenue/Cash Receipt Collections**

1. **Purpose**
   To describe the Department’s revenue/cash receipts processes.

2. **Effective**
   Immediately.

3. **Applies to**
   All State, District and school level personnel responsible for revenue/cash collections.
4. **Background Information**
Revenue/cash receipt collections include any monies collected by a school or office. Monies collected fall into two major groups.

- **Non-Appropriated Funds** (also known as Local School Funds or “LSF”)
  Monies collected from and for students which do not require deposit into the State Treasury pursuant to HRS section 302A-1130. Examples include: class dues, student association dues, yearbook, newspaper, school club dues, money-raising funds, and excursions.

- **Appropriated Funds**
  Monies collected for the following:
  - Central Checking (used for collections of items not falling within the other appropriated funds categories, such as: use of facilities fees, summer school, adult education, athletic events, lost textbooks/equipment, returned check fees, donations)
  - School Lunch
  - Student Transportation
  - A-Plus Program

*This SP 1106 covers appropriated fund collections only. Please refer to SP 1120 for more information on LSF Funds.*

5. **Billings**
Schools and offices are responsible for billing and collecting amounts due from individuals and organizations which are due to the DOE or State.

**DOE Billing Collection Forms**
- Form 440A, Bill for Lost Textbooks → Used for charges/fees related to lost textbooks.
- Form 440B, Outstanding School Obligation → Used for various charges/fees.
- A404, Form 99, Bill for Collection → Used to bill external organizations or individuals.

6. **Deposits from Schools**
   **Ordering Deposit Slips**
Deposit slips for all appropriated fund checking accounts must be ordered through DOE Accounting. The DOE uses special micro-encoded deposit slips to route deposits to the appropriate checking account and org code (i.e. school).

**IMPORTANT: DO NOT USE PHOTOCOPIES OF DEPOSIT SLIPS TO MAKE BANK DEPOSITS. BANK SCANNERS ARE UNABLE TO READ THE MICRO-ENCODED ACCOUNT NUMBERS FROM PHOTOCOPIES. USING PHOTOCOPIES WILL CAUSE ERRORS AND DELAYS.**

Each school is responsible for maintaining a sufficient supply of deposit slips. Re-orders should be done timely. Orders take a minimum of 10 business days to be received from
the day the order is placed. Deposit slip order forms can be found on the FMS website. Forms should be faxed to DOE Accounting at 586-3374.

Schools should verify all micro-encoded data on the bottom of the deposit slips when received. The deposit slips should have the org code, bank routing number, and checking account number. Do not use incorrect deposit slips or make manual corrections, instead call DOE Accounting at 586-3371.

**Checking Accounts**
The checking account numbers for the four appropriated fund accounts are:
- Central Checking Account #0001-075160
- School Lunch Collection Account #0001-063367
- Student Transportation Account #0002-374161
- A-Plus Program Account #0003-414680

**Preparing and Processing Deposit Slips**
At least three (3) deposit slips should be prepared for each deposit. One (1) copy should be retained by the school as a suspense copy until the deposit is validated. The other two (2) copies should be sent to the bank for validation.

After the bank validates the deposit slips, the bank will retain one copy, and the remaining copy should be retained by the school. Schools may prepare additional deposit slips for validation or recordkeeping as necessary.

**Deposit Transaction Limits**
Schools are limited to ten (10) deposit transactions per day per checking account. Any deposits above this limit will cause errors and delays.

**Other**
See Sections 9 – 11 for more information on deposits from Schools.

7. **Deposits from Offices**
A Treasury Deposit Receipt (“TDR”), SAFORM B-13 4P, should be used by DOE offices to process revenue/cash collections.

**Accessing the TDR**
Offices can access the most recent version of the TDR on the State of Hawaii Forms website: http://www.state.hi.us/forms/, via the “View Internal Forms in the Database” link. The TDR must be completed on the computer and printed out on specific NCR paper which can be obtained from DOE Accounting.

**Preparing and Processing the TDR**
Instructions on how to work with and print out the TDR can be found on the State of Hawaii Forms website.
Instructions on how to complete the TDR are as follows:

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUND</td>
<td>Enter full name of fund type (i.e. &quot;General&quot;, &quot;Special&quot; or &quot;Trust&quot;)</td>
</tr>
<tr>
<td>FUND OR APPROPRIATION</td>
<td>Enter descriptive title of appropriation (i.e. OCISS – Advanced Technology Research) or school name</td>
</tr>
<tr>
<td>DETAIL DATE</td>
<td>Enter current date in following format “XX/XX/YYYY”</td>
</tr>
<tr>
<td>SFX</td>
<td>Enter consecutive line number beginning with “01”</td>
</tr>
<tr>
<td>TC</td>
<td>Enter transaction code “011” for revenue receipts (i.e. fees, donations, grants, etc.)</td>
</tr>
<tr>
<td></td>
<td>Enter transaction code “122” for expenditure reimbursements</td>
</tr>
<tr>
<td>F</td>
<td>Enter first letter of the Fund type (i.e. “G”, “S”, “T”)</td>
</tr>
<tr>
<td>YR</td>
<td>Enter last two digits of current fiscal year (i.e. “11” for 2011)</td>
</tr>
<tr>
<td>APP</td>
<td>Enter three digit appropriation code (refer to FMS website for listing). Appropriation code should be applicable/related to the program code (PROJECT NUMBER).</td>
</tr>
<tr>
<td>D</td>
<td>Enter “E” for Education</td>
</tr>
<tr>
<td>SOURCE/OBJECT</td>
<td>Enter four digit source or object code (refer to FMS website for listing). Revenue receipt transaction code (TC) of “011” should use a source codes. Expenditure reimbursement transaction code (TC) of “122” should use an object code.</td>
</tr>
<tr>
<td>COST CENTER</td>
<td>Enter your three digit org code</td>
</tr>
<tr>
<td>PROJECT NUMBER</td>
<td>Enter your five digit program code</td>
</tr>
<tr>
<td>PH</td>
<td>Enter two digit District code</td>
</tr>
<tr>
<td>AMOUNT</td>
<td>Enter deposit amount</td>
</tr>
<tr>
<td>DEPARTMENT</td>
<td>Enter “EDUCATION”</td>
</tr>
<tr>
<td>REMARKS</td>
<td>Enter pertinent check information</td>
</tr>
<tr>
<td>DEPOSITORY NO.</td>
<td>Do not enter anything. TDR to be validated by Budget &amp; Finance. Validated copy will be sent to DOE Accounting who will route copy to you.</td>
</tr>
</tbody>
</table>

After completing the TDR, click on the yellow button at the top of the page labeled “PRINT”, and four (4) copies of the TDR will print. One (1) copy should be retained by the office as a suspense copy until the deposit is validated. The other three (3) copies should be sent DOE Accounting with the monies collected.

DOE Accounting will process the deposit and return one (1) copy of the validated TDR to the office. Please allow 1 week for processing.

*Deposit Transaction Limits*

Offices are limited to ten (10) deposit transactions per day. Any deposits above this limit will cause errors and delays.

*Wire Transfers*

Offices should contact DOE Accounting for instructions on setting up wire transfers for specific programs.
**Other**

See Sections 9 – 11 for more information on deposits from Offices.

8. **Dishonored Checks**

Procedures for dishonored checks being deposited in central checking account are as follows:

- DOE Accounting will send the school/office a Dishonored Check Notice with a copy of the related check.
- The school/office should contact the maker of the dishonored check, and request cash, cashier’s check or money order to replace the dishonored check. The school/office should also collect a non-refundable service charge of $25.00 for each dishonored check, as required by State law. This service charge cannot be waived under any circumstance.
- Collections for the dishonored check may be included with the regular deposits. No separate deposit slip is required.
- A separate Collection Activity Report (CAR) will be generated for the debit memo related to the dishonored check. Refer to Section 10 for further procedures for CARs.

Schools/offices should consider requiring payments in cash or cashier check for individuals or organizations with frequent incidents of dishonored checks.

9. **Collection Activity Report (CAR)**

CARs are generated for any central checking account transaction. No CARs are generated for school lunch, student transportation, and A-Plus program checking accounts, as all monies are routed to the respective program IDs automatically.

The CAR allows the schools/offices to designate where collections, refunds, etc. will be debited and credited to. CARs are uploaded automatically onto the WINFMS website. CARs should be viewed and released on a regular basis.

There are four (4) types of CARs, as follows:

- **Cash Receipts** (batch number range: 200-209) → One Collection Activity Report (CAR) is generated for each central checking account deposit transaction. The school/office should input the transaction code, source/object code, and program ID for each deposit transaction.

- **Debit Memo** (batch number range: 620-625) → Debit memos.

- **Bad Check** (batch number range: 640-645) → The school/office should adjust the original CAR by inputting into FMS the appropriate organization ID, program ID, object/source, the dishonored check amount and the maker’s name.

- **Credit Memo** (batch number range: 720-725).

  - School/office will adjust the original CAR by inputting into FMS the appropriate organization ID, program ID, object/source, the dishonored check amount and the maker’s name.
10. **Error Corrections**

    **Schools**
    If a deposit is made in the wrong checking account, schools should call DOE Accounting to resolve the issue.

    If a deposit is made in the central checking but coded incorrectly during the CAR process, the school should request a correction using Form FMS-AC4, Request for Change of Accounting Codes and/or Amounts. Refer to SP 1105 – Error Corrections for more information.

    **Offices**
    Corrections to the coding of TDRs should be requested by the office using Form FMS-AC4, Request for Change of Accounting Codes and/or Amounts. Refer to SP 1105 – Error Corrections for more information.

11. **Write-off of Uncollectible Accounts**

    **Definition of Uncollectible Account**
    1. The debtor or party causing damage to property, belonging to the State, is no longer within the jurisdiction of the State;
    2. The debtor or party causing damage to property, belonging to the State, cannot be located;
    3. The party causing damage to property, belonging to the State, is unknown or cannot be identified;
    4. The debtor has filed bankruptcy and has listed the State a creditor; or
    5. Such other account as may be deemed by the Attorney General to be uneconomical or impractical to collect.

    **Write-off Request**
    The approval request to write off obligations that have been **outstanding for two consecutive years** should identify one of the five definitions (see above box) as a reason to write-off outstanding obligations as uncollectible.

    **Review of Write-off Request**
    Request should be reviewed by the Complex Area Superintendent and the Chief Financial Officer, and then forwarded to the Attorney General for permission to write-off the accounts.

    **Write-off Approval**
    Once permission from the Attorney General is received, school/office should maintain a permanent record of the uncollectible accounts that have been written off. Uncollectible obligations that are written off can be reinstated if the account has become collectible or the facts presented to the Attorney General were misstated.

12. **SP Maintenance Responsibility**
    The Accounting Section in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

13. **References, Resources, and Forms**
    (a) Form 440, Outstanding School Obligation
    (b) Form A404, Form 99, Bill for Collection
SP 1120: Non-Appropriated Local School Fund; Description of and Chart of Accounts and General Purpose

1. **Purpose**
   Provide an overview of the purpose of the Non-Appropriated Local School Fund.

2. **Effective**
   Immediately.

3. **Applies to**
   All schools.

4. **Overview Non-Appropriated Local School Fund**
   The purpose of the Non-Appropriated Local School Fund is to collect and maintain monies for such purposes as class dues, student association dues, yearbook, newspaper, school club dues, money-raising funds, excursions, etc., which do not require deposit into the State Treasury pursuant to Section HRS 302A-1130.

   Each school has a Local School Checking Account established with a commercial bank to maintain these funds. The Principal of the school serves as trustee for the account, and is directly responsible for the conduct of student financial activities in accordance with the rules, policies, and procedures set forth by the DOE. Additionally, the students who have contributed monies for specific purposes should receive direct benefit from these monies, unless participants have agreed to carry these monies into future years. (One example is bequeathing a class gift to the school)

   The Non-Appropriated Local School Fund uses a cash basis of accounting. In other words, financial transactions are posted only when money is received or paid by the school. Additionally the chart of accounts systematically categorizes the listing for all amounts as follows:

   **Assets (Control Code)**
   - 010 Cash
     (Checking account)
   - 030 Investments
     (Records investments from idle cash. Only secured investments are allowed.)

   **Liabilities (Control Code)**
   - 100 School Wide
Accounts in which all students receive benefits such as newspaper, yearbook, etc.)

300 Revenue Raising
(Accounts of all revenues and expenses for all fundraisers)

400 Student Activity
(Accounts for subgroups within the school such as class or grade level accounts and clubs)

500 Trust and Agency
(Accounts set up for specific purposes such as field trips, admissions, donations etc.)

5. **Description of Asset Accounts**

Asset accounts of a school are generally known in commercial accounting as “current assets”, i.e. cash in bank checking account and investments.

**Cash-in-Bank – Checking Account (010):** This account records the deposits of monies and disbursements of the schools non-appropriated local school fund. All checks drawn are restricted to those properly executed and supported by valid vouchers. The unexpended balance in the account is reconciled monthly to the balance shown on the bank statement.

**Investments (030):** This account is to record investments in savings and government securities. These investments are to be recorded individually to provide accountability and control. Schools are authorized to use idle funds for investment to earn additional income for use by the school for the general welfare of the school. Refer to SP 1126 for detailed procedures.

6. **Description of Liabilities/Fund Accounts**

A fund is defined as “a sum of money or other resources set aside for the purpose of carrying on specific activities or to attain certain objectives”. The financial operations of the school are therefore, classified by funds. These funds are broken down into groups of accounts to show in detail the operations of each fund.

**School Wide Activities (100):** This control account records the financial transactions of the funds used for administrative and/or educational purposes. These activities are school-wide in nature.

Following is the list of types of sub-accounts that the schools are authorized to have:

1) General School
2) Year Book
3) Newspaper
4) Book/School Store
5) Cash overage/shortage
6) Library (not book fair fundraisers)

**General School Sub-Account:** The General School sub-account is specifically established for uses directly related to school-wide operations. The sources of revenue for this sub-account are limited to interest income from investments, closure of inactive accounts of school sponsored organizations, fundraising and donations specifically designated for the
benefit of the entire school, and other sources of revenue designated specifically for the benefit of the entire school.

Allowable expenditures for general school sub accounts are:

1) Purchasing of materials, supplies, equipment and services that benefit students and the school.
2) Providing staff and students opportunity to attend workshops.

Revenue Raising (300): This control account is to record the financial transactions of all money-raising activities of the various organizations authorized by the principal. The balances (deficits) from each of the money-raising activities must be transferred to the appropriate organization’s sub-account at the end of the money raising activity or by year-end, whichever occurs first.

Student Activities (400): This control account is to record the financial transactions of the student government, class/grade level organizations and school clubs. Refer to SP 1128 for procedures for school clubs.

The following are a few examples:

1) Student council
2) Grade 4 (not excursion-related)
3) Class of 2020
4) Key Club
5) Drama Club

Expenditure of Monies: Monies derived from dues and money-raising activities should be expended in such a way to benefit those students currently in school who have contributed to the accumulation of such money. (Refer to Administrative Rule, Chapter 32)

Trust and Agency (500): The Trust Fund is used to account for cash or other resources received and held by the school in the capacity as a trustee or as an agent. This fund is subject to restrictions and is to be expended or disposed of at the discretion of the donors or their authorized representatives.

For donations with a donor’s specific intent and purpose, a sub-account must be established. However, when the designated trustee of the fund is the school’s principal, revenue raising balances and donations designated for the benefit of school-wide activities should be deposited into the General School sub-account (100 series). Also, a copy of the letter or memorandum shall be retained in the office file. The Agency Fund is used to account for monies held by the school acting as an agent for individuals and private organizations.

7. **SP Maintenance Responsibility**
   The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

8. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

(a) Hawaii Revised Statutes Section 302A-1130  
http://www.capitol.hawaii.gov/hrscurrent/Vol05_Ch0261-0319/HRS0302A/HRS_0302A-1130.htm  
(b) SP 1126 Non-appropriated Local School Fund; Investing Idle Cash  
(c) SP 1128 Non-appropriated Local School Fund; School Clubs  
(d) SP 1131 Non-appropriated Local School Fund; Fund Raising

**SP 1121: Non-Appropriated Local School Fund; Administrator’s Checklist/Internal Controls**

1. **Purpose**  
   Provide internal compensating controls for administrators due to the non-segregation of duties by office staff for the cash receipt and disbursement process.

2. **Effective**  
   Immediately.

3. **Applies to**  
   All schools.

4. **Internal Compensating Controls**  
   Schools are often challenged by insufficient staff to segregate duties for cash control measures to prevent theft or misappropriation of funds. More specifically, the same employee may receive cash, record the cash receipt, deposit the receipt, and issue the check to pay vendors. To ensure accountability, the department has instituted internal compensating controls to address this situation. The Principal or designee shall provide for compensating controls at each school or office.

   The internal compensating controls are documented on a form called the **Non-Appropriated Local School Fund Administrator’s Checklist.** See Form (a) below.

   The Checklist includes the following requirements.
   A. Quarterly (at least once a quarter), conduct an unannounced cash count of the Petty Cash Fund.
   B. Monthly, conduct a reconciliation of the bank statement’s ending balance, against the school’s check register ending balance. The Principal needs to initial and date when this task was performed on the checklist, on the reconciliation form, and sign and date the bank statement.
   C. Monthly, the Principal should perform review of bank statement for unusual checks or other transactions before giving it to the individual who performs the bank reconciliation.
   D. Monthly, review outstanding checks (defined as more than six months old). These checks should be cancelled through a journal voucher.
   E. Annually, check that cash receipts are reconciled and deposited by the next business day or next scheduled armored carrier pickup day. Reconciliation of
field trip cash receipts however, can be done upon completion of collection. Cash collected from students for field trips should be secured in the school safe.

F. Annually, check that all journal vouchers have been pre-approved by the Principal prior to being posted. See Form (b) below.

G. Annually, check that proper documentation (original invoice or receipt) have been attached to disbursements.

H. The Principal or designee will complete the **Non-Appropriated Local School Fund Administrator’s Checklist** to indicate the areas reviewed, the date of the reviews, discrepancies found and the report should be kept on file for audit purposes.

It is recommended, at the discretion of the Complex Area Superintendent, that the complex Administrative Services Assistant or Complex Area Business Manager assist in this review.

5. **SP Maintenance Responsibility**
The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

6. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

**Forms**
(a) Non-Appropriated Local School Fund-Administrator’s Check List
(b) Non-Appropriated Local School Fund-Journal Voucher

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**SP 1122: Non-Appropriated Local School Fund; Preparation for Financial Audit**

1. **Purpose**
   To provide suggestions to schools on how to prepare for a financial audit of the Non-Appropriated Local School Fund.

2. **Effective**
   Immediately.

3. **Applies to**
   All schools.

4. **Preparing for an Audit**
The following is a checklist to prepare for a financial audit of the Non-Appropriated Local School Fund:
   A. Check that all expenditures have been pre-approved, signed, and dated by the Principal through either a **Purchase Order Form AC-3**, or a Requisition Order. Auditors will check the date of the invoice or receipt against the date on the purchase order or requisition form, to determine if prior approval was obtained.
   B. Ensure that the Principal’s Financial Report is signed by the Principal and dated.
C. Verify that all payments have the proper documentation (original invoices or Form 99 along with receipts), for payment or reimbursement. Original invoices or Form 99 should be stamped with Approval of Payment stamp and attached to the corresponding purchase orders.

D. Ensure that the Monthly Bank Reconciliations and Bank Statements have been completed, signed, and dated by the Principal and the preparer.

E. Verify that all items on the Administrator’s Checklist have been completed and documented. This would include unannounced cash counts of the Petty Cash Fund, checking for timely cash deposits, canceling stale-dated (over six months old) checks, approval of all journal vouchers, and obtaining proper documentation for disbursements (original invoices or Form 99 along with receipts) as noted above. (See SP 1121 for description of Administrator’s Checklist.)

F. Check that all school-sponsored fundraisers have been approved by the Principal prior to and after the fundraising activity as noted on the Form 422, Money Raising Activity. Verify that the form has been reconciled with the amounts reported in respective Revenue Raising Control Accounts.

G. Verify that all donations have been logged on Form 434, Report of Gifts, Grants and Bequests, in addition to compliance with the requirement that all donations $500 or more are accepted by the Superintendent of Education. Ensure that the Letter of Acknowledgment and supporting documentation are attached to the Form 434.

H. Match the validated bank deposit slip to the Daily Summary of Collection, and attach yellow carbon copy of Form WIZ 239 or other documentation, for detailed information on the deposit.

I. Keep booster club, PTA, PTSA or other independent organization accounts out of the local school fund. Since they are entities independent of the school, they must maintain separate bank accounts.

J. Update authorized signatories to the bank, if administrator or office personnel have changed.

K. Complete the Compliance of Local School Fund Procedures Annual Checklist.

L. Review chart of accounts. All fundraising (300 level) and excursion accounts should be zero. All class accounts should be closed within 5 years.

M. Verify that fixed asset purchases are included in inventory.

N. School must be in compliance with all other policies and procedures noted in all SPs and other resources.

5. **SP Maintenance Responsibility**
   The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.
6. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

**Forms**
(a) Form AC-3, Purchase Order
(b) Form 99, Bill for Collection
(c) Requisition Form
(d) Non-Appropriated Local School Fund-Administrator’s Checklist
(e) Form 422, Money-Raising Activity Form
(f) Form 434, Report of Gifts, Grants and Bequests
(g) Form 239, WIZ Receipt
(h) Daily Summary of Collection

### SP 1123: Non-Appropriated Local School Fund; Collection and Deposit Procedures

1. **Purpose**
Provide an overview on collection and deposit procedures for the Non-Appropriated Local School Fund.

2. **Effective**
Immediately.

3. **Applies to**
All schools.

4. **General Procedures**
   A. Internal control requires that someone other than the person executing the cashiering function perform the depositing and reconciling. See SP 1121 “Non-Appropriated Local School Fund; Administrator’s Checklist” for additional information regarding internal controls.

   B. An Official Receipt (i.e. *WIZ Receipt Form 239*) must be issued for all collections received, except in certain circumstances, such as excursions (see SP 1129), admissions and money raising activities, where a “*Record of Collection by Individuals*” Form may be used. The receipt must be properly completed including information as to name of payer, purpose of collection, amount, method of payment, account # and initialed and dated by the receiver of the collection.

   C. Erasures should not be made on the receipt. If an error is made, the receipt should be voided by writing “VOID” on the face of the receipt or line out to correct and initial. All copies of voided receipts must be retained.

   D. All receipt books shall be recorded and accounted for on a log “*Inventory Record of Pre-numbered Forms*, Form 439”. Unused receipt books shall be secured (i.e. kept in a locked safe or locked drawer) so that they are inaccessible to unauthorized personnel.

   White copy: payer
E. Collections received must be deposited in the bank by the next business day or the next scheduled armored carrier pick up and recorded in the local school system except fieldtrip collections which can be deposited upon completion of collection as described in SP 1129. During breaks and summers, monies must be deposited at least once per week. Collections that are awaiting deposit must be safeguarded and kept in a locked safe or a locked drawer.

F. Cash collections made outside of the school business office shall be turned in daily to the school business office. The school business office will issue a pre-numbered receipt to acknowledge receipt of the monies from the individual in charge of activities.

G. All checks and other legal tender (i.e. money orders) must be made payable to the school. Payment by check or money order shall be for the exact amount. Post-dated checks shall not be accepted. Cashing of checks at the school level is prohibited.

H. Endorse all checks immediately upon receipt, utilizing a restrictive endorsement such as:
   
   (Sample)
   Deposit to the credit of “XYZ School”
   XX-XXXXXXXX (bank account number)

I. The following information must be included on all checks:
   1. Individual’s Name
   2. Drivers License Number
   3. Address and telephone number

   If payment is received in person, require some form of photographic identification and initial the face of the check to show compliance with all requirements for information and identification.

J. When it cannot be immediately determined as to which account monies should be credited, deposits should be made promptly to the suspense account pending a final determination. The transfer to the appropriate account should be made as soon as possible upon final determination. Call the Complex Area Business Manager for instructions.

K. Restrictions
   1. Local school funds shall not be commingled with petty cash or with personal funds (i.e. Cashing of personal checks and payroll checks are not allowed).
   2. The Department of Education does not accept foreign personal checks.

5. **Procedures for Depositing Cash/Check Collections**

A. Count and take total of all cash/checks received daily. Monies shall be counted in the presence of two individuals.

B. Prepare bank deposit slip in triplicate.
1. Enter the date of deposit
2. Enter the amount of currency deposited.
3. Enter the amount of coins deposited.
4. List checks and amounts.
   a. If the number of checks exceeds the number of spaces on the deposit slip, an attached listing may be prepared in lieu of filling in the spaces for checks on the deposit slip. The attached listing may be an adding machine tape or a prepared list. Enter the total on the front of the deposit slip.
   b. If an attached listing is prepared, enter “See Attached” on the front side of the deposit slip along with the total amount of the checks deposited.
5. Enter the total amount of deposit.
6. Enter the total number of checks deposited.

C. Place the monies collected and the original plus one copy of the deposit slip in a sealed bank deposit bag. Retain third copy of deposit slip in suspense file. Destroy and replace copy with validated bank deposit slip received from the bank. If validated copy is not returned to the School within 3-5 business days, contact the bank to inquire.

D. Prepare the form “Daily Summary of Collections” to summarize the total pre-numbered official receipts for the day. The copy of the validated deposit slip and the copies of the pre-numbered official receipts must be stapled or filed together with the form “Daily Summary of Collections” and filed in a separate folder by fiscal year.
   1. For collection outside of the school office e.g. field trips: The copy of the validated deposit slip, copies of the pre-numbered official receipts and form “Record of Collection by Individuals” must be stapled or filed together with the form “Daily Summary of Collections”.

6. **Bad Check:***

The Commercial bank of the Non-Appropriated Local School Fund will inform the school of the payer’s situation of having either insufficient funds, closed bank account or other reasons. The commercial bank will issue a form, “Return Item: Advice of Charge” (“Debit Memo”-Insufficient Funds) to inform the school. This memo provides information as to the maker of the check and the amount.

Schedule of Bills for Collection: School shall maintain the form, “Schedule of Bills for Collection”, as a log of all bad check notices received from the commercial bank.

Replacing Bad Check and Service Fee:

A. Prepare **“Journal Voucher” Form** to record the bad check. The account debited is the Non-Appropriated Fund Account and sub-account, and the account credited is the Cash-in-Bank Checking Account. This reduces amount available for sub-account.

B. Notate the bad check amount on the student’s record and on the copy of the Official Receipt, **Form WIZ 239**.

C. Inform the maker of the bad check of the situation and request that the bad check be replaced. Do not re-deposit the bad check.
D. Collect cash, certified check or money order to replace the bad check. Return the bad check to the maker upon receipt of repayment.

E. Collect a service fee of $25.00 for each bad check from the maker of the check. The service fee is classified as State Treasury receipt and is to be deposited into the DOE Central Checking account.

F. Official receipts should be issued for both bad check service fee and the replaced amount.

G. When a parent/guardian does not pay the service fee on the bad check, all future payments from that individual must be made in cash. A list shall be maintained at the School of outstanding service fees payable by parent/guardian.

7. **SP Maintenance Responsibility**
   The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

8. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

   **Forms**
   (a) Form 439, Inventory Record of Pre-numbered Forms
   (b) Record of Collection by Individuals – Activity
   (c) Record of Collection by Individuals – Excursion
   (d) Form 239, WIZ Receipt
   (e) Non-Appropriated Local School Fund- Daily Summary of Collection
   (f) Schedule of Bills for Collection
   (g) Journal Voucher Form

**SP 1124: Non-Appropriated Local School Fund Bank Reconciliations; Procedures for**

1. **Purpose**
   Provide an overview of Bank Reconciliation procedures for the Non-Appropriated Local School Fund.

2. **Effective**
   Immediately.

3. **Applies to**
   All schools that maintain a Non-Appropriated Local School Fund account.

4. **Procedures for Bank Reconciliation of the Non-Appropriated Local School Account**
   A. Frequency: Non-Appropriated Local School account (checking and savings) must be reconciled monthly and completed by the 10th calendar day after the close of each month, using the electronic standardized bank reconciliation form.
B. Documents that will be needed:
1) Prior month’s bank reconciliation
2) Current month’s check register printed from web-based, Non-Appropriated Local School system
3) Current month’s bank statement
4) Blank electronic standardized bank reconciliation form

C. Steps to reconcile Non-Appropriated Local School bank account:
1) Begin with the ending balance per bank statement
2) Compare the deposits on the bank statement with deposits per school check register and deposits in transit from previous bank reconciliation. (Deposits/receipts posted in school’s check register that do not appear on the bank statement or previous bank reconciliation are deposits in transit and are added to balance per bank.)
3) Compare the paid checks shown on the bank statement to the following:
   a. Checks outstanding from previous bank reconciliation
   b. Checks issued per the school’s current month check register (Issued checks that have not been paid by the bank are outstanding checks and are subtracted from the balance per bank.)
4) Add deposits in transit and subtract outstanding checks to get the adjusted bank balance.
5) Verify that:
   • Any interest transferred to the Cash-in-Bank Checking Account has been added
   • All debit or credit memos issued by the bank have been posted as adjustments
   • Any bank charges/fees have been deducted from Cash-in-Bank Checking Account balances

D. Every month the SASA or Account Clerk and Principal or Vice Principal verifies and signs the bank reconciliation form. The Principal also signs the Administrator’s Checklist. The process of the monthly bank reconciliation is not complete until the Principal ensures the following items listed:
1) Bank reconciliations are done monthly.
2) Investigate all items which have been outstanding for an unusual period of time (six months or more).
3) Review bank statement for any unusual entries, e.g. debit memos.
4) Agree that the bank reconciliation amount matches to the Check Register balance.
5) Review the Check Register report for any unusual adjustments.
6) Indicate that review of the bank reconciliation has been performed by signing and dating the bank reconciliation and bank statement.
E. Review bank reconciliation for stale-dated outstanding checks. Stale-dated checks are checks that have been issued and have not been presented to the commercial bank within the six month statutory void date.

Schools should make every effort to contact the recipient in writing within five months of its issue, and give the recipient a deadline to respond before the check is six month old. The recipient should be notified that if they do not respond before that time, the check will no longer be valid for deposit or cashing. The document should be maintained on file. When the recipient does not respond to the written request, schools shall proceed to adjust the voided check by preparing a journal voucher document with the written notification as documentation.

F. To prevent fraud related to alteration and irregular endorsement of checks:

1) As part of the bank reconciliation procedures, the person performing bank reconciliation should examine cancelled checks for alteration or irregular endorsements.

2) They should also examine the cancelled checks for payee names that are similar to but not the same as typical vendors, discrepancies between the payees on the check register and the check, erasures or laces of payees or amounts, variations in endorsements by the same payee, and multiple endorsements.

G. Bad checks, debit/credit memos and other adjustments must be made prior to completing the bank reconciliation. Journal Vouchers must be prepared to adjust the bank reconciliation accordingly.

H. Preparing Journal Vouchers:

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Cash Account (010)/Investment Account (030)</th>
<th>Fund Account (100, 300, 400, 500)</th>
<th>Effect on Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit Memo</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Bad Check – Deposited Item Returned</td>
<td>Credit</td>
<td>Debit</td>
<td>Decrease</td>
</tr>
<tr>
<td>2) Bank Adjustment-ACH Deposit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit Memo</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Adjustment-ACH Credit</td>
<td>Debit</td>
<td>Credit</td>
<td>Increase</td>
</tr>
<tr>
<td>Cancel stale dated check</td>
<td>Debit</td>
<td>Credit</td>
<td>Increase</td>
</tr>
</tbody>
</table>

When the Journal Voucher is entered, actual transaction and the bank balance is shown on the screen. This must be printed out and attached with other supporting documents e.g. debit/credit memo.
5. **SP Maintenance Responsibility**
   The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

6. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

   **Forms**
   (a) Electronic Standardized Bank Reconciliation Form
   (b) Administrator’s Checklist

**SP 1125: Non-Appropriated Local School Fund; Expenditure of Funds**

1. **Purpose**
   Provide rules regarding expenditure of funds in the Non-Appropriated Local School Fund.

2. **Effective**
   Immediately.

3. **Applies to**
   All schools.

4. **Expenditure of Funds**
   The responsibility of accounting for expenditures of each school sponsored organization is the budget. The budget prepared by each organization or program will be the vehicle to use for authorization to carry out its objective during a specific period of time. The school sponsored organization account should be reviewed prior to any obligation to determine if funds are available and unobligated in the amount sufficient to provide for the proposed expenditures. This procedure will avoid the possibility of over expending.

   A. All expenditures must be pre-approved by the principal. Except for purchase orders requested by the Principal, which the Complex Area Superintendent should approve and sign on the line above “PRINCIPAL”.

   B. **Purchase Order (Form AC-3)** serves as pre-approval document. See Forms (b).

   C. All purchases must have the necessary documentation i.e. original invoices or **Form 99** along with receipts, packing slip and purchase order, before checks are released to vendors or reimbursements made to employees.

   D. In the event an invoice is lost or vendor issues a receipt instead of an invoice, a pro forma invoice (**Form 99**) can be used in its place.

   E. The **Form 99** must be signed by the employee or the vendor submitting the form.
F. Schools are authorized to issue the book form, *Purchase Order (Form AC-3)*, to the school sponsored organization and program activity to serve as a written request to purchase materials, supplies and services.

5. **For Clubs that Bank Outside of the Non-Appropriated Local School Fund**

A. The Principal can delegate purchasing authority to the club advisor.

B. The club advisor must pre-approve all purchases through the *Purchase Order (Form AC-3)*.

C. The club advisor must prepare an annual financial report and submit it to the Principal within 10 days following the close of the year.

6. **Preparing a Vendor Purchase Order**

When preparing a *Purchase Order (Form AC-3)* for vendor purchasing, the following detailed instructions must be completed:

A. Date: Enter today’s date (date must be the same as or precede the invoice/receipt date).

B. Account: Name of the organization purchasing supplies and/or monies to individual or organization.

C. Purchaser: Write in the name of the requestor.

D. Principal: The Principal or some officially designated by the Principal will sign on the line above “PRINCIPAL”.

E. Distribution of Copies:
   - White copy - to Vendor
   - Yellow copy - leave in the Purchase Order book
   - Pink copy - file in the school business office (Accounting copy)

7. **Outstanding Purchase Orders**

A. School shall check the outstanding purchase order file on a monthly basis.

B. School should contact the vendors as to check the status of items ordered for purchase orders dated more than sixty (60) days.

C. If the vendor is unable to complete the delivery, the school may cancel the purchase order.

D. The school may cancel the purchase order by sending a written notice to the vendor. See form (a).

E. The copies of the purchase order cancelled should be marked “CANCELLED” and retained in the purchase order book with the written notice.

8. **Procurement Code and Expenditure of Non-Appropriated Local School Funds**

Expenditures from the Non-Appropriated Local School Funds must follow the best practice to obtain products for the most advantageous price. Although it is
recommended, schools are not required to follow the State Procurement Code since the source of funds does not originate from appropriated funds.

9. **Prohibition of Expenditures for Payroll Purposes**
   A. It is prohibited to use Non-Appropriated Local School Funds for payroll purposes, directly.
   B. To use Non-Appropriated Local School Funds for payroll, the school must first write a check to the Department of Education and deposit it into the State Central Checking Account.
   C. The deposit must be validated to a program id where the payroll will be charged.

10. **SP Maintenance Responsibility**
    The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

11. **References, Resources, and Forms**
    The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

    **Forms**
    (a) Cancellation of Order
    (b) Form No. AC-3 Purchase Order
    (c) Form 99, Bill for Collection A404

**SP 1126: Non-Appropriated Local School Fund; Investing Idle Cash**

1. **Purpose**
   Provide an overview on the rules regarding investment of idle cash.

2. **Effective**
   Immediately.

3. **Applies to**
   All schools.

4. **Investing Idle Cash**
   A. Schools are permitted to invest idle cash from the Non-Appropriated Local School Fund only in secured investments.
   B. A secured investment is defined as an investment such as a certificate of deposit from a federally insured financial institution that will not put the funds invested at risk.
   C. Supporting documents such as copy of certificate of deposit, initial investment statement, etc. must be reconciled to the investments and kept on file.
   D. Savings and Security investments available for use are:
5. **Before investing idle cash, schools must:**
   A. Determine if there is an amount of money in the Non-Appropriated Local School Fund that will not be needed for a known period of time. For example, if the school has a total of $33,000 in the bank, of which $25,000 is known to be used for expenses and emergencies for a fiscal year, quarter, or month, the school has $8,000 of idle cash in the account that it could invest in a secured investment.

   B. The investment should be noted as a journal voucher in the Non-Appropriated Local School Fund accounting program.

   C. To record the journal voucher the following transaction should be entered:
      a. Cash (010) Credit $xxxx
      b. Investment (030) Debit $xxxx

   D. Interest income derived from investments of idle cash must be credited to the school’s General School sub-account and used for the benefit of the entire school.

   E. The school has the option to rollover interest income into the same investment account. To record interest income when it has been rolled over into the investment account, the school should prepare a journal voucher form. When the interest is credited, the entry should be a debit to the respective investment account and a credit to the General School sub-account of the School Activities Fund.

   F. When the interest is deposited in the checking account, an entry should be a debit to the Cash-in-Bank Checking account and a credit to the General School sub-account of the School Activities Fund.

   G. School-sponsored organizations may request the Principal to invest their idle cash in an interest bearing account to generate additional income. The use of idle cash for investment purpose of any school sponsored organization or program activity will restrict the availability of cash in the checking account. The amount of investment will not be available for use by the school sponsored organization until such time that the investment is terminated. Interest income earned from investment for school sponsored organizations shall be credited to their account.

6. **Schools may not:**
   A. Invest in stocks, mutual funds, stock futures, commodities or in any other form of marketable securities.
B. Loan money to an individual or a business.

C. Loan money to employees for payroll purposes.

7. **Monitoring**
   A. Investment accounts should be reviewed periodically, and documented on the Administrator’s Checklist, to evaluate their purpose and to determine if consolidation or redemption is needed.
   
   B. Investment accounts must be reconciled on a quarterly basis. When the School does not receive quarterly or more frequent statements; the investment account should be reconciled at the end of the school year by contacting the financial institution to verify the account balance.
   
   C. The Principal should review and approve the closure of any investment accounts.

8. **SP Maintenance Responsibility**
   The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

9. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

   **Forms**
   (a) Administrator’s Checklist

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**SP 1127: Non-Appropriated Local School Fund; Financial Reporting Requirements**

1. **Purpose**
   Provide an overview and frequency of financial reporting requirements.

2. **Effective**
   Immediately.

3. **Applies to**
   All schools.

4. **Statutory Financial Reporting Requirements**
   A. **Monthly Financial Reports**
      1. A monthly *Check Register* must be printed and reconciled against the monthly ending balance of the Bank Statement.
      
      2. The principal must sign and date the bank reconciliation.
      
      3. The monthly bank reconciliation must also be documented on the *Administrator’s Checklist*.
B. **Quarterly Financial Reports**

1. The DOE is required to report all cash balances to the Department of Accounting and General Services (DAGS) by the 10th business day of the month following the close of each fiscal quarter (October, January, April, and July).

2. Schools must close their fiscal quarter before the Accounting Section, Office of Fiscal Services, can access ending cash balances at the schools.

3. To meet this deadline, schools must monitor their deposits and disbursements utilizing on-line web internet bank services.

4. Each school shall prepare the *Principal’s Financial Report* (Control Level and Detail Level) at the end of each quarter for their files and for audit purposes no later than the 10th calendar day following the end of each quarter.

5. Quarterly Principal’s Financial Reports must be signed and dated by the Principal or designee who is an Educational Officer (EO).

C. **Annual Financial Reports**

1. School shall also prepare an annual Principal’s Financial Report (control/detail) no later than the 10th calendar day following the end of the fiscal year.

2. Annual Principal’s Financial Report must be signed and dated by the Principal or designee who is an Educational Officer (EO).

3. Independent Club Financial Reporting:
   a. Clubs that bank independently from the school’s local school account are required to submit at the minimum, an *Annual School Club Financial Report* prepared by an officer and advisor of the club no later than the 10th calendar day following the end of the fiscal year.
   b. The Annual School Club Financial Report must be approved by the principal.
   c. If deemed necessary, the Principal may request financial reports on a more frequent basis (i.e. monthly, quarterly, semi-annually).
   d. The Principal also has the right to revoke the privilege of independent banking to any club.

5. **SP Maintenance Responsibility**
   The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

6. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

**Forms**
(a) Administrator’s Check List
SP 1128: Non-Appropriated Local School Fund; School Clubs

1. **Purpose**
   Provide an overview of the rules governing financial procedures for school clubs.

2. **Effective**
   Immediately.

3. **Applies to**
   All schools.

4. **Establishing School Clubs**
   A. All school clubs must apply annually by completing the *Application for School Club Charter* to be officially recognized by the school. See Forms (a).

   B. Once the school club application is approved by the Principal, all school rules applicable to school clubs will apply.

   C. Schools must keep a list of all school clubs that have been approved by the Principal.

5. **Procedures:**
   A. All school clubs must prepare and submit an *Annual School Club Financial Report* to the Principal within 10 calendar days following the close of the fiscal year. All obligations and receivables must be settled before the final report is prepared.

   B. All school clubs must turn in financial records to the school’s office for safekeeping during the summer months.

   C. Clubs may choose to conduct their financial transactions either within the Non-Appropriated Local School Fund Account, or in an external bank account. Clubs must notify the Principal of this decision in the “Comments” section of the *Application for School Club Charter*.

1. **Clubs with external bank accounts must:**
   a. Obtain Federal and State Identification numbers and be responsible for all tax obligations. (Clubs that bank with the Non-Appropriated Local School Fund do not have any tax obligations.)

   b. Use all DOE forms: *Purchase Orders (Form AC-3), WIZ Receipts (Form 239), Money Raising Activity Report (Form 422)*. (See Forms below)

   c. Establish an external bank account with two signatories.

   d. Have a club advisor to sign checks on behalf of the club.
e. Collect monies and pay obligations related to the school club.

f. Submit an Annual School Club Financial Report to the Principal. See Forms (e).

6. **SP Maintenance Responsibility**
The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

7. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

**Forms**
(a) Application for School Club Charter
(b) Form AC-3, Purchase Order
(c) Form 239, WIZ Receipt
(d) Form 422, Money Raising Activity
(e) School Club Annual Financial Report

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**SP 1129: Non-Appropriated Local School Fund; Field Trips**

1. **Purpose**
   To provide an overview of cash collection and refund procedures for field trips.

2. **Effective**
   Immediately.

3. **Applies to**
   All schools.

4. **Field Trips Collections:**
   **A. General Instructions**
   1) Money from students can be collected in the classroom and documented using the *Record of Collection by Individuals Excursion* form.

   2) If the collection process takes place over several days, the cash collected must be secured overnight in the school safe or a locked drawer in the school office, on a daily basis.

   3) Upon final collection for the field trip, the school office will have two working days to reconcile the collection and deposit the funds in the bank. Upon reconciliation:
      a. Overpayments – refunds are to be issued to the student or parent of the student.
      b. Underpayments – every effort should be made to collect the funds due for the field trip.
4) An official receipt, \textit{(i.e. WIZ receipt, Form 239)} must be given to the teacher to verify the reconciled amount being deposited. See Forms (a).

5) Deposit should be credited to a Trust and Agency account in the non-appropriated local school fund.

B. \textbf{If a field trip is cancelled and the cost is $15.00 and under per person:}

1) The office may issue a check to the teacher.

2) The teacher will cash the check.

3) The teacher will notify parents that a cash refund will be issued to the student.

4) If a parent chooses to be refunded, the office will issue a check directly to the parent.

5) Teacher will use the \textit{Record of Collection by Individuals Excursion} form to document the cash refunds received by the students. See Forms (b).

6) Students will initial \textit{Record of Collection by Individuals Excursion} form upon receipt of their reimbursement.

7) The completed \textit{Record of Collection by Individuals Excursion} form shall be returned to the school office for backup documentation of the disbursement to the teacher.

8) If a student inadvertently misplaces his cash refund, upon investigation the school will have the option to directly refund the parent with a check.

9) Reimbursements, other than field trips and/or over $15.00, must be issued by check to the parent.

5. \textbf{SP Maintenance Responsibility}

The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

6. \textbf{References, Resources, and Forms}

The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

\textbf{Forms}

(a) Form 239, WIZ Receipt

(b) Record of Collection by Individuals – Excursion
SP 1130: Non-Appropriated Local School Fund; Gifts, Grants and Requests (Donations)

1. **Purpose**  
Provide an overview on the receiving gifts, grants and bequests (donations) to schools.

2. **Effective**  
Immediately.

3. **Applies to**  
All schools.

4. **Gifts, Grants and Bequests (Donations) to Schools**  
   
   A. School shall maintain an annual log of all gifts, grants and bequests (monetary and nonmonetary) on *Form 434 Report of Gifts, Grants and Bequests*. See Form (a).
   
   B. Schools are delegated the authority to accept gifts, grants, and bequests on behalf of the DOE with the following conditions:
      
      **Gifts $500 or more**  
      Gifts, grants, and bequests of $500 or more must first be accepted by the Superintendent of Education. Acceptance of these gifts, grants, and bequests are coordinated through the Complex Area Superintendent’s Office. A copy of the acceptance letter should be filed with Form 434.
      
      **Gifts under $500**  
      Gifts, grants, and bequests under $500 may be accepted by the school.
   
   C. A receipt (WIZ 239) and a letter of acknowledgement shall be given to the donor for monetary donations.
   
   D. A letter of acknowledgement shall be issued by the administrator for all non-monetary donations by listing in detail the item(s) received and the value of the item(s) provided by the donor. The school should not estimate the value of a non-monetary donation, but will instead acknowledge receipt of the donation. If the school does not want to accept the value of the property established by the donor, the school should not accept the gift.
   
   E. Letters, memorandum, written instructions or copies of checks for all gifts, grants, or bequests received by the school should be filed with *Form 434 (Report of Gifts, Grants and Bequests)*.
   
   F. Equipment, textbooks and library books donations that fall under current departmental inventory practices shall be recorded in the FMS Fixed Assets file.
   
   G. If the gift, grant, or bequest is for payroll purposes, the funds should be placed in the Department’s Trust and Agency Fund (State Treasury) and paid through normal departmental procedures.
5. **SP Maintenance Responsibility**
The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

6. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

**Forms**
(a) Form 434, Report of Gifts, Grants and Bequests

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**SP 1131: Non-Appropriated Local School Fund; Fundraising Activities**

1. **Purpose**
Provide an overview of school fundraising procedures.

2. **Effective**
Immediately.

3. **Applies to**
All schools.

4. **Fundraising Activities Are Governed by the Following Conditions**
A. Fundraising activities within the schools and community are allowed upon approval by the Principal.

B. Fundraisers are approved through the Fundraising Activity Report (Form 422). This form must be prepared and approved by the Principal prior to conducting the activity. A fundraising activity should be for raising money for the stated educational purpose and documented on the Fundraising Activity Report (Form 422). See Forms (c).

C. Schools are required to maintain a log and file of the form, Fundraising Activity Report (Form 422), of all money raising activities conducted by the school sponsored organizations and program activities of the School.

D. Each fundraising activity shall have a sub-account number within the Fundraising Control Account (e.g. 315 - 7th grade Entertainment Book sale) for each separate fundraising activity.

E Any fundraising activity with anticipated gross revenues exceeding $25,000 shall be approved by the Complex Area Superintendent and a final report must be submitted within 15 calendar days of completion of the activity.

F. All fundraisers must comply with the Board of Education Policy 6810, Competitive Food Sales Policy, and the Board of Education Policy 110-6, Wellness Guidelines.
G. In the case of non-presale fundraising activities (where the account balance will initially be in a deficit as funds are spent before money is collected), the Principal must approve the activity in advance.

H. The duration of the fundraising activities should conclude at the end of the school year unless before the activity commences, the Principal gives their approval for the activity to extend over more than one school year.

I. For fundraising activities that are planned for a specific school year, the balances (deficits) from each of the fundraising activities must be transferred to the appropriate organization’s sub-account at the end of the money raising activity or by year-end, whichever occurs first. For pre-approved multi-year fundraising activities, this transfer can occur when the fundraising activities are completed.

J. If the fundraising activity is completed and the ending account balance is negative, the school must cover the deficit before the end of the school year.

K. Money received from a school fundraiser shall be used for the benefit of all students involved in the fundraiser. Fundraised monies shall not be refunded due to individual cancellations for travel or events.

L. At the conclusion of the fundraising activity, the Fundraising Activity Report (Form 422) must be completed with the actual financial results. See Forms (c)

M. An annual report to the Complex Area Superintendent of all fundraising activities for the school year must be completed on the Fundraising Activity Annual Report (Form 422a) by the close of each school year.

N. At the end of the school year, the Account Clerk should verify that the Fundraising Activity Annual reports (Form 422) are reconciled with the amounts reported in the respective Fundraising Control Accounts (300 series).

O. Clubs with external bank accounts are NOT exempt from tax obligations.

P. Schools are not allowed to use raffles, bingo games, and/or beauty contests for fundraising purposes.

5. SP Maintenance Responsibility
The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

6. References, Resources, and Forms
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
Board of Education Policy 6810, Competitive Food Sales Policy
(a) Board of Education Policy 110-6, Wellness Guidelines
Forms
(b) Form 422, Fundraising Activity Report
(c) Form 422a, Fundraising Activity Annual Report
SP 1132: Non-Appropriated Local School Fund: School Stores, Sale of PE/School Uniforms

1. **Purpose**
   Provide guidance to the operation of school stores.

2. **Effective**
   Immediately.

3. **Applies to**
   All schools.

4. **Schools are authorized to run school stores and sell physical education uniforms or school uniforms with the following conditions:**
   A. Written approval from the Complex Area Superintendent is required to operate a school store or to sell merchandise of any kind, per Board of Education (BOE) Policy 1710-7 Sale of Merchandise, except as follows:
      
      (i) Things made or grown at the school; special school equipment or supplies not regularly carried in stock by local stores; and sanitary napkins.
      
      (ii) School uniforms, physical education uniforms, logo wear, and logo items at the school’s cost of purchase.
      
      (iii) Logo items sold through internet web-based stores.
   
   B. Schools may not sell items that are contrary to the BOE Policy 6810 Competitive Food Sales Policy, which disallows the sale of food items during the school day or before school if the school participates in a federally subsidized breakfast program.
   
   C. School stores are not subject to general or income tax liability if proceeds and expenses are recorded through the Non-Appropriated Local School Fund.

5. **Vendor selection of merchandise for resale – Bidding process**
   A. All items to be purchased for resale must follow a competitive bidding process. Schools will select vendors on the basis of obtaining bids from at least three (3) reliable sources.
   
   B. Schools must provide complete specifications, including delivery date and sale period to vendors.
   
   C. Schools are not allowed to enter into multi-year sale agreements with any vendor.
   
   D. Schools must attach all documentation of the bidding process to the purchase orders for audit purposes.
6. **Physical Education Uniforms –Consignment Sales Only**
   A. Schools may not purchase and resell PE uniforms to students.
   B. Consignment basis from vendor(s): No mark up on sale price of uniforms will be allowed by the school. Any remaining uniforms shall be returned to the vendor.

7. **SP Maintenance Responsibility**
The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

8. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) BOE Policy 1710-7 Sale of Merchandise
(b) BOE Policy 6810 Competitive Food Sales

**SP 1133: Non-Appropriated Local School Fund; Independent Organizations (PTSA, PTA, Boosters, etc.)**

1. **Purpose**
   Provide accountability guidelines for independent organizations such as Booster Clubs, PTA, and PTSA.

2. **Effective**
   Immediately.

3. **Applies to**
   All schools.

4. **Overview:**
   A. Support organizations such as Booster Clubs, PTA, PTSA, etc. are considered independent entities separate from the Department of Education (DOE).
   B. These organizations generally support and benefit various school organizations and provide them with funds through donations and fundraising activities, but are NOT required to submit fundraising request forms *Fundraising Activity Report (Form 422)* to the school for approval. *Form 422* is used only for official DOE fundraisers.
   C. Support organizations using the school’s name in its fundraising must also include their affiliation with the school (e.g. XYZ School Alumni Foundation).
   D. Support organizations must coordinate the scheduling of a fundraising activity with the school.
   E. DOE employees, including casual employees, may NOT sign checks or negotiable instruments on behalf of the independent organizations. However,
DOE employees may participate in other capacities in these organizations e.g. as a member of the organization, chairing committees and other leadership positions.

5. **Procedure for Schools:**
   Schools must maintain a listing of all active independent organizations with an association with the school. The listing should contain the following current information:
   
   1. Name of Organization
   2. Federal and State Tax Identification numbers
   3. Contact person and contact information

6. **Guidelines and Recommendations for Independent Organizations:**
   A. Establish By-laws and policies;
   B. Prepare a budget;
   C. Establish cash receipt and control measures;
   D. Establish a bank account with a minimum of two authorized signers;
   E. Apply for a Federal and State tax identification number;
   F. Establish disbursement procedures;
   G. Produce and review financial reports on a regular basis; and
   H. Conduct an annual audit of records.

7. **Tax Obligations for Independent Organizations:**
   There may be Federal or State tax obligations for the independent organization. It is recommended that these organizations seek guidance from tax advisors.

8. **SP Maintenance Responsibility**
   The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

9. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Form 422, Fundraising Activity Report
SP 1134: Non-Appropriated Local School Fund: Bank Account Set Up and Maintenance

1. **Purpose**
   Provide an overview of Bank account set-up and maintenance for the non-appropriated local school fund.

2. **Effective**
   Immediately.

3. **Applies to**
   All schools.

4. **Bank Account**
   Schools are authorized to establish and maintain one (1) bank account for the Non- Appropriated Local School Fund Checking Account. The Department of Education's Federal Employer Identification Number (EIN) is 99-0266482. This EIN number will be required in applying for a Non-Appropriated Local School Fund Checking Account.

   **Banking Policy:** Schools are required to establish and maintain the Non- Appropriated Local School Fund Checking Account with a FDIC-insured financial institution. The armored carrier services are contracted to provide services to one bank per school.

5. **Maintenance of the Signatory Card**
   Schools are required to maintain a current signatory card of personnel authorized to represent the school in all bank transactions. The signatory cards must be updated each year when there is a change of authorized signors. The schools should update all bank signature cards, including investment accounts, immediately prior to the employee leaving the school.

6. **Monthly Bank Statement**
   Schools shall keep the monthly bank statement, cancelled checks (if any), bank notices of interest income from investment accounts, and adjustments together in the envelope sent by the bank. The contents of the envelope should not be separated.

7. **Bank Transactions**
   Schools shall request the commercial bank to provide deposit slips and checks with special printing requirements of the school's Non- Appropriated Local School Fund. The checks and deposit slips should be imprinted with the school's name and address and the words “Non- Appropriated Local School Fund” as follows:

   XYZ School – Non-Appropriated Local School Fund
   1234 Pine Street
   Honolulu, HI 96813

8. **SP Maintenance Responsibility**
   The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.
9. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

**SP 1135: Non-Appropriated Local School Fund; Processing Invoices for Payment**

1. **Purpose**
Provide an overview on procedures for processing invoices for payment.

2. **Effective**
Immediately.

3. **Applies to**
All schools.

4. **General Procedures**

   A. **Goods Received:** All delivery personnel must check in at the school office for authorized acceptance of the delivery. All goods received must be checked immediately by authorized personnel to ensure that the correct order was received (e.g. correct item, quantity of items ordered and that the items are not damaged). If there are any problems with the delivered items, discrepancies must be noted on the delivery/packing slip and the vendor must be immediately notified. Receiving documents can be in the form of a delivery/packing slip or invoice. Check off items as they are received on the school’s copy of the purchase order (the pink carbon copy).

   **Services Rendered:** Services must have been rendered before any payment is made. Services do not require check off on the school’s copy of the purchase order.

   **Items Not Received in the Office:** If teachers receive items directly, they must verify all items as they are received on the delivery/packing slip or invoice. The teacher must ensure that the correct order was received (e.g. correct item, quantity of items ordered and that the items are not damaged.) If there are any problems with the delivered items, discrepancies must be noted on the delivery slip and the vendor must be immediately notified. The teacher must submit the delivery/packing slip to the school office personnel.

   The school office personnel must match the delivery/packing slip and invoice to ensure that the invoice reflects the received goods. In addition, the school office personnel should check off items on the school’s copy of the purchase order (the pink carbon copy).

   B. **No invoice:** In cases when a vendor issues a receipt instead of an invoice, the school will prepare the *Bill for Collection A404 (Form 99).*
C. **Invoice Processing:** Stamp the original invoice or Form 99 with the ‘Approval for Payment’ stamp. If the invoice consists of more than one page, the stamp should be placed on the page which displays the invoice total.

D. **Fill in the ‘Approval for Payment’ stamp sections:**
   - **Date Invoice Rec’d** - Enter the date that the invoice/receipt was received.
   - **Date Goods/Services Rec’d** - Enter the date goods were received or services were rendered.
   - **Inv. Prices/Ext./Totals Ok’d** - Ensure that unit prices, extensions and totals are correct and indicate by your initials.
   - **P.O./Contract Partial □ Complete □** - Indicate whether the order was complete or items are missing/backordered.
   - **APPROVED FOR PAYMENT:** - The Principal or designee must sign the approval before payment can be made.

E. **Returned items:** If any merchandise is returned to the vendor, indicate the return date next to the item on the invoice with proper notation as to reason for return.

5. **Processing Payments**
   Schools are responsible for promptly processing vendor invoices for goods received or services completed in a satisfactory manner. The following are the requirements and procedures for processing a payment:

A. School shall issue voucher/bank checks for processing of payments for purchases made on accounts.

B. The voucher/bank check must be supported with a copy of the purchase order, invoice and/or delivery/packing slip before presenting to the Principal or designee for review. The Principal must ensure that the payment matches the invoice amount.

C. The voucher/bank check must be signed by two (2) authorized signatories. Pre-signing of voucher/bank checks is strictly prohibited.

D. Supporting documents such as an invoice, purchase order, delivery/packing slip, etc. should accompany the carbon copy of the check. These documents must be filed in check numerical sequence and maintained in a separate file. Each pre-numbered check must be accounted for.

E. Voucher/bank checks that are voided must be marked “VOID” and must be filed with the pre-numbered carbon copy of the check and/or with the bank check stub.

6. **SP Maintenance Responsibility**
   The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.
References, Resources, and Forms
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

Forms
(a) Form 99, Bill for Collection A404

SP 1136: Non-Appropriated Local School Fund; Refund and Reimbursements

1. Purpose
Provide an overview on refund and reimbursement procedures.

2. Effective
Immediately.

3. Applies to
All schools.

4. Refunds
The processing of refunds to students is allowed through the Non-Appropriated Local School Fund account or the Petty Cash Fund. The following procedures must be followed when processing refunds to students:

Procedures for processing payment of refund from Non-Appropriated Local School Fund
A. Verify payment with the source document and the pre-numbered official receipt (Form WIZ 239) upon receipt of request for refund from the advisor of the student's organization.

B. Prepare Purchase Order, Form A-3-C to the student or parent requesting the refund. Include the referenced information from the Form WIZ 239.

C. Issue a voucher/bank check from the Non-Appropriated Local School Fund account to the student or the parent.

Procedures for processing payment of refund from the Petty Cash Fund
A. The payment of a refund must be supported by the Petty Cash Voucher, Form FMS-PY3 along with original receipts or supporting documents. To authorize the payment to refund a student, an original signed copy of the request for refund from the advisor of the activity must also be submitted.

B. The Petty Cash Fund must be replenished by claiming reimbursement of the refund payment from the Non-Appropriated Local School Fund sub-account of the activity related to the refund.

C. The claim for replenishment of the petty cash fund must be prepared on the Purchase Order, Form A-3-C, and approved by the authorized representative of the sub-account. The Purchase Order, Form A-3-C, must be made payable to the designated custodian of the petty cash fund. Attach the original copy of the
Petty Cash Voucher Form, FMS-PY3 to the Purchase Order, Form A-3-C along with original receipts or supporting documents.

D. The designated custodian to whom the check is payable shall cash the check and place the cash in the Petty Cash Fund.

Procedures for processing payment of refund of field trip collections
A. For refunds of field trip collections of $15.00 or less, see SP 1129.
B. Reimbursement over $15.00 must be issued by check to the parent.

5. Reimbursements to School Staff
Reimbursements should only be made for school-related purchases that were previously approved by the Principal or designee. This process should be kept to a minimum, as properly planned expenditures should have followed the purchase order process.

6. SP Maintenance Responsibility
The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

7. References, Resources, and Forms
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Administrative Rules, Chapter 32 Collection of Authorized Fees and Charges

Forms
(b) Form 239, WIZ Receipt
(c) Form A-3-C, Purchase Order
(d) Form FMS-PY3, Petty Cash Voucher

SP 1200 Payroll Calculations for Salaried Employees—Ten (10) Month Employees

1. Purpose
To provide a brief overview of the methodology of how 10-month salaried employees are paid.

2. Effective
Immediately.

3. Applies to
All 10-month salaried employees, including but not limited to, teachers bargaining unit (BU05 and BU45), 10-month white collar employees – e.g., educational assistants, school security attendants, school health aides (BU03), 10-month professional employees – e.g., school psychologist, speech pathologist (BU13), and school food service managers (BU02).
4. **Ten-Month Pay Concepts/Formulas**

Ten-month employees work ten (10) months a year, but their salaries are paid over twelve (12) months, thus their pay is prorated. An employee who works the entire school year and has no other adjustments (i.e.: pay changes, leave without pay, etc.) during the school year, his/her pay is made semi-monthly and calculated by dividing the yearly salary into twenty-four (24) equal payments. See calculation as follows:

\[
\text{Yearly salary} / 24 (\text{paychecks per year}) = \text{Amount per paycheck}
\]

For employees who do not work the entire 10-month year or who had pay adjustments during the year, the adjustments are made using the daily rate, which is calculated as follows:

\[
\text{Daily rate} = \text{Yearly salary/number of paid days in the year}
\]

Note: The number of paid days in the year is equal to the total number of days from the first day work day through the last day work day minus all weekends and intersession days.

Summer salary is paid the last four (4) paychecks of the school year for a 10-month employee. As stated above, if a 10-month employee works the entire year and has no adjustments, summer salary would be the same amount as his/her twenty (20) other pay checks during the school year. However, if the employee does not work the entire year or has other adjustments, summer salary is calculated as an “earned minus paid” calculation as follows:

- **Earned:**
  \[
  \text{Total earned for the school year} = \text{Number of days worked} \times \text{daily rate}
  \]

- **Paid:**
  The paid amount is the sum of the employee’s paychecks prior to summer salary.

- **Summer salary:**
  \[
  \text{Earned} - \text{paid} = \text{Total summer salary}
  \]

  \[
  \frac{\text{Total summer salary}}{4 (\text{# of summer salary paychecks})} = \text{summer salary per paycheck}
  \]

5. **Ten-Month Pay Calculation Scenarios for Jane Aloha**

A. Jane Aloha starts on the first day and works the entire school year.

   Example: Jane works from July 26, 2007 (first day for teachers) through June 6, 2008 (last day for teachers) with a yearly salary of $54,000.

   \[
   \frac{54,000}{24 (\text{paychecks per school year})} = \2,250 \text{ (paid for 24 pay periods)}
   \]

B. Jane takes leave without pay (LWOP).

   Example: Jane has a monthly salary of $4,500 and has four (4) days of LWOP from October 22, 2007 through October 25, 2007.
$54,000 (yearly salary or $4,500.00 x 12) / 213 (# of paid days for teachers for the 2007-2008 school year) = $253.52 (daily rate)

$253.52 (daily rate) x 4 (days of LWOP) = $1,014.08

Amount paid for 10/16-31/07 paycheck on 11/5/07: $2,250 (half month salary) - $1,014.08 (LWOP deduction) = $1,235.92

C. **Summer Salary:**
   Jane earned:
   $253.52 (daily rate) x 209 (# of paid days for teachers minus 4 days of LWOP) = $52,985.68

   Jane was paid:
   8/20/07 (first check for the 07-08 school year) through 10/20/07 = 5 (paychecks) x $2,250 (half month salary) = $11,250
   11/5/07 (see calculations above) = $1,235.92
   11/20/07 through 6/5/08 (last paycheck before summer salary for the 07-08 school year) = 14 (paychecks) x $2,250 (half month salary) = $31,500
   $11,250 + $1,235.92 + $31,500 = $43,985.92 (total paid from 8/20/07 – 6/5/08)

   Summer salary:
   $52,985.68 (earned) - $43,985.92 (paid) = $8999.76 (total summer salary)
   $8,999.76 / 4 (# of summer salary paychecks) = $2,249.94 (summer salary per paycheck)

D. Jane Aloha had a pay increase in the middle of the school year.

   **Example:** Jane has a pay increase from $4,500 per month to $4,650 per month effective February 1, 2008.

   On February 20, 2008, Jane would receive a half month salary of $2,325 due to the February 1, 2008 pay increase.

   **Daily rate:**
   For $4,500 monthly salary:
   $54,000 (yearly salary or $4,500 x 12) / 213 (# of paid days for teachers for the 2007-2008 school year) = $253.52 (daily rate for $4,500 monthly salary)

   **For $4,650 monthly salary**
   $55,800 (yearly salary or $4,650 x 12) / 213 (# of paid days for teachers for the 2007-2008 school year) = $261.97 (daily rate for $4,650 monthly salary)

   **Summer salary:**
   Earned:
$253.52 (daily rate) \times 126 (\# \text{ of paid days from } 7/26/07 \text{ – } 1/31/08) = $31,943.52 (total earned at $4,500 monthly salary)
$261.97 (daily rate) \times 87 (\# \text{ of paid days from } 2/1/08 \text{ – } 6/6/08) = $22,791.39 (total earned at $4,650 monthly salary)
$31,943.52 + $22,791.39 = $54,734.91 (total earned)

Paid:
8/20/07 (first check for the 07-08 school year) through 2/5/08 = 12 (paychecks) x $2,250 (previous monthly salary) = $27,000
2/20/07 through 6/5/08 (last paycheck before summer salary for the 07-08 school year) = 8 (paychecks) x $2,325 (current half month salary) = $18,600
$27,000 + $18,600 = $45,600 (total paid from 8/20/07 – 6/5/08)

Summer salary:
$54,734.91 (earned) - $45,600 (paid) = $9,134.91 (total summer salary)
$9,134.91 / 4 (\# \text{ of summer salary paychecks}) = $2,283.73 (summer salary per paycheck)

6. **SP Maintenance Responsibility**
The Claims Pre-Audit Supervisor, Payroll Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

7. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Frequently Asked Questions (FAQ) for SP 1200.

**SP 1201: Payroll Calculations for Salaried Employees—Twelve (12) Month Employees**

1. **Purpose**
   To provide a brief overview of the methodology of how 12-month salaried employees are paid.

2. **Effective**
   Immediately.

3. **Applies to**
   All 12-month salaried employees, including but limited to, custodial and food service staff (Bargaining Unit (BU) 01), clerical staff (BU 03), rainbow employees (various BU’s), 12 month professional staff (BU 13), and 12 month educational officer (BU 06).

4. **Twelve-Month Pay Calculation**
   Monthly salary \times \# \text{ of days worked in the month including holidays} / \# \text{ of working days in the month including holidays} = \text{Monthly earnings}.
5. **Twelve-Month Pay Calculation Scenarios**

A. If a 12-month employee’s first day of work is in the middle of the month, the monthly salary would be calculated as follows:

Ex: Twelve-month employee starts working on August 3, 20XX with a monthly salary of $3,000.00

\[
\frac{($3,000.00 \times 21)}{23} = $2,739.13 \text{ (Earnings for August 20XX)}
\]

Amt paid for 8/1-15/XX = $2,739.13 - $1,500.00 (semi-monthly salary) = $1,239.13

Amt paid for 8/16-31/XX = $1,500.00

B. If a 12-month employee starts on the first day of the month, the monthly salary would be calculated as follows:

Ex: Twelve-month employee starts working on September 1, 20XX through September 30, 20XX with a monthly salary of $3,000.00

\[
\frac{($3,000.00 \times 20)}{20} = $3,000.00 \text{ (Earnings for September 20XX)}
\]

Amt paid for 9/1-15/XX = $3,000.00 - $1,500.00 (semi-monthly salary) = $1,500.00

Amt paid for 9/16-30/XX = $1,500.00

C. If a 12-month employee is on leave without pay (LWOP).

Ex: Twelve-month employee has a LWOP from October 2, 20XX through October 5, 20XX for four (4) days with a monthly salary of $3,000.00

\[
\frac{($3,000.00 \times 19)}{23} = $2,478.26 \text{ (Earnings for October 20XX)}
\]

Amt paid for 10/1-15/XX = $2,478.26 - $1,500.00 (semi-monthly salary) = $978.26

Amt paid for 10/16-31/XX = $1,500.00

D. If a 12-month employee receives a pay increase in the middle of the month.

Ex: Twelve-month employee receives a pay increase from $3,000.00 per month to $3,200.00 per month effective November 7, 20XX.

\[
\frac{($3,000.00 \times 4)}{23} = $2,739.13 \text{ (Earnings for November 20XX)}
\]
November 1, 20XX – November 6, 20XX) / 22 (# of working days in November 20XX) = $545.45 (Earnings for November 20XX at the $3,000.00 monthly salary)

($3,200.00 (new monthly salary) x 18 (# of working days from November 6, 20XX – November 30, 20XX)) / 22 (# of working days in November 20XX) = $2,618.18 (Earnings for November 20XX at the $3,200.00 monthly salary)

$545.45 (old rate earnings for November) + $2,618.18 (new rate earnings for November) = $3,163.63 (Total earnings for November 20XX)

Amt paid for 11/1-15/XX = $3,163.63 - $1,600.00 (new semi-monthly salary) = $1,563.63

Amt paid for 11/16-30/XX = $1,600.00

6. **LAG versus After-The-Fact (ATF)**

Employees hired within the State of Hawaii prior to July 1, 1998 were placed on a predicted pay or lag status. Lag refers to the five (5) day period from the end of the pay period until the actual pay date.

Ex: If a 12-month employee was hired on June 30, 1998 and works from August 1, 20XX through August 15, 20XX. For the pay period August 1, 20XX through August 15, 20XX, the pay date is August 20, 20XX (August 15, 20XX is the last day of the pay period plus five (5) days lag.)

Employees hired within the State of Hawaii on or after July 1, 1998 were placed on an after-the-fact or ATF pay status. ATF employees are paid at the end of the following pay period plus the five (5) day lag described above.

Ex: Twelve-month employee was hired on July 1, 1998 and works from August 1, 20XX through August 15, 20XX. For the pay period of August 1, 20XX – August 15, 20XX, the pay date is September 5, 20XX (August 31, 20XX is the last day of the following pay period plus five (5) days lag.)

The above law can be referenced in Section, 78-13, Hawaii Revised Statues.

7. **SP Maintenance Responsibility**

The Claims Pre-Audit Supervisor, Payroll Unit, Operations Section, Accounting Services Branch, Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone.

8. **References, Resources, and Forms**

The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
SP 1202: Casual Employees; Casual Payroll System; Processing

1. **Purpose**
   To provide the steps required to pay casual or emergency hire employees in the Casual Payroll System (CPS).

2. **Effective**
   Immediately.

3. **Applies to**
   Employees that are paid on an hourly basis which includes but are not exclusive to classroom cleaners, adult supervisors, substitute classified employees, substitute educational officers, part-time teachers, paraprofessional tutors, emergency hires, student helpers, summer school/intersession employees, coaches, temporary contract employees, and teacher stipend payments.

4. **Paying Casual/Emergency Hires on the Casual Payroll System**
   The CPS is used to input the hours/days worked for casual and emergency hire employees. It can be accessed via the Budget System using Hyperaccess. The following steps are used to enter hours/days worked for an employee:

   A. Select the database needed and press <Enter> (see below):
      1) Summer School Programs Only – summer school employees.
      2) A+ Program Only – A+ employees including classroom cleaners hired to clean A+ classrooms.
      3) Non-A+ Programs Only – Employees except summer school and A+ employees.
   B. Select Casual Time Sheet Entry and press <Enter>.
   C. Retrieve an employee’s calendar by entering a portion of or the entire last name and press <Enter>. If multiple employees have the same last name, a list of employees will appear. Scroll down to select desired employee.
   D. From the calendar, select the day to be paid and press <Enter>.
   E. Enter the hours/day by either entering the total hours worked or the start and end time(s) and press <Enter>. Cursor will return to calendar.
   F. Continue to enter hours as in Step D and E until all hours for the pay period is entered.
   G. Press <F1> <s> to save. It is important to save entries. Otherwise, data will need to be re-entered.
   H. Retrieve another employee’s calendar and continue Steps C-F or to go back to the menu screen press <F1> <m>.

Once you have completed entering the hours/days for all your employees, a draft report should be printed to check the accuracy of what was entered. To print the report, follow the steps below:

A. Press <F1><O> to go to the reports menu.
C. Select either Without SSN or With SSN and press <Enter>.
D. Once prompted press <ALT> <P> to print.
E. Verify timesheet entries made are correct. If errors are found, re-enter corrections on timesheet entry screen.

5. **Troubleshooting**
A. After inputting the employee’s name the system returns you back to the menu screen.
   1) The last name was entered incorrectly. Go into the Casual Time Sheet Entry screen and try again. Note: The last name must be spelled correctly and first names are not allowed. Try using only the first two (2) letters of the last name.
   2) The employee has not been certified to be paid. Use the Statewide Employee Register Search by SSN menu option to determine if the employee is certified by using the following steps:
      a) Select Statewide Employee Register Search by SSN from the Casual Payroll menu screen and press <Enter>.
      b) Enter the employee’s social security number without dashes and press <Enter>.
      c) First table will show what is on the Active Jobs screen on Casual Personnel press <Enter> when done viewing. Use to check if the employee was certified on Casual Personnel.
      d) Next table shows the Jobs to be Transferred to Casual Payroll Tonight. If the name is on this listing, it will appear on the CPS the next day.
      e) The third table shows the Jobs Being Reviewed by Personnel. Certain employees after being entered into the Casual Personnel System need to be reviewed by Personnel before being downloaded onto the CPS, this listing shows if the record is still being reviewed.
      f) The fourth table shows the Jobs Terminated this Pay Period listing all the employees’ records which will be terminated this pay period. Press <Enter> after finish viewing.
      g) Last table shows what is on the CPS. If the employee record you need is here, the record can be accessed through the CPS, however there may be a problem with the record (go to option 3 C below).

3) If the employee’s record appears on the On Casual Payroll System table through the Statewide Employee Register Search by SSN, choose the Casual Time Sheet Register menu option from the CPS menu screen and follow the following steps:
   a) Enter the employee’s last name and press <Enter>.
   b) Select the appropriate employee record and press <Enter>.
   c) Check to see if there are any asterisks (*) in the Uniform Accounting Code (UAC) field. If there are asterisks (*) in this field, it means there is an incorrect code in the UAC which must be corrected before the employee’s record can be used.
   d) Check to see if the person is On-leave.
1) If there is an “x” in the On-Leave box press <Enter> until the On-Leave box is selected. Clear the “x” by pressing the <Space Bar>. Press <F1> <s> to save. You can now access the employee’s record through the Casual Timesheet Entry menu option.

2) If there is a “P” in the On-Leave box, it means that Program ID has expired. Correct program ID before paying.

B. The employee’s record was incorrect (e.g. wrong rate, name spelled incorrectly, UAC incorrect, etc.)
1) Correct the employee’s personnel record on CPS.

6. **SP Maintenance Responsibility**
The Claims Pre-Audit Supervisor, Payroll Unit, Operations Section, Accounting Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

7. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) www.issb.k12.hi.us – Casual Payroll System http://165.248.6.166/CasualPayroll/

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**SP 1203: Teacher Substitute Employee Automated System (TSEAS); Processing**

1. **Purpose**
To provide an overview on the Teacher Substitute Employee Automated System (TSEAS) and its effect on payroll.

2. **Effective**
Immediately.

3. **Applies to**
All salaried teachers, both 10-Month and 12-Month for recording leaves (e.g.: sick, personal, vacation, etc.) and authorizing payment of all substitute teachers.

4. **Teacher Leaves**
When a teacher calls in to TSEAS to report an absence, this absence is recorded on the teacher’s Leave Status Report, after the job is verified. If a leave was properly called in to TSEAS, an Application for Leave of Absence (Form 400a) does not need to be submitted to the Payroll Unit for the same dates. However, if a leave was incorrectly recorded on TSEAS or inadvertently missed, one or more of the following corrections may need to be made:

A. To make a change to a teacher’s leave which was already processed on TSEAS, a Change of Leave Code Request Form (Form BLA-01) must be completed (see SP on BLA-01 for instructions) and sent to the Payroll Unit.
E.g.: Sick leave was processed on TSEAS but needed to be changed to personal leave.

B. To correct a leave that was recorded in TSEAS in error, a note signed by the school’s Principal should be submitted to the Payroll Unit.

E.g.: Sick leave was processed on TSEAS, but the teacher had actually come to work.

C. If a leave was not called in to TSEAS, an Application for Leave of Absence (Form 400a) should be submitted to the Payroll Unit (see SP on Application for Leave of Absence 400a for instructions). Note: Please ensure that the Form 400a is submitted for only those days not called in to TSEAS. Leaves processed on TSEAS as well as through the Form 400a may cause duplicate entries on the leave status report. E.g.: Sick Leave was not called in to TSEAS, but the teacher was on sick leave.

5. Substitute Teacher Pay
A substitute teacher is paid after verification of their job is made by the school on TSEAS. The deadline to verify jobs on TSEAS is the first working day following the end of the pay period by 4:30 p.m. If the deadline is met, the substitute teacher will be paid the following pay period plus the five (5) day lag. See examples below:

A. If a substitute teacher works between November 1 and November 15, the job on TSEAS must be verified by November 16 (the first working day after the end of the pay period) by 4:30 p.m. If the job is verified on time the substitute teacher will be paid on December 5 (next pay period plus five day lag).

B. If a substitute teacher works between November 16 and November 30, the job on TSEAS must be verified by December 3, 4:30 p.m. If the job is verified on time, the substitute teacher will be paid on December 20.

6. SP Maintenance Responsibility
The Claims Pre-Audit Supervisor, Payroll Unit, Operations Section, Accounting Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone.

7. References, Resources, and Forms
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

(a) Frequently Asked Questions (FAQ) for SP 1203.

Forms
(b) Form 400A, Application for Leave of Absence
   http://sp.k12.hi.us/pdf/form5000_400a.pdf
(c) Form BLA-01, Change of Leave Code Request
SP 1205: Individual Time Sheet; Form D-55

1. **Purpose**
   To report fringe payment hours on time sheet for payment purposes after each pay period.

2. **Effective**
   Immediately.

3. **Applies to**
   Classified/School Support Personnel (CSSP) employees.

4. Instructions for completing Individual Time Sheet Form D-55
   For instructions and a sample of this form, please refer to the DOE Forms website at http://doe.k12.hi.us/forms/index.htm.

5. **Other Important Information**
   Submit original and yellow copy to Office of Fiscal Services-Payroll Unit at the end of each pay period by the specified deadline, one workday after the end of the pay period. Please refer to the current Payroll Deadlines memorandum posted on DOE Memos and Notices for deadline dates. The pink copy is to be kept on file. Fringe payments are paid two (2) pay periods after it is turned in. For overtime payments, please submit approved Request for Overtime, Form BP-2 with timesheet, except for call out pay and use of facilities. See Form (c).

6. **SP Maintenance Responsibility**
   The Claims Pre-Audit Supervisor, Payroll Unit, Operations Section, Accounting Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone.

7. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

   (a) Frequently Asked Questions (FAQ) for SP 1205.

   **Forms**
   (b) Form D-55, Individual Time Sheet
   (c) Form BP-2, Request for Overtime
SP 1206: Employee Organizational Timesheet; Form D-56

1. **Purpose**
   To process fringe payments for classified substitute employees, recall payment for vice-principals, and recall payment for teachers.

2. **Effective**
   Immediately.

3. **Applies to**
   Substitute Teachers – to be turned in only if the job cannot be called in to the Teacher Substitute Employee Automated System (TSEAS), e.g., deadline has passed in which jobs can be backdated; and ensure remarks “Not on TSEAS” are on the Form D-56;

   Substitute Classified – To be turned in for overtime purposes only (e.g., substitute employee works overtime – ensure that proper approval (Request for Overtime, Form BP-2) is attached or proper remarks (e.g., Use of facilities, call out) is listed in the “Comments” on the Form D-56;

   Vice-Principals and teachers – Form D-56 is used for payment of recall pay.

4. **Instructions for Completing Organizational Timesheet (Form D-56)**
   Instructions and a sample of this form can be located in the DOE Forms website at http://doe.k12.hi.us/forms/index.htm.

5. **SP Maintenance Responsibility**
   The Claims Pre-Audit Supervisor, Payroll Unit, Operations Section, Accounting Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

6. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1206.
     If an employee is not listed in the casual payroll system can I turn in a manual timesheet or Form D-56?

     No, schools/offices need to wait until the employee has been listed in the casual payroll system (see SP on Casual Payroll System Troubleshooting) to input hours.

   **Forms**
   (b) Employee Organizational Timesheet, Form D-56
   (c) Request for Overtime, Form BP-2
SP 1207: Notification of Temporary Assignment (Form SF-10)

1. **Purpose**
   To provide a description of how the Notification of Temporary Assignment, Form SF-10 is paid.

2. **Effective**
   Immediately.

3. **Applies to**
   All salaried employees who perform temporary assignments.

4. **Temporary Assignment Payments**
   Salaried employees are compensated for temporary assignment two pay periods plus the five (5) day lag, as are all fringe (e.g.; overtime, additional hours, etc) payments.
   
   Example: A salaried employee temporarily assigned from August 1, 20XX to August 15, 20XX, will be compensated in the September 20, 20XX paycheck.

5. **SP Maintenance Responsibility**
   The Claims Pre-Audit Supervisor, Payroll Unit, Operations Section, Accounting Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

6. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1207.
   (b) Form SF-10, Notification of Temporary Assignment

SP 1208: Request for Overtime; Form BP-2

1. **Purpose**
   To request for overtime for worked performed.

2. **Effective**
   Immediately.

3. **Applies to**
   All DOE employees who are approved and allowed to receive overtime pay.

4. **Instructions on Completing the Request For Overtime, Form BP-2**
   The instructions for completing the Request for Overtime, Form BP-2 and a sample of this form can be viewed on the link below:
5. **Overtime Circumstances where Form BP-2 is not needed:**
   If the Overtime is for Call Back or Use of Facilities, the Form BP-2 is not needed. In these situations “Call Back” or “Use of Facilities” should be notated in the remark section of the timesheet, Form D-55.

6. **Additional Hours Approval**
   Prior approval from the Complex Area Superintendent or Assistant Superintendent is not needed for additional hours.

7. **SP Maintenance Responsibility**
   The Claims Pre-Audit Supervisor, Payroll Unit, Operations Section, Accounting Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

8. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1208.

   **Forms**
   (a) Form BP-2, Request for Overtime
   (b) Instructions for completing the form

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**SP 1209: Claim for Lost Check/Non-Received Check; Procedures for**

1. **Purpose**
   To request the re-issuance for a lost, stolen or non-received check.

2. **Effective**
   Immediately.

3. **Applies to**
   Any DOE employee who received a check issued through the DOE Payroll Unit.

4. **Procedure to Request Reissuance of Lost Check/Non-Received Check**
   **A.** Contact the DOE Payroll Unit at (808) 586-3181 for a Claim for Lost Check/Non-Received Check form.

   **B.** The payee of a check who received the check but was unable to cash it because it was either lost or stolen is eligible to request the check be reissued, if the check was not endorsed. If the check was endorsed by the payee, a check may not be reissued unless the check is not cashed by the expiration date of the check, which is at the close of the following fiscal year in which the check was issued.

   If the payee of the check did not receive the check for any reason, including not received in the mail, a request for the check to be reissued may be made.
C. It will take approximately two to three weeks for a check to be reissued.

5. **SP Maintenance Responsibility**
   The Claims Pre-Audit Supervisor, Payroll Unit, Operations Section, Accounting Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

6. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

   Frequently Asked Questions (FAQ) for SP 1209.
   (a) http://www.capitol.hawaii.gov/hrscurrent/Vol01_Ch0001-0042F/HRS0040/
   (b) For a sample of the form and information needed to complete the form, please see the DOE Forms website at:  http://doe.k12.hi.us/forms/index.htm

   The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions.  Please review this resource before inquiring via telephone.

   A. Can I cash the original check if the check was found **before** returning the “Claim for Lost Check”/“Claim for Non-Received Check” form to DOE?  
      Yes, please contact the Payroll Unit to cancel the Claim.
   B. Can I cash the original check if the check was found **after** returning the “Claim for Lost Check”/“Claim for Non-Received Check” form to DOE?  
      No.  The stop payment has been issued and the original check is no longer valid. Please return the original check to the DOE Payroll Unit for cancellation.

**SP 1209.1: Claim for Escheated Check/Voided Check**

1. **Purpose**
   To request re-issuance of an escheated or voided check.

2. **Effective**
   Immediately.

3. **Applies to**
   Any DOE employee who received a warrant voucher from the Department of Education and the check has either been escheated i.e. unclaimed or voided.

4. **Procedure to Request Re-Issuance of Escheated Check Voided Check**
   A. Send escheated or voided check to:  
      Department of Education  
      Payroll Unit  
      P.O. Box 2360  
      Honolulu, Hawaii 96804
   B. Provide the following information:  
      1. Reason for the request
2. Address to mail the replacement check
C. It will take appropriately two to three weeks for a check to be reissued.

5. **SP Maintenance Responsibility**
   The Claims Pre-Audit Supervisor, Payroll Unit, Operations Section, Accounting Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

6. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   
   A. Frequently Asked Questions (FAQ) for SP 1209.1.
   B. Sec. 40-68, Hawaii Revised Statutes, Non-presentment of warrants and checks.

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**SP 1210: Wage and Tax Statement (Form W-2); Request for Duplicate**

1. **Purpose**
   To request a duplicate Wage and Tax Statement; Form W-2.

2. **Effective**
   Immediately.

3. **Applies to**
   All DOE employees.

4. **Background**
   The cost for a duplicate Form W-2 statement is $10. Payment may be made by cash, money order, certified or cashiers’ check made payable to the **Director of Finance**. Any payment except cash **not** made payable to the Director of Finance will delay the processing of the duplicate Form W-2 request. Payment by personal check will require more time to process because receipt of funds must be verified before the duplicate Form W-2 is released. If a personal check is returned unpaid, an additional $25 returned check fee must be collected, pursuant to Section 40-35.5, Hawaii Revised Statutes. Note: Duplicate Form W-2’s may be requested for the last ten (10) years.

5. **Procedure to Request Duplicate Form W-2**
   A. Requests for duplicate Form W-2 must be made in writing by the employee.
   B. The following information must be provided in the request:
      1) Employee name
      2) Social security number
      3) Name of school or office
      4) Payroll number/warrant distribution code [located on Pay Statement or Check Stub]
      5) Phone number
      6) Reason for the request
      7) Year requested (up to 10 years)
      8) Enclosed payment ($10 for each year requested)
9) State delivery option
   a. Picked up by employee – provide a daytime contact number that
      employee can be reached when Form W-2 is ready to be picked up
   b. Sent to employee’s home – provide home address
10) Employee signature
   c. Request may be sent to:
      Department of Education
      Payroll Unit
      P.O. Box 2360
      Honolulu, Hawaii 96804

6. **Processing After the Request is Received at the Payroll Unit**
   It will take approximately one week if payment is made by cash, cashiers’ check, or
   money order made payable to **Director of Finance**. Personal checks will take
   approximately two weeks.

   Form W-2’s **can’t** be picked up at Payroll Unit because we do not have Form W-2’s
   here. Payroll Unit will send your request to the Department of Accounting and General
   Services to get a copy of your requested Form W-2.

7. **SP Maintenance Responsibility**
   The Claims Pre-Audit Supervisor, Payroll Unit, Operations Section, Accounting Services
   Branch, Office of Fiscal Services is responsible for maintenance, administration, and
   questions regarding this SP.

8. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual
   authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1210.

**SP 1211: Tax Withholding Exemption Changes (Federal W-4, State HW-4)**

1. **Purpose**
   To make changes in tax withholding exemption.

2. **Effective**
   Immediately.

3. **Applies to**
   All employees of the Department of Education (DOE).

4. **Instructions to Change Federal or State Tax Exemptions, Form W-4 and HW-4**
   Complete the following items for Federal Form W-4. See Form (b):
   
<table>
<thead>
<tr>
<th>Item</th>
<th>Type of Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Type or print your first name, middle initial and your last name.</td>
</tr>
<tr>
<td>2.</td>
<td>Type or print your social security number.</td>
</tr>
<tr>
<td>3.</td>
<td>Check box for marital status [Note: Marital status must be the same as HW-4].</td>
</tr>
</tbody>
</table>
4. If your last name differs from the name shown on your social security card, check box. You must also call 1-800-772-1213 for a replacement social security card.
5. Enter the total number of allowances you are claiming.
6. Enter any additional amount.
7. Type or print "exempt" if this applies to you.
8. Sign and date the form.
9. Submit completed form to the DOE Payroll Unit.

Complete the following items for State Form HW-4. See Form (c):

<table>
<thead>
<tr>
<th>Item</th>
<th>Type of Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Type or print your full name.</td>
</tr>
<tr>
<td>2.</td>
<td>Type or print your social security number.</td>
</tr>
<tr>
<td>3.</td>
<td>Check appropriate box for marital status [Note: Marital status must be the same as W-4].</td>
</tr>
<tr>
<td>4.</td>
<td>Enter the total number of allowances you are claiming.</td>
</tr>
<tr>
<td>5.</td>
<td>Enter any additional amount.</td>
</tr>
<tr>
<td>6.</td>
<td>Sign and date the form.</td>
</tr>
<tr>
<td>7.</td>
<td>Submit completed form to the DOE Payroll Unit.</td>
</tr>
</tbody>
</table>

5. **Impact on Tax Exemptions on Earnings and Leave Statement**
   For federal withholding taxes, each negative number represents an additional $5 withheld over zero (0) exemptions and for state withholding taxes, each negative number represents an additional $2 for being withheld. Thus, if claiming any additional amount to be withheld per pay period, these amounts will show as a negative exemption on your pay statement.

6. **SP Maintenance Responsibility**
   The Claims Pre-Audit Supervisor, Payroll Unit, Operations Section, Accounting Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

7. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1211.
   (b) Form W-4, Employee’s Withholding Allowance and Status Certificate.
   (c) Form HW-4, State of Hawaii Employee’s Withholding Allowance and Status Certificate

**SP 1212: Salary Assignment/Cancellation Form**

D-60 for Bank Assignment (BA)

1. **Purpose**
   To authorize the assignment or cancellation of net pay or a specific dollar amount of assignment to a financial institution.

2. **Effective**
   Immediately.
3. **Applies to**
All Department of Education employees (including casual employees) hired on or after July 1, 1998, and employees hired prior to that date who wish to have direct deposit. Section 40-53, Hawaii Revised Statutes, requires employees hired on or after July 1, 1998 to specify a financial institution account into which the State will deposit the employee’s net pay.

4. **Instructions for Completing Form D-60, Salary Assignment/Cancellation For Bank Assignment (BA)**

Please see the link below for instructions and a sample of Form D-60 to assign your net wages.

(NEED TO ADD LINK, FORM AND INSTRUCTIONS)

New employees must submit Form D-60 after receiving their first paycheck. The State of Hawaii’s Form D-06 must be used to start, change or cancel a bank assignment. No other forms will be accepted.

Only net wages can be assigned to a financial institution. An employee may have a portion of their salary assigned to a credit union via a Credit Union (CU) deduction. Note: Causal employees are not allowed to have CU deductions. See (b) SP1213.

Employees with financial institutions located out-of-state should expect a delay in receiving their net pay. Funds will not be available for immediate use on payday due to a check being mailed to the out-of-state financial institution the day before payday. Upon receipt of the check by the out-of-state institution, they will deposit an employee’s net wages into their account.

5. **Instructions for Completing Salary Assignment /Cancellation Form D-60 For Cancellation or Change of Bank Assignment**

Please see the link below for instructions and a sample of Form D-60 to assign your net wages.

(NEED TO ADD LINK, FORM AND INSTRUCTIONS)

A. Change in Financial Institution or Bank Account Number
Submit a new Form D-60 with updated bank information in which it will override an employee’s previous salary assignment. Ensure an employee’s former account is still open until the new salary assignment takes effect. Failure to do so will result in a delay in receipt of net pay.

If an employee’s account is closed, then the receiving financial institution will return the employee’s net wages to the State of Hawaii. Upon receipt, re-issuance of a check will be mailed directly to the employee’s school or office. This process normally takes seven (7) to ten (10) working days.

B. Separation from Service with DOE
The bank assignment will continue to be in effect until a cancellation Form D-60 is submitted. Submit a cancellation Form D-60 after an employee receives their last paycheck from the Department.

6. **SP Maintenance Responsibility**
The Claims Pre-Audit Supervisor, Payroll Unit, Operations Section, Accounting Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

7. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

(a) Frequently Asked Questions (FAQ) for SP1212.
(b) SP 1213 “Salary Assignment/Cancellation Form D-60 for CU Deduction

**Forms**
(c) DOE Form D-60, Salary Assignment/Cancellation

**SP 1213: Salary Assignment/Cancellation Form D-60 for Credit Union Deduction**

1. **Purpose**
   To authorize a specific dollar amount be deposited into a credit union account or to cancel previously authorized assignments.

2. **Effective**
   Immediately.

3. **Applies to**
   All salaried Department of Education employees.

4. **Credit Union (CU) Deductions**
   Salaried employees may have one or more credit union deductions. Note: The CU deduction amount listed is a monthly amount. If an employee wants a deduction per paycheck, then the amount should be doubled on the Form D-60 section (K) below.

Note: Casual employees are not allowed to have CU deductions. See (b) SP1212

5. **Instructions for Completing Form D-60, Salary Assignment/Cancellation for Assigning Credit Union Deduction**

<table>
<thead>
<tr>
<th>No.</th>
<th>Type of Information</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Department</td>
<td>Education</td>
</tr>
<tr>
<td>B.</td>
<td>Sub-Division or School</td>
<td>Enter name of sub-division or school at which the employee is employed</td>
</tr>
<tr>
<td>C.</td>
<td>Social Security Number</td>
<td>Enter employee’s social security number</td>
</tr>
<tr>
<td>D.</td>
<td>Last Name, First Name, Middle Initial</td>
<td>Enter employee’s Last Name, First Name and Middle Initial</td>
</tr>
<tr>
<td>E.</td>
<td>Type</td>
<td>Enter CU to assign deduction to a Credit Union</td>
</tr>
</tbody>
</table>
F. Agent
Credit Union to receive employee’s assignment. Field must be completed with 3-digit numeric code for institution. If agent code is not known, leave blank. Payroll Unit will complete.

G. Plan
Code to identify type of account. “C” for checking account and “S” for Savings account

H. I.D. No
Employee’s account number. This is limited to eight numeric characters. If account number exceeds 8 digits, check with financial institution on which numbers to use

I. Dept.

J. The Undersigned Hereby: Assigns or Cancels
Place “X” in the Assigns box

K. $_____.__ The First Month
Specify dollar amount to be deposited each month and each month thereafter.

L. Effective Date with the Payroll
Enter the last day of the pay period Period that includes (month/day/year) on which the assignment is to begin

M. Date
Employee must sign and date the form

N. Agent
Agent name, branch, address must be completed. Authorized signature of agent is also required

6. Instructions for Completing Form D-60, Salary Assignment/Cancellation for Cancellation of Credit Union Deduction

<table>
<thead>
<tr>
<th>No.</th>
<th>Type of Information</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Department</td>
<td>Education</td>
</tr>
<tr>
<td>B.</td>
<td>Sub-Division or School</td>
<td>Enter name of sub-division or school at which the employee is employed</td>
</tr>
<tr>
<td>C.</td>
<td>Social Security Number</td>
<td>Enter employee’s social security number</td>
</tr>
<tr>
<td>D.</td>
<td>Last Name, First Name, Middle Initial</td>
<td>Enter employee’s Last Name, First Name and Middle Initial</td>
</tr>
<tr>
<td>E.</td>
<td>Type</td>
<td>Enter CU for Credit Union deduction</td>
</tr>
<tr>
<td>F.</td>
<td>Agent</td>
<td>Field must be completed with 3-digit numeric code for the Credit Union</td>
</tr>
<tr>
<td>G.</td>
<td>Plan</td>
<td>Code to identify type of account. “C” for checking account and “S” for Savings account</td>
</tr>
<tr>
<td>H.</td>
<td>I.D. No</td>
<td>Employee’s account number</td>
</tr>
<tr>
<td>I.</td>
<td>Dept.</td>
<td>E</td>
</tr>
<tr>
<td>J.</td>
<td>The Undersigned Hereby: Assigns or Cancels</td>
<td>Place “X” in the Cancels box</td>
</tr>
<tr>
<td>K.</td>
<td>Effective Date with the Payroll</td>
<td>Enter the last day of the pay period (month/day/year) on which the assignment is to be cancelled</td>
</tr>
<tr>
<td>L.</td>
<td>Date</td>
<td>Employee must sign and date the form</td>
</tr>
</tbody>
</table>
7. **SP Maintenance Responsibility**
The Claims Pre-Audit Supervisor, Payroll Unit, Operations Section, Accounting Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

8. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Frequently Asked Questions (FAQ) for SP 1213.
(b) SP 1212 Salary Assignment/Cancellation Form D-60 for Bank Assignment (BA)

**Forms**
(c) Form D-60, Salary Assignment/Cancellation

**SP 1214: Savings Bond Authorization (State Accounting Form D-68)**

1. **Purpose**
   To authorize savings bond deductions.

2. **Effective**
   Immediately.

3. **Applies to**
   All salaried Department of Education employees.

4. **Instructions for Completing State of Hawaii United States Savings Bonds Authorization (State Accounting Form D-68)**

Information must be printed in **BLUE** ink or typed.

<table>
<thead>
<tr>
<th>No.</th>
<th>Type of Information</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Effective Date</td>
<td>Date to start the deduction</td>
</tr>
<tr>
<td>B.</td>
<td>Social Security Number</td>
<td>Employee's social security number</td>
</tr>
<tr>
<td>C.</td>
<td>Employee's Name</td>
<td>Last, first and middle initial</td>
</tr>
<tr>
<td>D.</td>
<td>Department/Agency</td>
<td>Department of Education</td>
</tr>
<tr>
<td>E.</td>
<td>Division or Branch</td>
<td>District office/State office</td>
</tr>
<tr>
<td>F.</td>
<td>Location</td>
<td>School/office name</td>
</tr>
<tr>
<td>G.</td>
<td>Work Phone</td>
<td>Work telephone number</td>
</tr>
<tr>
<td>H.</td>
<td>Requested Action</td>
<td>Check appropriate box</td>
</tr>
<tr>
<td>I.</td>
<td>Other Action</td>
<td>Provide description of action being requested</td>
</tr>
<tr>
<td>J.</td>
<td>Allotment per month</td>
<td>If requested action in No. 8 is A, B, C, or D, indicate amount to be allotted each month</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>K.</strong> Choose Series</td>
<td>Select bond type (either I Bond or EE Bond)</td>
<td></td>
</tr>
<tr>
<td><strong>L.</strong> Select Denomination</td>
<td>For I Bonds (denomination $50 or $75) for EE Bonds (denomination $100, $200, $500 or $1,000)</td>
<td></td>
</tr>
<tr>
<td><strong>M.</strong> Owner’s Name</td>
<td>First, middle name or initial, last name</td>
<td></td>
</tr>
<tr>
<td><strong>N.</strong> Social Security Number</td>
<td>Owner’s social security number (required)</td>
<td></td>
</tr>
<tr>
<td><strong>O.</strong> Address</td>
<td>Owner’s home address</td>
<td></td>
</tr>
<tr>
<td><strong>P.</strong> Co-Owner/Beneficiary</td>
<td>Check appropriate box</td>
<td></td>
</tr>
<tr>
<td><strong>Q.</strong> Name of Co-Owner/Beneficiary</td>
<td>First, middle name or initial, last name of co-owner or beneficiary</td>
<td></td>
</tr>
<tr>
<td><strong>R.</strong> Social Security Number of Co-Owner/Beneficiary</td>
<td>Social security number of co-owner/beneficiary (optional)</td>
<td></td>
</tr>
<tr>
<td><strong>S.</strong> Employee’s signature and date</td>
<td>Employee must sign and date authorization form in <strong>BLUE</strong> ink.</td>
<td></td>
</tr>
</tbody>
</table>

Form must be typed or printed in blue ink. Completed form must be sent to the DOE-Payroll Unit. Only State Accounting Form D-68 will be accepted for any savings bond transaction.

5. **Replacement of Lost Savings Bond**
   To replace a lost savings bond contact the Federal Reserve Bank (FRB) directly at 1-800-553-2663. The lost bond form can be obtained via FRB website at www.savingsbond.gov.

6. **SP Maintenance Responsibility**
   The Claims Pre-Audit Supervisor, Payroll Unit, Operations Section, Accounting Services Branch, Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

7. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1214.
   (b) State Accounting Form D-68, Savings Bond Authorization Form http://www/hawaii.gov/forms

**SP 1235: Change of Leave Code Request (Form BLA-01)**

1. **Purpose**
   To change a leave code erroneously verified in the Teacher-Substitute Employee Automated System (T-SEAS).

2. **Effective**
   Immediately.
3. **Applies to**
Ten (10) month and twelve (12) month teachers.

4. **Instructions for Completing Form BLA-01 Change of Leave Code Request**

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Date</td>
<td>Today's date</td>
</tr>
<tr>
<td>B.</td>
<td>School/Office</td>
<td>School or office name</td>
</tr>
<tr>
<td>C.</td>
<td>SASA/Clerk Name</td>
<td>Contact name if there are any questions</td>
</tr>
<tr>
<td>D.</td>
<td>Phone No.</td>
<td>Contact phone number</td>
</tr>
<tr>
<td>E.</td>
<td>Employee’s Name</td>
<td>Enter teacher’s name</td>
</tr>
<tr>
<td>F.</td>
<td>Social Security No.</td>
<td>Enter teacher’s social security number</td>
</tr>
<tr>
<td>G.</td>
<td>From code</td>
<td>Enter incorrect leave code as recorded in T-SEAS</td>
</tr>
<tr>
<td>H.</td>
<td>To code</td>
<td>Enter correct leave code</td>
</tr>
<tr>
<td>I.</td>
<td>For Date(s)</td>
<td>Enter dates for codes to be changed</td>
</tr>
<tr>
<td>J.</td>
<td>Form 400a submitted</td>
<td>Check this box if 400a for LWOP was submitted</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Enter date form was submitted</td>
</tr>
<tr>
<td>K.</td>
<td>Reported in T-SEAS</td>
<td>Check this box if absence was called in T-SEAS</td>
</tr>
<tr>
<td>L.</td>
<td>Administrator’s Signature</td>
<td>Administrator must sign and date form</td>
</tr>
</tbody>
</table>

The Form BLA-01 is used to change codes as reported in T-SEAS. The Form 400a must also be submitted for leave without pay. The completed form should be sent to the DOE Payroll Unit.

5. **SP Maintenance Responsibility**
The Claims Pre-Audit Supervisor, Payroll Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

A. An absence was called into TSEAS, but the teacher reported to work. How do I fill out the Form BLA-01?

Form BLA-01 is not needed. The Form BLA-01 is used to change a leave. If an absence was called into TSEAS in error, a memo stating the circumstances and approved by the principal is required to remove this absence.

6. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Frequently Asked Questions (FAQ) for SP 1235.

**Forms**
(b) DOE Form BLA-01, Change of Leave Code Request
(c) DOE Personnel Form 400a, Application for Leave of Absence
SP 1240: Payment Processing; Introduction

1. **Purpose**
   To explain the process and responsibilities of the Vendor Payment Unit in the Administrative Services Branch of the Office of Fiscal Services.

2. **Effective**
   Immediately.

3. **Applies to**
   All School Administrative Services Assistants (SASA) and Account Clerks.

4. **Introduction**
   A. Hawaii Revised Statutes 103-10 requires that vendors be paid no later than thirty (30) calendar days following receipt of the invoice or satisfactory delivery of the goods or services, whichever is later.
      1. Payments made after thirty (30) calendar days will entitle vendors to an interest rate equal to the prime rate for each calendar quarter plus two percent (2%).
   B. Schools and offices assist the vendors in decreasing their waiting period for payment by promptly processing all invoices within five (5) working days of receipt of either the goods/services or the invoices, whichever is later.
   C. Once the Vendor Payment Unit receives the Approval to Pay Reports (ATPs) the process which includes pre-auditing, check writing, and mailing of checks requires approximately ten (10) working days.
   D. If the ATP contains errors, they will be returned to the schools/offices for corrections.

5. **SP Maintenance Responsibility**
   The Claims Pre-Audit Supervisor for Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

6. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1240.
   (b) Hawaii Revised Statutes, Section 103-10 (Payment for Goods and Services)
   (c) FMS User Policy and Process Flow Guide.
SP 1241: Payment Processing: Supporting Documentation Required

1. **Purpose**
   To list additional documents required to be submitted with the Approval to Pay Report and original or certified original itemized invoices for that type of payment.

2. **Effective**
   Immediately.

3. **Applies to**
   All School Administrative Services Assistants (SASA) and Account Clerks.

4. **Additional documents to be submitted for auditing**
   A. Program manager approval or the Request to Purchase Personal Use Items, Form J-1 for the following types of payments:
      1) Food
      2) Bus
      3) Admission
      4) Leis
      5) Personal use items
   B. Payments $25,000 and higher on final payment:
      1) If vendor is registered on Hawaii Compliance Express, Certificate of Vendor Compliance
      2) If vendor is not registered, original tax clearance certificates with green certification stamp within two (2) months of processing date
      3) Department of Commerce and Consumer Affairs (DCCA) certificate of good standing (not required if it is an exempt purchase)
      4) Department of Labor and Industrial Relations (DLIR) certificate of compliance (not required if it is an exempt purchase)
      5) If certificates from DCCA and DLIR are not available, submit vendor self-certified Certification of Compliance for Final Payment, Form 22 from Procurement.
   C. Meals:
      1) Agenda showing meals as an integral part of the meeting and also reflecting type of beverages.
   D. Telephone and Cellular Phones:
      1) Approved telecom request for new purchases
      2) Administrator's approval directly on invoice for cellular phone charges incurred which exceeds the plan's monthly cost.
   E. New Air Conditioning Equipment:
      1) Auxiliary Services Branch approval
      2) If using appropriated funds, approval memo from Assistant Superintendent or Complex Area Superintendent.

5. **SP Maintenance Responsibility**
   The Claims Pre-Audit Supervisor for Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.
The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

6. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

(a) Frequently Asked Questions (FAQ) for SP 1241.
(b) FMS User Policy and Process Flow Guide, Section (i.) Authorization to Purchase listing
(c) Procurement and Contracting Guidelines

**Forms**
The following forms are available for download from the FMS website: http://fms.k12.hi.us/forms.
(d) Form J-1, Request to Purchase Personal Use Items.
(e) Form A-6, Tax Clearance Application
(f) Form 4, Request for Civil Service Exemption
(g) Form 10C, Contract for Goods or Services Based on Small Purchase Procurement

**SP 1242: Credit Memos; Definitions and Procedures**

1. **Purpose**
To explain procedures for processing a credit memo with an offsetting invoice.

2. **Effective**
Immediately.

3. **Applies to**
All School Administrative Services Assistants (SASA) and Account Clerks.

4. **Definitions**
   A. A credit memo is a document issued by the vendor for merchandise that has been returned.
   B. An offsetting invoice is an invoice from the same vendor whose amount must be greater than the amount of the credit memo. If the invoice amount is less, then an additional offsetting invoice is needed to be processed with the credit memo. A credit memo must equal or exceed the amount of the invoice processed for payment.

5. **Procedures**
   A. Credit memos must be an original and printed on the same Approval to Pay Report as the offsetting invoice.
B. If there is no offsetting invoice expected from the vendor, the credit memo should be returned with a request that a refund check be issued.
C. For telephone and cellular phone E-Rate credits, deduct the credit amount appearing on the invoice from the current charges and process the balance.

6. **SP Maintenance Responsibility**
The Claims Pre-Audit Supervisor for Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

7. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

A. Frequently Asked Questions (FAQ) for SP 1242.
C. WINFMS Help, Walk-Throughs, Payment

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**SP 1243: Approval to Pay (ATP) Types; Descriptions**

1. **Purpose**
   To explain the four (4) types of Approval to Pay Reports (ATP) which can be identified by the Special Handling Indicator (SHI).

2. **Effective**
   Immediately.

3. **Applies to**
   All School Administrative Services Assistants (SASA) and Account Clerks.

4. **Descriptions**
   A. **Regular Payment – “Blank” Indicator** applies to most payments which include petty cash, postage, and reimbursements.

   B. **Invoice with Check – “I” Indicator** requires the original and one (1) copy of the invoice to be attached to the ATP for the following list of vendors or circumstances:

   1) Cingular Wireless
   2) Interest Payments
   3) Invoices with no invoice numbers or NONE is posted in the invoice field
   4) Invoices with numbers exceeding the 14 character invoice field (enter the last 14 digits of the number).
   5) Memberships (including invoices with invoice numbers)
   6) National Geographic Society
7) Netted-out totals due to the following conditions:
   a.) Receipt of a credit memo reducing the total of the invoice.
   b.) Receipt of separate invoices for goods and freight. (if current year
       funds are being used, process the freight invoice as a Direct
       Payment)

8) Registration Fees (including invoices with invoice numbers)
9) Research Corporation of the University of Hawaii (RCUH)
10) Split Payments (if paid from different batch orgs or printed on separate ATPs)
11) Sprint and Sprint PCS
12) State Governments (e.g.: DOE, Dags, DOH, etc.)
13) Subscriptions (All except for Weekly Reader, Scholastic, Inc., & Honolulu
      Advertiser)
14) T-Mobile
15) Tesoro Fleet Services
16) University of Hawaii (including all Community Colleges & UH Bookstore)
17) Utilities (e.g.: HECO, MECO, HELCO, Board of Water Supply, Gas Company,
      etc.)
18) Verizon Wireless

C. Mileage/Travel – “S” Indicator applies to mileage and inter-island or out-of-state
   per diem payments which should all be printed on separate ATPs. Advance per
   diem payments should also be printed on a separate ATP with a red-tag marked
   “Advance Per Diem”. Revenue Refund – “4” Indicator are for refunds made to an
   individual who previously paid a fee to the school

5. SP Maintenance Responsibility
   The Claims Pre-Audit Supervisor for Vendor Payment Unit, Operations Section,
   Administrative Services Branch, Office of Fiscal Services is responsible for the
   maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) page for this SP may provide standard
   responses to common questions. Please review this resource before inquiring via
   telephone. See Reference (a) below.

6. References, Resources, and Forms
   The following resources may provide access to statutory, policy, and contractual
   authorities; and closely related SPs, procedures, and forms.

   (a) Frequently Asked Questions (FAQ) for SP 1243.
   (b) FMS User Policy and Process Flow Guide
   (c) WINFMS Help, Walk-Throughs, Payment
   (d) FMS Forms Guide

Forms
   The following forms are available for download from the FMS website:
   http://fms.k12.hi.us/forms.
   (e) FMS-PY1, Direct Payment/Invoice Form
   (f) FMS-PY2, Personal Automobile Mileage Voucher
   (g) FMS-PY3, Petty Cash Voucher
   (h) FMS-C1, Revenue Refund Form
SP 1244: Direct Payments; Supplemental, Split, Advance, and Employee Reimbursements

1. **Purpose**
   To explain the different scenarios for processing direct payments, supplemental payments, split payments, advance payments and employee reimbursements.

2. **Effective**
   Immediately.

3. **Applies to**
   All School Administrative Services Assistants (SASA) and Account Clerks.

4. **Scenarios** (refer to FMS User Policy and Process Flow Guide for procedures)
   A. A supplemental payment should be processed when the purchase order (PO) is prematurely finalized or erroneously canceled and another invoice is received from the vendor.
   B. Split payments should be processed when an invoice exceeds the PO encumbrance and the balance is paid as a direct payment creating two (2) separate payment transactions.
   C. Advance payments are allowed for the following types:
      1) U.S. Postal Service for stamp purchases.
      2) Advance Per Diem
         a) Inter/Intra-Island Travel
         b) Out-of-State Travel
      3) Registration Fees
      4) Subscriptions
      5) Membership Dues
   D. Employee type reimbursements

5. **SP Maintenance Responsibility**
   The Claims Pre-Audit Supervisor for Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

6. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1244.
   (b) 6.9 Direct Payments – Supplemental Payments from FMS User Policy and Process Flow Guide.
SP 1245: Blanket Purchase Orders; Guidelines

1. **Purpose**
   To explain the processing of blanket purchase orders.

2. **Effective**
   Immediately.

3. **Applies to**
   All School Administrative Services Assistants (SASA) and Account Clerks.

4. **Guidelines**
   A. Schools and offices may issue blanket purchase orders to a vendor for various items to be purchased within a three (3) month period following the date of issuance.
   B. Blanket purchase orders are made for sums not to exceed $500 (for each purchase order) and will be used to purchase items with a unit cost of less than $50.
      1) However, the $50 limitation does not apply to equipment repairs or from purchases through the State Surplus Branch.
   C. The description on the purchase order should list:
      1) Items/services being purchased (e.g. office supplies, equipment repairs)
      2) Authorized purchaser’s name
      3) Dates of the three (3) month period (e.g. July, 2008 to September, 2008)
   D. Schools and offices should maintain internal control over these blanket purchase orders to prevent the lapsing of funds.

5. **SP Maintenance Responsibility**
   The Claims Pre-Audit Supervisor for Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

6. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   Frequently Asked Questions (FAQ) for SP 1245.
   (a) FMS User Policy and Process Flow Guide
   (b) WINFMS Help, Walk-through, Purchase Orders

   **Forms**
   The following forms are available for download from the FMS website:
   http://fms.k12.hi.us/forms
SP 1246: Petty Cash Replenishment; Procedures

1. **Purpose**
   To explain the procedures for replenishment of the school’s petty cash account.

2. **Effective**
   Immediately.

3. **Applies to**
   All School Administrative Services Assistants (SASA) and Account Clerks.

4. **Procedures**
   A. A Petty Cash Voucher (Form PY-3) must be completed for each cash receipt being reimbursed.
   B. Reimbursement for purchases made with a charge card, personal check or by any other non-cash method, should be processed through FMS as a “Reimbursement.”
   C. Expenditures from the petty cash fund shall not exceed $50 in amount.
   D. An original, itemized receipt marked “Paid” or on which “Cash Received” is marked must be attached to each Petty Cash Voucher.
   E. The “Received By” and “Custodian” lines on the Petty Cash Voucher should not be signed by the same person.
   F. The petty cash vouchers must be submitted with the Approval to Pay Report (ATP) 1) Vendor Suffix 01 must be used with the school’s vendor code when processing the payment so that the check is made payable to the Principal who is the Custodian of the Petty Cash Fund.
   G. Listed below are expenditures that are not allowed to be reimbursed through the petty cash fund:
      1) Items for personal use or consumption
      2) Payments that should be processed through the State’s payroll system
      3) Out-of-State Travel
      4) Contract or other agreement-type payments
      5) Cashing of personal checks and making personal loans
      6) Questionable items – e.g. items that administrators and employees are expected to pay for from personal funds or because expenditure is not business related:
         a) Meals, coffee and refreshments and supplies
         b) Leis and flowers
         c) Greeting cards
         d) Parking citation, space and towing charges
         e) Umbrellas, rentals, briefcases, etc.

5. **SP Maintenance Responsibility**
   The Claims Pre-Audit Supervisor for Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.
6. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

Frequently Asked Questions (FAQ) for SP 1246.
(a) FMS User Policy and Process Flow Guide
(b) FMS Forms Guide

**Forms**
The following form is available for download from the FMS website:
http://fms.k12.hi.us/forms.
(c) FMS-PY3 – Petty Cash Voucher

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**SP 1247: Monitoring Status of Payments; Procedure**

1. **Purpose**
   To request a copy of a canceled check or re-issue a check that was not received.

2. **Effective**
   Immediately.

3. **Applies to**
   All School Administrative Services Assistant (SASA) and Account Clerks.

4. **Procedures**
   A. Complete a Status of Payment Request, Form FMS-PY7 *(do not refer vendors to the Vendor Payment Unit)*
      1) Information is on the Vendor Payment Inquiry screen in WinFMS.
   B. Fax form to Vendor Payment Unit, fax number 586-3135.
   C. After the request is researched, Vendor Payment Unit will send you a copy of the canceled check with remittance advice or a reissued check if original check had not been cashed.

5. **SP Maintenance Responsibility**
The Claims Pre-Audit Supervisor for Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

6. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Frequently Asked Questions (FAQ) for SP 1247
(b) FMS User Policy and Process Flow Guide
(c) FMS Forms Guide
Forms
The following form is available for download from the FMS website:
http://fms.k12.hi.us/forms.
(d) FMS PY-7 Status of Payment Request

### SP 1248: Interest Charges on Late Payments; Procedures

1. **Purpose**
   To process interest charges caused by late payment of vendor’s invoices pursuant to Section 103-10, Hawaii Revised Statutes.

2. **Effective**
   Immediately.

3. **Applies to**
   All School Administrative Services Assistant (SASA) and Account Clerks.
4. **Procedures**
   A. The original invoice must be for interest charges only and not be combined with charges for goods and services.
   B. It must reference the invoice number, date goods/services received and amount of the invoice which incurred the interest charge.
   C. Schools and offices must check the FMS on-line Interest Inquiry Screen for the system’s interest calculation to determine the amount to be paid.
   D. Prepare a Direct Payment Form PY-1, attach the original and a copy of the invoice and submit with the Approval to Pay Report (ATP).
      1) The ATP Type should be “Invoice with Check” and the commodity code is 7301
   E. The only exceptions to the above, whereby interest charges may be combined with services on the same invoice are for utility charges from the following vendors:
      1) AT & T
      2) Board of Water Supply
      3) Cingular
      4) Gas Company
      5) Hawaii Electric Light Co.
      6) Hawaiian Electric Co.
      7) Hawaiian Telcom
      8) Maui Electric
      9) Nextel
      10) Sprint
      11) T-Mobile
      12) Verizon Wireless

5. **SP Maintenance Responsibility**
   The Claims Pre-Audit Supervisor, Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

6. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1248.
   (b) Hawaii Revised Statutes, Section 103-10 (Payment of Goods and Services)
   (c) FMS User Policy and Process Flow Guide.

   **Forms**
   The following form is available for download from the FMS website:
   http://fms.k12.hi.us/forms
   (d) Interest Calculation Form
   (e) Form PY-1, Direct Payment
SP 1249: Contract Payments; Required Documents

1. **Purpose**
   To list the required documents which are necessary to submit with the Approval to Pay Report (ATP) for the three (3) different types of contract payment. For information on the process of procuring the contracts, see the Procurement Section’s Contract Guidelines in lotus notes.

2. **Effective**
   Immediately.

3. **Applies to**
   All School Administrative Services Assistants (SASAs) and Account Clerks.

4. **Required Documents**
   A. **Request For Exemption From Civil Service (Form 4)**
      1) The purpose of this form is to determine if there is an employer/employee relationship with contractor.
         a. Part I (ABC Test), if all of your answers are YES, process through Vendor Payment as an independent contractor; if you answered any question with a NO, process through Personnel as a temporary contract employee.
         b. Part II, (4 Point Test), if all of your answers are YES, you will need the Civil Service Exemption (CSE) Form, if any of your answers are NO, the CSE not required.
         c. Enter all information relating to the contract.
         d. Check off block for either Part III (CSE required and attached) or Part IV (CSE not required),
         e. The Administrator approves and dates form.
   B. **Contract Amount Less than $5,000**
      1) A purchase order (PO) noting the scope of service, dates of service, compensation schedule and inclusive of all operational and travel expenses in contract amount may be processed.
      2) Subsequent payments – A copy of the PO with the Approval to Pay (ATP) print date and time of initial payment noted, Form 4 and if applicable CSE.
   C. **Contract Amount $5,000 to $24,999**
      1) The original Contract for Goods or Services Based on Small Purchase Procurement (Form 10-C).
      2) Notate the ATP print date and time of initial payment and PO number on the contract form.
      3) Subsequent Payments – A copy of the Department of Education’s Contract Form 10-C with the ATP print date and time of initial payment and PO number noted, Form 4 and if applicable CSE.
   D. **Contract Amount $25,000 or more (original contract at the Procurement Section)**
      1) A purchase order with CO contract number in approval number field, which notes the scope of service, dates of service and compensation schedule from CO contract or contract encumbered purchase order from the Procurement
Section.
2) Compensation schedule (if not listed on the PO)
3) Current, original (within 2 months) tax clearance certificate on final payment
4) Subsequent Payments – copy of PO and compensation schedule (if not listed on PO)

E. Invoices
Original vendor invoices must list scope of service, dates of service, follow compensation schedule or lump sum paid at end of contract, and include operational and travel expenses (if from outside Oahu).

5. SP Maintenance Responsibility
The Claims Pre-Audit Supervisor for the Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

6. References, Resources, and Forms
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

(a) Frequently Asked Questions (FAQ) for SP 1249.
(b) FMS User Policy and Process Flow Guide.
(c) Procurement icon on lotus notes.

Forms
The following form is available for download from the FMS website: http://fms.k12.hi.us/forms.
(d) Form 4 – Request for Exemption from Civil Service
(e) Form 10C – Contract for Small Purchase of Goods or Services
(f) Civil Service Exemption Form

SP 1250: Procurement Card; Overview

1. Purpose
Provide an introductory overview of the Procurement Card (P-Card) process.

2. Effective
Immediately.

3. Applies to
All schools and offices.

Procurement Card Overview
The procurement card (p-card) is a MasterCard credit card issued by First Hawaiian Bank to be used for official Department of Education purchases only. First Hawaiian Bank was awarded the p-card bid through the DAGS State Procurement Office. The p-card should be seen as an alternate form of purchasing from the traditional purchase
order method. P-cards save time as opposed to traditional purchase orders because they do not require:

A. **Posting of purchase orders:** and
   1) Posting of payments/ (ATP Approval to Pay) through the FMS (Financial Management System). Vendors are normally paid within three days after the transactions have been posted.
   2) Many vendors are also not accepting purchase orders, and are requiring the use of p-cards.

B. **Procurement Code**
P-card transactions are subject to the procurement code. Specifically, if the department is participating in a bid or vendor list, purchases must be made from these lists. Small purchase guidelines and formal bid guidelines are also applicable and must be followed (See Procurement Icon in Lotus Notes).

C. **Authorized Uses:**
Currently the p-card can only be used for the following:
   1.) Office and/or educational supplies;
   2.) Inter island airfare;
   3.) Inter island car rental; and
   4.) USPS Click it Postage.

D. **Unauthorized Uses:**
Unauthorized uses are controlled through a coding system, called Merchant Category Code (MCC). These codes are assigned to businesses as general classifications to describe the primary nature of their business. For example, liquor establishments would be block from p-card use. In general, other restricted items include:
   1.) Personal use
   2.) Contracts
   3.) Equipment
   4.) Cash advances
   5.) Food
   6.) Other categories block by Merchant Category Codes

E. **Who is Eligible to Use a P-Card, Delegation of use of the P-Card**
In general, only educational officers authorized to sign purchase orders may obtain p-cards. Since the educational officer’s name is on the p-card, only he/she may conduct face to face transactions. He/she however may delegate use of the card to subordinate employees for phone and internet transactions.

It is important that if a change in the cardholder’s employment status changes i.e. retires, changes positions, resigns etc. that the Office of Fiscal Services School Support Section be notified immediately so that the p-card can be cancelled. The P-Card is issued to a specific person and school and is not transferable.

If a p-card is lost or stolen, First Hawaiian Bank should be notified immediately, then the School Support Section.
F. **How to Obtain a P-card**
The following documents must be submitted to Office of Fiscal Services School Support Section:
1) P-Card Request Form; and
2) P-Card Cardholder Agreement
3) P-Card training for both support staff and cardholders are also required.

4. **SP Maintenance Responsibility**
The School Support Section in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

5. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Frequently Asked Questions (FAQ) for SP 1250.

**Forms**
None

**SP 1251: Procurement Card Purchasing and Payment Process**

1. **Purpose**
Provide an overview of the purchasing and payment process using the Procurement Card (P-Card).

2. **Effective**
Immediately.

3. **Applies to**
All SASAs and Account Clerks.

**Procurement Card Purchasing and Payment Process**
The following are the steps when purchasing and paying with a Procurement Card (p-card):

1.) **A P-Card/Purchasing worksheet** or Requisition order is filled out by requester and approved by the cardholder.

2.) Purchase with P-card is made and supporting documentation (original invoice, receipt, confirmation order) is obtained and turned over to SASA or account clerk.

3.) The transaction is posted on the PVS Net.

4.) Vendor is paid within two to three days by First Hawaiian Bank.
5.) Purchase is noted and supporting documents attached to the *P-Card Transaction Log*, which is a chronology of purchases for a billing cycle.

6.) *P-Card Transaction Log* is checked against the charges listed on PVS Net.

7.) Cardholders log into the PVS Net system to update charges, if needed, made against the default accounting code (sub organization codes, program id, object code).

8.) Charges that do not belong to the schools may be disputed within the current billing cycle, and up to roughly two successive billing cycles.

9.) Upon the close of the billing cycle which runs from the 15th of every month to the 14th of the next month, schools and offices have about five business days to change accounting codes.

10.) About a week after the close of the billing cycle, schools/offices receive a Memo Statement of P-Card activity from First Hawaiian Bank.

11.) The PVS Net system for the billing cycle is locked for further corrections upon receipt of the Memo Statement.

12.) The PVS Net system data is interfaced in the FMS.

13.) One check is issued to First Hawaiian Bank from the department for all P-Card charges and each cardholder’s program id’s are assessed. Program balances should be checked from the on-line, FMS Allotment Status Report.

14.) Principal reviews and signs *P-Card Transaction Log*.

15.) Documents must be submitted by the end of the month to Vendor Payment Unit for auditing. These documents must be submitted in this order: original P-Card Transaction Log signed by Principal or Administrator, original FHB Memo Statement, original invoices, confirmations, receipts and any supporting approvals required for purchase.

4. **SP Maintenance Responsibility**
The School Support Section in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

5. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Frequently Asked Questions (FAQ) for SP 1251.

**Forms**
(b) P-Card Transaction Log
SP 1252: Procurement Card Controls

1. **Purpose**
   To provide an overview on the internal controls for the Procurement Card (P-Card).

2. **Effective**
   Immediately.

3. **Applies to**
   All schools and offices.

**Procurement Card Controls**

The procurement card (p-card) has the following internal controls:

**PVS-Net System Controls:**

1.) Monthly credit limit.
   The monthly credit limit is established when applying for a p-card to the School Support Section, Office of Fiscal Services. If a school/office chooses to increase its limit, it must first submit an application to the School Support Section.

2.) Velocity limit
   A velocity limit will restrict the number of transactions per day. In general schools and offices will not choose this restriction. The First Hawaiian Bank fraud protection center however will flag any unusual activity regarding use of the card, and will either contact the cardholder through a cellular telephone number, or will temporarily suspend use of the p-card.

3.) Merchant Category Codes (MCC)
   Businesses are registered and codified by the credit card companies by numerical codes. These four digit codes classify their type of business, and are called Merchant Category Codes. In order to minimize the potential for abuse, the department has placed p-card restrictions on certain merchant categories.

4.) Individual Transaction Limits
   Individual transaction limits can also be placed as a measure to prevent abuse. For example, a p-card can have a self imposed individual transaction limit not to exceed a dollar amount. Transactions that exceed this amount will be rejected. Normally, most schools and offices do not place individual transaction limits.

**Department’s Internal Controls:**

5.) P-Card Purchasing Worksheet Approvals
   All p-card transactions must be pre-approved by an administrator through a P-Card Purchasing Worksheet. Pre-approval of all purchases will be a first line deterrent to prevent abuse of the p-card.

6.) P-Card Transaction Log Approval
   A P-Card Transaction Log is a chronological journal of all transactions for an individual p-card. For each billing cycle, the cardholder must sign the Transaction
Log certifying that it is true and accurate, and that the charges were for departmental purposes.

7.) Monthly P-Card Transaction Reviews
The Vendor Payment Section of the Office of Fiscal Services, reviews all p-card transactions on a monthly basis. Schools and offices are required to turn in the following documents by the ending of each month, in the following order:
1.) Approved P-Card Transaction Log;
2.) Original Memo Statement issued by First Hawaiian Bank;
3.) Original invoices, receipts, confirmation orders; and
4.) Original of any applicable approvals required for purchase.

4. **SP Maintenance Responsibility**
The School Support Section in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See **Reference (a) below**.

5. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Frequently Asked Questions (FAQ) for SP 1252.

**Forms**
None

### SP 1253: Procurement Card Change of Accounting Codes

1. **Purpose**
To provide instructions on changing default accounting codes for charges from the Procurement Card (P-Card).

2. **Effective**
Immediately.

3. **Applies to**
All schools and offices.

A default uniform accounting code (UAC) is identified on the Purchasing Card (p-card) Request Form by the requester. A uniform accounting code has the following information:

1.) Org ID = six digit code identifying school/office and sub-org
2.) Program ID = five digit code that identifies the fund source
3.) Object Code = four digit code that identifies category of purchase
A few days after a purchase is made with the p-card, the transaction will be posted in the PVS Net system. Cardholders log into the PVS Net system and review their transactions. Changes to the defaulted UAC is done on the Transaction Review screen. Users may change the following fields:

1.) Sub-organization;
2.) Program Id; and
3.) Object Code

These fields can only be changed during and approximately five to seven days after an active billing cycle. The billing cycle runs from the 15th of the month to the 14th of the next month.

It is recommended that the charges be updated regularly, to avoid having to submit correcting journal vouchers (Form AC-4) to the Accounting Office.

4. **SP Maintenance Responsibility**
The School Support Section in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

5. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Frequently Asked Questions (FAQ) for SP 1253.

**Forms**
None

**SP 1254: Procurement Card Reports**

1. **Purpose**
Describe reports that are available to manage the Procurement Card Program (P-Card).

2. **Effective**
Immediately.

3. **Applies to**
All schools and offices.

The Procurement Card (P-Card) Program has the following reports to help the cardholder manage, review and prevent abuse of their p-card:

1.) **EFRP 100C, P-Card Transaction Report**
This report can be accessed through the FMS reports website at the following address http://fms-reports.k12.hi.us/school-reports.htm. This report will breakdown charges by program id and object code, and is available on a monthly cycle.
2.) PVS Net Statement of Accounts
This report is from TSYS:Solutions’ web-based commercial card management software called PVS Net. This report will provide a facsimile of the cardholder’s First Hawaiian Bank Memo Statement, and will show a chronology of charges from the beginning to the ending of a billing cycle. The DOE P-Card billing cycle is the 15th of the month to the 14th of the following month.

3.) First Hawaiian Bank Memo Statement
Each cardholder receives a Memo Statement from First Hawaiian Bank about a week after the close of a the billing cycle. The Memo Statement provides an account summary and total as well as a detailed listing of account activity. The Memo Statement is the official document of P-Card charges.

4.) FMS Status of Allotment Report
The Allotment Status Report is accessed on-line through the Financial Management System (FMS). This report helps to monitor program (funding) allotment balances. Allotment balances are updated when a transaction is processed through the FMS. P-Card charges from the First Hawaiian Bank PVS Net Software is interfaced monthly to assess charges to the various program ids. Due to the monthly interface, accounts can be placed in deficit.

4. **SP Maintenance Responsibility**
The School Support Section in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

5. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

(a) Frequently Asked Questions (FAQ) for SP 1254.

**Forms**
None

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**SP 1261: Inter/Intra-Island Travel Procedures**

1. **Purpose**
To describe the procedures for Inter/Intra-Island Travel for official business.

2. **Effective**
Immediately.

3. **Applies to**
Department of Education (DOE) employees and to all other persons representing the Department on official business, regardless of the source of funding.
4. **Procedures**
The flow chart provides the chronological process for Inter/Intra-Island Travel.

5. **Travel Allowances**
   A. Per diem allowance may be secured by way of a cash advance before travel, if the employee is to be on travel status for more than one day (overnight). For same day travel, reimbursement will be made after the travel is completed. To process advance per diem on a timely basis, the Approval to Pay (ATP) Report and FMS PY-2, Direct Payment/Invoice Form, must be in the Vendor Payment Unit at least ten (10) working days prior to the trip. The ATP Report must be RED tagged and labeled “Inter-Island Advance Per Diem.”
   B. Claims for per diem or reimbursements of travel expenses must be submitted to the Vendor Payment Unit within five (5) calendar days after completion of the trip with the following documents:
      1) Form 440, Statement of Inter/Intra-Island Travel Completed & Claim for Allowable Travel Expenses. Submit in sets the original and one (1) copy.
      2) Original airline boarding passes or e-ticket passenger receipts for round trip flights.
      3) Original itemized receipts for reimbursements.
   C. No administrator or employee should be authorized to approve payment for his/her own travel. The source of such approval must be the traveler’s supervisor.
   D. Subsistence allowance for trips when accommodations or lodging is made available to the traveler without charges shall be as follows:
      1) Breakfast – 8% of per diem (round to nearest dollar) = $  6.00
      2) Lunch – 12% of per diem (round to nearest dollar)  = $10.00
      3) Dinner – 20% of per diem (round to nearest dollar)  = $12.00
   E. When meals are furnished to the traveler in connection with an approved training program or other program approved by the Superintendent, the administrator may require adjustments to the per diem at the prescribed subsistence rates to avoid duplicate payment for any meal, with the exception of BU 05 teachers.
   F. Intra-Island (Overnight) Travel - In the case of trips within the same island (e.g. Hilo to Kona, Wailuku to Hana) in which the principal/administrator considers it necessary for the traveler to remain overnight at a work destination, per diem may be allowed for intra-island (overnight) travel if approved by the principal/administrator.

6. **Other Allowable Travel Expenses**
   A. Inter-island airline tickets may be purchased directly from airlines for official travel. The P-Card is the only accepted form of payment except for Pacific Wings. Refer to Attachment 1, Inter-Island Scheduled Passenger and Vehicle Carrier Quick Reference, for specific airline information.
   B. Taxi fare to and from an airport for official travel will be allowed only when airport shuttles are not available or accessible, when government transportation cannot be economically obtained, and when private automobiles on a mileage basis cannot be reasonably used. Taxis and private automobiles used on a mileage basis should be shared by travelers whenever possible.
   C. Rental of cars will be allowed where it would be impractical to obtain necessary transportation in government owned vehicles or privately owned vehicles on a mileage basis, and where public carriers are not available to the point to be
visited, Hawaii Administrative Rules (HAR), Section 3-10-10(d)(1). Car rentals should not be used solely on the basis of convenience. Reservations must be made online via the Panda State website or by phone directly with Enterprise, Thrifty or Dollar Rent-A-Car. P-Card is the only accepted form of payment. Should the traveler make reservations with any other car rental agency, the Form 5, Request Exception from Purchasing from Price List, must be completed, approved and submitted with the Form 440, Statement of Inter/Intra-Island Travel Completed.

The size of the car shall be determined by the number of people in the party (1-2 passengers, compact car; 3-4 passengers, midsize car; 5 or more passengers, mini-van).

No car insurance such as collision damage waiver, personal accident, personal effects, or supplemental liability shall be purchased by an employee for in-state car rentals as the State is self-insured. Employees choosing to purchase supplemental insurance shall be responsible for the cost.

D. Excess lodging expenses – Employees receive either $80 or $90 per diem depending upon their bargaining unit contract. Of this amount, $50 is for lodging expenses. Whenever an employee’s commercial lodging expense exceeds the applicable lodging allowance of $50, the employee is entitled to a reimbursement of the difference between the two amounts multiplied by the number of official travel days spent on commercial lodging.

When employees share hotel rooms, the cost shall be divided by the number of persons occupying the room and, in most situations, would not incur any excess lodging expense. When employees stay at a conference hotel where excess lodging is incurred, no quotes are required. Employees must attach a copy of the flyer listing the conference hotel to the Form 440, Statement of Inter/Intra-Island Travel Completed.

If employees do not stay at the conference hotel because it may already be booked or for other reasons, they must solicit three (3) quotes if they are claiming excess lodging. The quotes must be recorded on the DOE Form 10B, Record of Small Purchase. Employees should then make their room reservations at the hotel with the lowest quote. If no excess lodging is being claimed, then quotes are not required.

E. Other necessary and reasonable expenditures when incurred by the traveler in connection with official business may be claimed for reimbursement, provided they meet the stipulated conditions and are supported by original itemized receipts, for example, registration fees and telephone or internet charges.

7. **SP Maintenance Responsibility**

The Claims Pre-Audit Supervisor, Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services, is responsible for the maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See **Reference (a) below**.
8. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

A. Frequently Asked Questions (FAQ) for SP 1261.
B. Hawaii Administrative Rules, Title 3, Department of Accounting & General Services, Chapter 10, Travel Rules
C. Hawaii Government Employees Association, Unit 02, Bargaining Agreement, Article 41, Travel.
D. Hawaii Government Employees Association, Unit 03, Bargaining Agreement, Article 44, Travel.
E. Hawaii Government Employees Association, Unit 04, Bargaining Agreement, Article 44, Travel.
F. Hawaii Government Employees Association, Unit 06, Bargaining Agreement, Article 24, Travel.
G. Hawaii Government Employees Association, Unit 09, Bargaining Agreement, Article 36, Travel.
H. Hawaii Government Employees Association, Unit 13, Bargaining Agreement, Article 45, Travel.
I. Hawaii State Teachers Association, Unit 05, Bargaining Agreement, Article VI, Teaching Conditions & Hours Article M, Traveling Teachers
J. United Public Workers, Unit 01, Bargaining Agreement, Article 44, Travel.
K. United Public Workers, Unit 10, Bargaining Agreement, Article 44, Travel.

**Forms**
The following forms are available for download from the FMS website http://fms.k12.hi.us/forms.

(a) Form PY-1, Direct Payment/Invoice Form
(b) Form 440, Statement of Inter/Intra-Island Travel Completed & Claim for Allowable Travel Expenses

The following forms are available for download from the Procurement Database on Lotus Notes:

(c) Form 10-B, Record of Small Purchase
(d) Form 5, Request Exception from Purchasing from Price List

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**SP 1262: Inter/Intra Island Travel Procedural Flow**

1. **Purpose**
   To describe the process for the submittal and routing of inter/intra-island travel forms.

2. **Effective**
   Immediately.

3. **Applies to**
   Department of Education (DOE) employees and to all other persons representing the Department on official business, regardless of the source of funding.
4. **Same Day Travel**  
   **A. School/Office**

   1) Upon the approval from your supervisor, refer to the Inter-Island Scheduled Passenger and Vehicle Carrier Quick Reference Guide for contact information on making flight reservations. Except for Pacific Wings, the P-Card is the only accepted form of payment.

   2) Should the travel require a rental car, reservations can be made online at www.hawaiistatecars.com or by telephone directly with Enterprise, Thrifty or Dollar Rent-A-Car. The P-Card is required when making reservations.

   3) Check that the traveler has a vendor code in the FMS system. If not, complete and submit the Request for Vendor Information Form, FMS T1, to the Vendor Payment Unit to establish a vendor code.

   4) When the travel is over, complete and forward to the employee’s supervisor the original and two copies of the Statement of Inter/Intra-Island Travel Completed & Claim for Allowable Travel Expenses, Form 440, within five (5) days after travel has been completed.

   Attach the original boarding passes/e-ticket passenger receipts and any other original itemized receipts for reimbursement, such as, airport parking and gas for rental car. Rental car reservations made through the www.hawaiistatecars.com website includes one full tank of gas.

   5) Once the supervisor has reviewed and approved the Form 440, post the payment for the per diem and/or reimbursement and print the Approval to Pay (ATP) Report. Submit the ATP Report with the original and one (1) copy of the Form 440 and attachments to the Office of Fiscal Services (OFS), Vendor Payment Unit, in the following order:

   a) Statement of Inter/Intra-Island Travel Completed, Form 440.
   b) Original boarding passes/e-ticket passenger receipts.
   c) Original receipts for reimbursement.

   **B. Office of Fiscal Services, Vendor Payment Unit**

   1) Review and audit the ATP Report, Form 440 and attachments for compliance with Department guidelines, completeness and accuracy of computation for per diem and reimbursement amounts.

   2) Release payment for check write and forward copy of Form 440 to the Payroll Unit for audit.

   3) Return forms missing required information, signatures, original receipts or airline boarding passes to the school/office for correction and re-submittal.

5. **Overnight Travel**  
   **A. School/Office**

   1) Upon approval from supervisor, refer to the Inter-Island Scheduled Passenger and Vehicle Carrier Quick Reference Guide for contact information in making flight reservations. Except for Pacific Wings, the P-Card is the only accepted form of payment.

   2) Should the travel require a rental car, reservations can be made online at
www.hawaiistatecars.com or by telephone directly with Enterprise, Thrifty or Dollar Rent-A-Car. The P-Card is required when making reservations.

3) Check that the traveler has an established vendor code in the FMS system. If not, complete and submit the Vendor Table Maintenance Form, FMS T1, to the Vendor Payment Unit.

4) Requests for advance per diem may be processed for overnight travel only. Complete the Direct Payment/Invoice Form, FMS PY-1, listing the traveler’s name and address in the Vendor Name field and the destination, dates, airline flight numbers, flight times and purpose of travel in the Description field.

Submit the ATP Report and Form PY-1 with a RED tag labeled “Inter-Island Advance Per Diem” stapled to the top left. ATPs for advance per diem must be submitted to the Vendor Payment Unit ten (10) working days prior to the trip.

5) When the travel is over, complete and forward to the employee’s supervisor the Statement of Inter/Intra-Island Travel Completed & Claim for Allowable Travel Expenses, Form 440 within five (5) days after travel has been completed.

Attach the original boarding passes/e-ticket passenger receipts and any other original itemized receipts for reimbursement, such as, airport parking and gas for rental car. Rental car reservations made through the www.hawaiistatecars.com website includes one full tank of gas.

If the employee did not stay at the listed conference hotel, also attach the completed Record of Small Purchase, DOE Form 10B, and a copy of the conference flyer.

6) Once the supervisor has reviewed and approved the Form 440, submit the ATP Report with the original and one (1) copy of the Form 440 and attachments to the OFS, Vendor Payment Unit, in the following order:

a) Statement of Inter/Intra-Island Travel Completed, Form 440.
b) Original boarding passes/e-ticket passenger receipts.
c) Original receipts for reimbursement.
d) DOE Form 10B and a copy of the conference flyer, if applicable.

7) The Statement of Inter/Intra-Island Travel Completed, form 440 and original boarding passes/e-ticket receipt must be submitted to the Vendor Payment Unit even if there is no reimbursement to be made to the employee.

B. Office of Fiscal Services, Vendor Payment Unit

1) Review and audit the ATP Report, Form 440 and attachments for compliance with Department guidelines, completeness and accuracy of computation for per diem and reimbursement amounts.

2) Release payment for check write.

3) Return forms missing required information, signatures, original receipts or airline boarding passes to the school/office for correction and re-submittal.
6. **SP Maintenance Responsibility**
The Claims Pre-Audit Supervisor for the Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services, is responsible for the maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

7. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

(a) Frequently Asked Questions (FAQ) for SP 1262.
(b) Hawaii Administrative Rules, Title 3, Department of Accounting & General Services, Chapter 10, Travel Rules
(c) Hawaii Government Employees Association, Unit 02, Bargaining Agreement, Article 41, Travel.
(d) Hawaii Government Employees Association, Unit 03, Bargaining Agreement, Article 44, Travel.
(e) Hawaii Government Employees Association, Unit 04, Bargaining Agreement, Article 44, Travel.
(f) Hawaii Government Employees Association, Unit 06, Bargaining Agreement, Article 24, Travel.
(g) Hawaii Government Employees Association, Unit 09, Bargaining Agreement, Article 36, Travel.
(h) Hawaii Government Employees Association, Unit 13, Bargaining Agreement, Article 45, Travel.
(i) Hawaii State Teachers Association, Unit 05, Bargaining Agreement, Article VI, Teaching Conditions & Hours Article M, Traveling Teachers
(j) United Public Workers, Unit 01, Bargaining Agreement, Article 44, Travel.
(k) United Public Workers, Unit 10, Bargaining Agreement, Article 44, Travel.

**Forms**
The following forms are available for download from the FMS website http://fms.k12.hi.us/forms.

(l) Direct Payment/Invoice Form, FMS PY-1
(m) Vendor Table Maintenance Form, Form T1
(n) Statement of Inter/Intra-Island Travel Completed & Claim for Allowable Travel Expenses, Form 440

The following form is available for download from the Procurement Database on Lotus Notes:

(o) Record of Small Purchase, Form 10-B
(p) Request Exception from Purchasing from Price List, Form 5
SP 1263: Inter/Intra Island Travel Frequently Asked Questions

1. **Purpose**
   To provide standard responses to common inter/intra-island travel questions. Please review this resource before inquiring via telephone.

2. **Effective**
   Immediately.

3. **Applies to**
   Department of Education (DOE) employees and all other persons representing the DOE on official business, regardless of the source of funding.

   Inter/intra-island travel for students and chaperones is covered in the Student Travel Policy, Regulations and Procedures guide issued by the Office of Curriculum, Instruction and Student Support Services (OCISS) in SP 2250.

4. **Frequently Asked Questions**
   **Travel Process**
   
   Q1) Am I required to solicit three written quotes for inter-island travel airfare?
   A) No, quotes are not necessary for inter-island airfare. Tickets may be purchased directly from the airlines. The P-card is the only accepted form of payment for most of the airlines.

   Q2) Can I request for an advance per-diem for inter-island travel?
   A) Yes, but only if you are to be on travel status overnight for one or more days. For same day travel (departing and returning on the same day), per-diem will be paid after the travel is completed.

   Q3) If I need to be at a workshop site by 8:00 a.m. to help set up and there are no flights that morning to get me there in time, can I leave the night before the workshop and receive a per-diem?
   A) Yes, but the departure time should be scheduled within the second half of the day according to the availability of flights so that the maximum per-diem amount received should be 0.25 day. An explanation for the early departure should be written in the “Purpose of Travel” section.

   **Car Rental/Transportation**
   
   Q1) Am I required to solicit three written quotes for car rental?
   A) No, the State has contracted Enterprise, Thrifty and Dollar Rent-A-Car companies to provide transportation for inter/intra-state travel. Travelers must make reservations directly with one of these three vendors by going online at www.hawaiistatecars.com. Payment is required to be made with the P-card. This price list is applicable to all islands except for Lanai and Hana, Maui.
Q2) What if I need to rent a 15-passenger van?
A) Rentals of 15-passenger vans are not part of the price list.

Q3) Can I rent a Sports Utility Vehicle (SUV)?
A) A written justification approved by the administrator should be submitted when renting a SUV.

Q4) Can I use the same rental car for both official business and personal use?
A) For travel within the State of Hawaii, travelers can not mix business and personal use on the same rental. Employees should return the rental car as soon as the official travel ends and pick up the next car with a new rental agreement.

Q5) What kind of accident or liability insurance should I purchase when renting a car for inter/intra-island travel?
A) State policy does not permit employees to purchase insurance when renting cars for official business in the State of Hawaii. The State, not the employee (driver), is liable for collision damages. Rental agreements should name the State of Hawaii as the renter by signing the agreement as “State of Hawaii,” (employee’s signature).

Each rental agency has its own procedures for reporting an accident or damages to its vehicles. Regardless of fault, the agency will give the driver an estimated loss statement. Any claims received directly from the rental agency should be reported to the Department of Accounting and General Services (DAGS) Risk Management. Employees should not respond to claims.

C. Hotel Lodging

Q1) What is “excess lodging?”
A) Employees receive either a $90 (BU 01, 02, 03, 04, 06, 09, 10 & 13) or $80 (BU 05) per-diem depending upon the terms of their bargaining unit agreement. Of this amount, $50 is for lodging. Whenever an employee’s commercial lodging expense exceeds the $50 daily rate, the employee is entitled to a reimbursement of the difference between the two amounts multiplied by the number of official travel days spent on lodging. If travelers share rooms, the cost shall be divided by the number of persons occupying the room and, in most situations, would not incur any excess lodging expense.

Q2) Do I need to solicit three quotes for excess lodging?
A) Yes, three quotes are required only if you are not staying at the conference hotel because it may already be booked and you are unable to find another hotel with a room rate that is $50 or less per night. Once the daily rate exceeds $50 per night, then you will need to solicit three quotes and select the hotel with the lowest quote. Quotes must be recorded on the Record of Small Purchase, Form 10B. The Form 10B must then be submitted with the Statement of Inter/Intra-Island Travel Completed and Claim for Allowable Travel Expenses, Form 440.
Q3) What if the lowest quote is not selected?
A) The employee’s reimbursement is based upon the lowest quote listed on the Record of Small Purchase, Form 10B even if a higher quote was selected and paid for.

D. Travel Completed

Q1) What is required to be submitted by the traveler with the Statement of Inter/Intra-Island Travel Completed and Claim for Allowable Travel Expenses, Form 440?
A) a) Original airline boarding passes/e-ticket passenger receipts for each segment of the trip;
   b) Original hotel folio showing a zero balance due for reimbursement of excess lodging expenses, if applicable;
   c) Original airport parking receipt listing the date, time in and time out.

Q2) Can the traveler claim reimbursement for tips?
A) No, the per-diem received is a specific allowance for each day to cover the personal expenditures of a traveler, such as meals, lodging, tips, laundry, and other necessary expenditures incident to travel.

Q3) What if the traveler cannot provide the original receipts?
A) The traveler must then contact the hotel or vendor to request for a certified original receipt that is itemized. Reimbursements cannot be processed without proper documentation. Schools/offices may contact the Vendor Payment Unit for assistance.

5. **SP Maintenance Responsibility**
   The Claims Pre-Audit Supervisor, Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

6. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

   Hawaii Administrative Rules, Title 3, Department of Accounting & General Services, Chapter 10, Travel Rules.
   (a) Hawaii Government Employees Association, Unit 02 Bargaining Agreement, Article 41, Travel.
   (b) Hawaii Government Employees Association, Unit 03 Bargaining Agreement, Article 44, Travel.
   (c) Hawaii Government Employees Association, Unit 04 Bargaining Agreement, Article 44, Travel.
   (d) Hawaii Government Employees Association, Unit 06 Bargaining Agreement, Article 24, Travel.
   (e) Hawaii Government Employees Association, Unit 09 Bargaining Agreement, Article 36, Travel.
   (f) Hawaii Government Employees Association, Unit 13 Bargaining Agreement, Article 45, Travel.
   (g) Hawaii State Teachers Association, Unit 05 Bargaining Agreement, Article VI, Teaching Conditions & Hours, Article M, Traveling Teachers.
SP 1264: Out-of-State Travel Policies

1. **Purpose**
   To describe the policies for Out-of-State Travel for official business.

2. **Effective**
   These policies are effective immediately, but are subject to change during times of budget restrictions. In these situations, separate cost savings measures will be established for out-of-state travel and distributed by the Superintendent.

3. **Applies to**
   Department of Education (DOE) employees and to all other persons representing the Department on official business, regardless of the source of funding.

   Out-of-state travel for students and chaperones is covered in the Student Travel Policy, Regulations and Procedures guide issued by the Office of Curriculum, Instruction and Student Support Services (OCISS). See SP 2250.

4. **Introduction**
   A. Approval is required for all official out-of-state travel for department personnel as well as other personnel representing the DOE. Travel forms must be approved and signed by both the Complex Area Superintendent (CAS) or Assistant Superintendent (AS), and the Superintendent or the Deputy Superintendent prior to the date of travel. Such travel shall be planned in advance and included in the school's or office’s budget.

   Schools/offices shall not request for airline tickets or incur any travel-related expenses until the approval of the Superintendent or Deputy Superintendent has been received. Schools/offices shall not process payment for any travel-related expense until the request has been cleared by the Office of Fiscal Services, Vendor Payment Unit.

   B. A traveler on official travel status would be eligible for the following considerations:

   1) Workers’ compensation coverage if injured while on official travel.
   2) Legal representation if sued for actions alleged to have occurred while acting within the scope of official duties during the approved travel. Legal representation is not automatic and is determined by the Attorney General on a case-by-case basis.
   3) Accidental death benefits under the Employees’ Retirement System.
C. Whenever there is conflict between these rules and the provisions of a collective bargaining agreement that is in effect, the provisions of the collective bargaining agreement takes precedence; excluded employees under Chapter 89, Hawaii Revised Statutes, shall receive the same application of such provisions as employees included in the related bargaining unit.

5. **Purposes of Out-of-State Travel**
   Out-of-state travel has been restricted to the following activities:
   1. Travel mandated by the U.S. Department of Education for the federal program.
   2. Travel paid with federal funds that is essential for the compliance and operation of the federal program.
   3. Travel for training outlined in a Professional Services Provider contract that is essential for school turnaround.

6. **Persons Traveling**
   In general, out-of-state travel shall be limited to administrative and professional staff responsible for the development or administration of departmental policies and programs. The individual selected to attend a conference or business meeting shall be the most appropriate person from the standpoint of both program and job responsibilities. Information gained from attending the conference shall be directly related to that individual’s job in order to enhance work knowledge, productivity and efficiency.

7. **Frequency of Persons Traveling**
   Restraint shall be exercised in determining the number of trips allowed for each person during any given year.

8. **Number of Persons Traveling**
   The number of persons traveling shall be dictated by the subject matter of the trip itself and by the availability of funds. More than one person may be permitted to attend conferences, seminars, institutes and workshops, however, the maximum allowable should be a “reasonable number” as determined by the merits of each conference and as decided by the Complex Area/Assistant Superintendent and Superintendent.

9. **Standards of Conduct**
   The State Ethics Commission has issued guidelines on the ethics and propriety of public employees accepting trips financed by private business organizations. Hawaii Revised Statutes, Section 84-11, Gifts, states “No legislator or employee shall solicit, accept, or receive, directly or indirectly, any gift, whether in the form of money, service, loan, travel, entertainment, hospitality, thing, or promise, or in any other form, under circumstances in which it can reasonably be inferred that the gift is intended to influence the legislator or employee in the performance of the legislator’s or employee’s official duties or is intended as a reward for any official action on the legislator’s or employee’s part.”

   Such trips shall not be extended with personal vacation or other types of leaves of absence. Employees shall file a gifts disclosure statement with the State Ethics Commission on June 30 of each year if gifts are received, directly or indirectly from one source valued in excess of $200, whether the gift is in the form of money, service, goods, or in any other form. If there are questions about such trips, please refer to the State Ethics Commission’s website at www.state.hi.us/ethics/ or call 587-0460 for further clarification.
10. **Collective Bargaining Agreements**

Collective bargaining agreements contain articles on inter-state and out-of-state travel. Employees should read their contracts, as applicable, in order to familiarize themselves with information on per diem rates for meals and lodging, authorized travel times and excess lodging allowances. See References, Resources, and Forms, Items (d) to (l).

Refer to the most current memorandum from the Office of Fiscal Services, Revised Mileage and Per Diem Rates Chart for bargaining unit rates.

11. **Funds Used for Travel**

   A. **General Funds**
   
   General funds may be used to fund out-of-state travel costs per the Superintendent’s memorandum dated June 4, 2007 on Interim Travel Procedures.

   B. **Special Funds**
   
   Special funds may be used if the purpose of the special fund involves travel. (Note: Most Special funded programs do not involve travel.)

   C. **Federal Funds**
   
   Federal funds may be used if the project proposal, allocation or budget expenditure plan, for which the school/office received the fund, included such travel.

   D. **Trust Funds**
   
   Trust funds may be used if the purpose of the trust fund involves travel. (Note: Most trust funded programs do not involve travel.)

   E. **Private or Personal Funds**
   
   Private or personal funds may be used for official travel and would be considered as “no cost” to the State. Completion and approval of the Travel Order Form (see Form “n”) and Request for Out-of-State Travel (see Form “o”), Form 437 are required for these privately funded trips to conduct official business due to liability coverage.

12. **SP Maintenance Responsibility**

The Claims Pre-Audit Supervisor for Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services is responsible for maintenance, administration and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

13. **References, Resources, and Forms**

The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

   (a) Frequently Asked Questions (FAQ) for SP 1264.
   (b) Travel Guidelines – Lotus Notes Database
   (c) Hawaii Administrative Rules, Title 3, Department of Accounting & General Services, Chapter 10, Travel Rules
   (d) Hawaii Government Employees Association, Unit 02, Bargaining Agreement, Article 41, Travel
SP 1265: Out-of-State Travel Procedures

1. **Purpose**
   To describe the procedures in requesting for Out-of-State Travel approval for official business.

2. **Effective**
   These procedures are effective immediately, but are subject to change during times of budget restrictions. In these situations, separate cost savings measures will be established for out-of-state travel and distributed by the Superintendent.

3. **Applies to**
   Department of Education (DOE) employees and to all other persons representing the Department on official business, regardless of the source of funding. Out-of-state travel for students and chaperones is covered in the Student Travel Policy, Regulations and Procedures guide issued by the Office of Curriculum, Instruction and Student Support Services (OCISS). See SP 2250.

4. **Procedures**
   The flowchart explains in detail the process for the request for out-of-state travel. Three forms are required to request approval.

   A. Form 437B, Out-of-State Travel Quotations Worksheet (Required) See Form (m). Since there is no current price list of vendors for out-of-state travel airfare, hotel and car rental, schools and offices are required to obtain three quotes by
contacting travel agencies or viewing websites via the internet. All quotes must be obtained and recorded onto the Form 437B on the same day since prices fluctuate from day to day.

1) Airfare quotes must only be for the “authorized” travel. The lowest quote must be selected. If not, a written justification is required on the form. Should the traveler decide to deviate on a personal trip, the itinerary should list a second quote for the “actual” travel. Any additional deviation cost must be paid for by the traveler.

2) Hotel quotes are required only if the traveler is not staying at a listed conference hotel and is claiming excess lodging. If no excess lodging is being claimed, then quotes are not required.

3) Car rental quotes are required whenever renting a car for out-of-state travel. If traveler is staying at the conference hotel, shuttle/taxi service should be used in lieu of a rental car unless a justification is submitted.

B. Form TOF, Travel Order Form (Required) See Form (n). The Travel Order Form is used to list the flight, lodging, transportation, cost information and fund source for the trip and must be approved by the traveler’s supervisor and Complex Area Superintendent or Assistant Superintendent.

C. Form 437, Request for Out-of-State Travel (Required) See Form (o) The Form 437 is used to provide the purpose of the travel, reason and rationale of why the trip should be taken and the benefits that will accrue to the Department. It provides a breakdown of the source of funds for the trip and determines the number of official per diem days allowed for the authorized travel.

D. Submittal of Form TOF, Form 437 and Form 437B The original and four (4) copies of the TOF, Form 437 and Form 437B should be submitted to the Complex Area Superintendent or Assistant Superintendent and Superintendent’s office at least thirty (30) calendar days prior to the departure date. Upon the Superintendent’s approval, a copy of the approved forms will be scanned and emailed to the Complex Area Superintendent or Assistant Superintendent’s office for distribution to the initiating school/office. The Superintendent’s office will forward the original and three (3) copies of the forms to the Office of Fiscal Services, Vendor Payment Unit for review. Exception: Travel which is at “no cost” to the state does not require Vendor Payment Unit clearance. The original and one (1) copy should be submitted to the Complex Area Superintendent/Assistant Superintendent and Superintendent for approval. Travel requests are processed by the Vendor Payment Unit on a first-in, first-out basis, regardless of the date of travel. Late submittals to the Vendor Payment Unit may not receive clearance in time for advance per diem checks to be processed.

E. Form TA-1, Adjustments to Approved Out-of-State Travel See Form (p). If there are significant changes to a trip after the TOF and 437 forms have been approved and cleared, such changes must be submitted through the Form TA-1 and approved by the Complex Area Superintendent or Assistant Superintendent. The Form TA-1 is required for the following changes:
   1) Change in the person traveling.
   2) Change in the purpose of the trip.
3) Change in the dates of the trip.
4) Change in the itinerary.
5) Change in the source of funds or account codes.
6) Adding a cost that was omitted from the TOF and Form 437 (e.g. registration fees, ground transportation, excess lodging costs.)
7) Increase in the cost of travel (including excess lodging costs) that is more than the cost of one per diem day.

F. Minor Changes to Approved Travel
Minor increases in costs can be reported and explained on the Form 438, Statement of Out-of-State Travel Completed and Report of Expenses, See Form (q) that is submitted fifteen (15) days after completion of travel. These would include minor increases in the cost of airfare, per diem, registration fees or ground transportation.

G. Per Diem
A per diem is a specific allowance for each day to cover the personal expenditures of a traveler, such as meals, lodging, tips, laundry and other necessary expenditures incident to travel. A per diem allowance is paid only for the time on official travel status.

1) Travel Time
The traveler is considered to be on travel status only during the time when conducting official business away from their regular place of business and while traveling to and from the place at which official business is transacted. Travel status begins with departure of common carriers from the island on which traveler’s regular place of business is located and terminates upon the traveler’s return to that island.

2) Work Time
This is the time the traveler is performing the duties for which the travel was approved. At the discretion of the traveler’s supervisor, professional development leave (Bargaining Unit 05, Bargaining Unit 06) may be considered work time.

3) Leave Time
A request for approval of out-of-state travel may include personal leave time with official work time. Personal leave time includes vacation, sabbatical leave, school intersession (winter, spring and summer), weekends and holidays. Per diem is not paid for personal leave time added at the beginning or end of an official travel.

The travel request must account for each day the traveler will be away on the trip including any personal leave days.

4) Computation of Per Diem Days
In computing the per diem allowance, the calendar day from midnight to midnight shall be the unit. Allowable claims for departure and return days shall be in quarter day periods beginning at midnight, per Hawaii Revised Statutes, Travel Rules and bargaining unit contracts. Forms 437, TA-1
and 438 include a “Computation of Days” chart to assist when preparing the forms. All calculations will be based on Hawaii Standard Time.

<table>
<thead>
<tr>
<th>Departure/Return Times</th>
<th>Allowed on Day of Departure</th>
<th>Allowed on Day of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>12:01am – 6:00am</td>
<td>1 Day</td>
<td>¼ Day</td>
</tr>
<tr>
<td>6:01am - Noon</td>
<td>¾ Day</td>
<td>½ Day</td>
</tr>
<tr>
<td>12:01pm – 6:00pm</td>
<td>½ Day</td>
<td>¾ Day</td>
</tr>
<tr>
<td>6:01pm - Midnight</td>
<td>¼ Day</td>
<td>1 Day</td>
</tr>
</tbody>
</table>

In order to account for travel that includes personal leaves, per diem shall include travel time to and from the conference/business meeting.

5) **Estimated Per Diem Allowance**
The total travel days multiplied by the authorized Bargaining Unit per diem rate shall be the traveler’s per diem amount for the trip. A reduced per diem amount may be agreed upon and so noted in the signature block of the Form 437. Should the travel request be approved at the reduced amount, the traveler shall not seek recourse for additional compensation upon completion of travel.

6) **Advance Payment of Estimated Per Diem Allowance**
The traveler’s school/office shall follow the Office of Fiscal Services, Vendor Payment Unit’s procedures in obtaining advance per diem. When the check is received, a copy should be made to assist in completion of the Form 438, Statement of Travel Completed and Report of Expenses, due fifteen (15) days after the trip has been completed. See Form (q).

H. **Roles of Travelers and Administrators**
1) **Travelers**
Travelers (initiators) have the responsibility to submit the Form 437B, Out-of-State Quotations Worksheet, Travel Order Form (TOF), and Form 437, Request for Out-of-State Travel and Report of Expenses forms in accordance with established procedures. Travelers must ensure that sufficient documentation is attached for reviewers to determine if the travel is appropriate.

2) **Traveler’s Immediate Supervisor**
As appropriate, the School Principal/Administrator/Director shall review and sign the forms authorizing further processing for approval. This authorization signifies that the supervisor agrees that:
   (a) The purpose of the travel is an appropriate activity for the traveler.
   (b) The traveler has permission to be absent from the DOE worksite during the period of the trip.
   (c) There is sufficient documentation attached to make this determination.
   (d) The request forms have been completed correctly.
   (e) The requested travel is an appropriate use of the funds.
   (f) There are sufficient funds to cover the total estimated travel cost.
Should the supervisor deny this request, he/she must provide written justification to be returned with the forms to the traveler within ten (10) calendar days of the request.

3) **Funding Source Administrator**
If the cost of the travel is to be paid by another school/office within the Department, the request must also be approved and signed by the administrator responsible for the funds. A memorandum signed by the funding source administrator may be attached in lieu of routing the Form 437 for an approved signature.

4) **Complex Area or Assistant Superintendent and Superintendent**
A travel request authorized by the traveler’s supervisor shall be submitted to the respective Complex Area/Assistant Superintendent and Superintendent for approval. A request that has been approved and signed:

   (a) Signifies that it has been prepared in accordance with these guidelines and that all required documentation is attached.

   (b) Authorizes the traveler to proceed with the conference registration, hotel reservations, car rental and airline bookings.

Should the Complex Area/Assistant Superintendent and/or Superintendent deny the travel request, he/she must provide written justification to be returned with the forms to the traveler within ten (10) calendar days of the request.

5) **Office of Fiscal Services (OFS), Vendor Payment Unit**
Approved requests shall be routed to the Vendor Payment Unit for review and clearance. This clearance:

   (a) Signifies the calculations of estimated per diem and other costs are correct.

   (b) Authorizes the traveler to process requests for advance per diem, registration fees and other travel costs.

Requests that are missing supporting documentation will be returned to the respective district/state office for completion prior to processing for clearance.

The Vendor Payment Unit is also responsible for entering all approved travel requests into the Department’s travel database for reporting purposes.

5. **SP Maintenance Responsibility**
The Claims Pre-Audit Supervisor, for Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services, is responsible for the maintenance, administration and questions regarding this SP.
The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

**References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Frequently Asked Questions (FAQ) for SP1265.
(b) Travel Guidelines – Lotus Notes
(c) Hawaii Revised Statutes, Title 3, Department of Accounting & General Services, Chapter 10, Travel Rules
(d) Hawaii Government Employees Association, Unit 02, Bargaining Agreement, Article 41, Travel.
(e) Hawaii Government Employees Association, Unit 03, Bargaining Agreement, Article 44, Travel.
(f) Hawaii Government Employees Association, Unit 04, Bargaining Agreement, Article 44, Travel.
(g) Hawaii Government Employees Association, Unit 06, Bargaining Agreement, Article 24, Travel.
(h) Hawaii Government Employees Association, Unit 09, Bargaining Agreement, Article 36, Travel.
(i) Hawaii Government Employees Association, Unit 13, Bargaining Agreement, Article 45, Travel.
(j) Hawaii State Teachers Association, Unit 05, Bargaining Agreement, Article VI, Teaching Conditions & Hours, Article M, Traveling Teachers
(k) United Public Workers, Unit 01, Bargaining Agreement, Article 44, Travel.
(l) United Public Workers, Unit 10, Bargaining Agreement, Article 44, Travel.

**Forms**
The following forms are available for download from the FMS website http://fms.k12.hi.us
(m) Form 437B, Out-of-State Travel Quotations Worksheet
(n) Form TOF, Travel Order Form
(o) Form 437, Request for Out-of-State Travel
(p) Form TA-1, Adjustments to Approved Out-of-State Travel
(q) Form 438, Statement of Out-of-State Travel Completed and Report of Expenses
(r) Form 438A, Calculation of Reportable & Taxable Per Diem

**SP 1266: Out-of-State Travel Required**

**Supporting Documents**

1. **Purpose**
   To provide an explanation of the required supporting documents for out-of-state travel requests.

2. **Effective**
   These required supporting documents are effective immediately, but subject to change during times of budget restrictions. In these situations, separate cost savings measures will be established for out-of-state travel by the Superintendent.
3. **Applies to**  
Department of Education (DOE) employees and to all other persons representing the Department on official business, regardless of the source of funding.

Out-of-state travel for students and chaperones is covered in the Student Travel Policy, Regulations and Procedures guide issued by the Office of Curriculum, Instruction and Student Support Services (OCISS). See SP 2250.

4. **Supporting Documents**  
A. Supporting documents are required to substantiate all requests for out-of-state travel. It is the traveler’s responsibility to obtain documentation in advance in order to submit the request for travel to the Office of Fiscal Services (OFS), Vendor Payment Unit, thirty (30) days prior to the date of travel.

   1) Requests for trips to conferences, workshops, seminars and business meetings for professional improvement should include:

      a) A copy of the conference program or agenda.
      b) The brochure/flyer describing the purpose and/or activities of the conference.
      c) A copy of the completed registration form listing any pre-conference programs and the total cost of the conference fees.
      d) A copy of the designated hotels for the conference.

   2) Requests for visitation to schools or other educational sites should include copies of correspondence from the school/site to be visited confirming the dates and times of the visitation.

   3) Requests related to student or parent travel due to out-of-state placement in an educational facility should include a copy of the appropriate document that specifies the travel (e.g., IEP, hearing officer finding, or court order.)

5. **Reimbursement of Registration Fees Without Prior Approval**  
All costs of travel shall be requested and approved before the trip is taken. If a traveler departs on a personal trip and then decides to attend an educational conference, all of the costs related to the conference are the responsibility of the traveler. The only exception is if the traveler feels the information obtained from the conference is critical to the Department and would, therefore, substantiate a request for reimbursement of the registration fees. The burden of proving criticalness is on the traveler. In these cases, the traveler must submit a memo to his/her immediate supervisor with all of the pertinent information together with a copy of the registration form and proof of payment.

The Travel Order Form (TOF), see Form (n), and Form 437, see Form (o), must be completed, approved by the traveler’s supervisor and Complex Area or Assistant Superintendent and forwarded to the Vendor Payment Unit for review. Once the approved forms are returned to the school/office, the reimbursement can be processed on Financial Management System (FMS) and submitted with the Approval to Pay (ATP) to the Vendor Payment Unit.
6. **State Employees on Leave**
Employees who are on leave (personal, sabbatical) or on intersession break (spring, summer and winter) and are asked to attend out-of-state conferences to represent the Department in an official capacity, must complete and submit the TOF and Form 437, Request for Out-of-State Travel. This will ensure that the traveler is covered by workers’ compensation, legal representation, accidental death benefits under the employees’ retirement system, and other such benefits while on official travel status. While the traveler is attending a function at the request of the Department, the time is considered official travel and travel related costs may be claimed.

7. **Trips That Combine Official Business and Personal Travel**
Whenever possible, the traveler should obtain separate billings from travel agencies or car rental agencies for any additional costs incurred for deviations in trips resulting from personal travel. The added costs for these personal trips shall be paid by the traveler using personal funds.

8. **Employees Traveling with Spouses, Other Family Members or Friends**
Only travel costs that relate to the official traveler shall be allowed. All travel costs such as hotel, registration or ground transportation, incurred by other members traveling together who are not on official business, will not be covered by the Department. Any excess lodging claimed by the official traveler will be calculated on the basis of the room cost divided by the number of persons occupying the room.

9. **Trips Financed by Private Sources**
On trips financed by private sources such as foundations or business organizations, if sponsors renege on any part of their financial commitment, the Department will not make up the shortage. The traveler must find other sources to cover the deficit. When planning a trip financed by private sources, refer to Out-of-State Travel Regulations, Item 4E, Standards of Conduct.

10. **Double Payment for Travel Expenses**
If a trip is financed by the Department and the traveler subsequently receives another payment for any portion of the trip (such as sponsors paying for the hotel, meals or airfare), such duplicate payments must be returned to the Department.

11. **Allowable Travel Expenses**
Aside from airfare and per diem costs, other expenses of a trip may be reimbursable provided the expenditures are incurred as part of the official business and are supported by original receipts. These would include ground transportation for traveling to and from official business sites (e.g. bus fares, taxi fares, car rentals, shuttles and parking fees), registration fees, baggage fees, copying charges, postage for mailing materials, telephone and internet charges.

When claiming for bus, shuttle or taxi fares, the “to” and “from” destinations and dates must be provided. For postage, copying and internet charges, provide a brief justification. When claiming telephone charges, provide the purpose for the call.

Employees are entitled to one checked bag. Any additional fees, e.g. second bag, special items, oversized, and overweight baggage are the responsibility of the traveler, unless appropriate justification is provided that the additional fees are for official State
business. It is the traveler’s responsibility to check with the respective airlines on checked baggage requirements and fees.

12. **Car Rentals**
Travelers are required to obtain three (3) quotes from car rental agencies whenever a car rental is required for out-of-state travel. Quotes must be documented on the Form 437B, Out-of-State Travel Quotations Worksheet, see Form (m), and submitted with the Form 437, Request for Out-of-State Travel, see Form (o). The lowest quote must be selected. The traveler will be responsible to secure the reservation with a credit card and make payment upon return of the car. The traveler will be reimbursed upon submittal of original receipts with the Form 438, Statement of Out-of-State Travel Completed and Report of Expenses. See Form (q).

For car rentals, the size of the car should be consistent with the number of official travelers (1-2 passengers, compact car; 3-4 passengers, midsize car; 5 or more passengers, van)

The only insurance allowed to be purchased when renting a car for out-of-state travel is the Collision or Loss Deductible Waiver (CDW or LDW) coverage. This is the only coverage allowed for reimbursement.

Whenever possible, travelers renting cars for both business and personal use should return the car after the official business is completed and check out a car for personal use on a separate car rental agreement. If this is not possible, charges will be prorated and reimbursed accordingly.

Only the designated driver should request approval for the car rental on the TOF and Form 437. All expenses related to the use of the rental car (e.g. parking fees, toll charges and gas) should be reported and claimed by the traveler who is the designated driver. A traveler cannot be reimbursed for costs related to use of a rental car if the approved TOF did not include the car rental.

13. **Non-Allowable Travel Costs**
Any travel expense that appears to be personal or social in nature and not related to the conduct of the official business, such as hospitality hours, sightseeing tours or social gatherings, will be considered personal expenses. These activities are deemed to be non-official business and cannot be reimbursed with Department funds.

14. **Excess Lodging Expenses**
When an employee is required to travel out-of-state on official business, he/she shall be provided with a daily per diem allowance rate as set forth in accordance with their respective collective bargaining unit agreement. See References (d) to (l). Employees may refer to the memo, Revised Mileage and Per Diem Rates Chart, sent to all schools/offices annually by the Office of Fiscal Services for a listing of the current rates.

Employees receive either $130 or $145 daily per diem rate depending upon their bargaining unit (BU) contract. Of this amount, $85 is for lodging expenses. Whenever an employee’s commercial lodging expense exceeds the applicable lodging allowance of $85, the employee is entitled to a reimbursement of the difference between the two amounts multiplied by the number of official travel days spent on commercial lodging.
When travelers share hotel rooms, the cost shall be divided by the number of persons occupying the room and, in most situations, would not incur any excess lodging expense.

When travelers stay at a listed conference hotel where excess lodging will be incurred, no quotes are required. But if they do not stay at a listed conference hotel because the conference hotels may be full, or for other reasons, they must solicit three (3) quotes if they are claiming excess lodging. The quotes must be recorded on the Form 437B, Out-of-State Travel Quotations Worksheet. See Form (m). Travelers should then make their room reservations at the hotel with the lowest quote. Quotes are not required if no excess lodging is being claimed.

Any anticipated excess lodging expense must be listed on the TOF for approval prior to the trip. If the traveler inadvertently omitted it from the original travel request, the excess lodging expense must then be requested on the Form TA-1, Adjustments to Approved Out-of-State Travel, see Form (p), after the trip.

15. **Review of Travel Requests**
The burden of proof to justify a trip is on the requestor. Each school or office requesting out-of-state travel should thoroughly review the request to assure compliance with departmental regulations. The review should consider whether there is a more efficient or effective way of providing staff development or training and if the benefit of the requested trip is worth the cost.

16. **Audit of Expenditures**
Finally, the caveat should be noted that the Office of Fiscal Services, Vendor Payment Unit, may disallow any expenditure deemed unwarranted or excessive which has been incurred by the traveler.

17. **SP Maintenance Responsibility**
The Claims Pre-Audit Supervisor, for Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services, is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

18. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

Frequently Asked Questions (FAQ) for SP 1266.
(a) Travel Guidelines – Lotus Notes
(b) Hawaii Administrative Rules, Title 3, Department of Accounting & General Services, Chapter 10, Travel Rules
(c) Hawaii Government Employees Association, Unit 02, Bargaining Agreement, Article 41, Travel.
(d) Hawaii Government Employees Association, Unit 03, Bargaining Agreement, Article 44, Travel.
(e) Hawaii Government Employees Association, Unit 04, Bargaining Agreement, Article 44, Travel.
SP 1267: Out-of-State Travel Completed Report

1. **Purpose**
   To describe the process for completing the Form 438, Statement of Out-of-State Travel Completed and Report of Expenses.

2. **Effective**
   These procedures are effective immediately, but are subject to change during times of budget restrictions. In these situations, separate cost savings measures will be established for out-of-state travel and distributed by the Superintendent.

3. **Applies to**
   Department of Education (DOE) employees and to all other persons representing the Department on official business, regardless of the source of funding.

   Out-of-state travel for students and chaperones is covered in the Student Travel Policy, Regulations and Procedures guide issued by the Office of Curriculum, Instruction and Student Support Services (OCISS). See SP 2250.

   A. Form 438, Statement of Out-of-State Travel Completed and Report of Expenses
   All travelers returning from an approved out-of-state trip shall submit a report, Form 438, Statement of Out-of-State Travel Completed and Report of Expenses, see Form (m), within fifteen (15) calendar days after the trip has been completed to the Office of Fiscal Services, Vendor Payment Unit.

   Included on the Form 438 shall be a brief, concise summary of the trip in the section, "Implications for Program Improvement for the State of Hawaii". Specific advantages, knowledge and information obtained from the trip that will benefit the Department and State of Hawaii should be included in the report.
The report shall be reviewed and approved by the Complex Area Superintendent or Assistant Superintendent prior to submittal to the Vendor Payment Unit. Travel reports submitted for which there is “no cost” to the State, will be approved and returned to the initiating school/office for appropriate filing.

B. Payment of additional expenses and per diem
The amount of any per diem allowance due to the traveler and/or additional reimbursements will be paid upon submittal of a signed and approved Form 438. Claims for travel expenses for airfare, ground transportation, excess lodging, registration fees and other allowable costs must be supported with the original itemized receipts and supporting documents. Payments posted for travel reimbursements must be printed on a separate Approval to Pay (ATP) Report and labeled as “Travel” in order to expedite processing.

C. Form 438A, Calculation of Reportable and Taxable Per Diem
Effective July 1, 1990, the State of Hawaii is required by the Internal Revenue Service (IRS) regulations to withhold taxes on per diem payments to employees that exceed federally allowable amounts. To fulfill these regulations, Form 438A, Calculation of Reportable and Taxable Per Diem, see Form (n) is used to calculate the taxable amount reportable to the IRS and is submitted with the Form 438, Statement of Out-of-State Travel Completed and Report of Expenses, to the Vendor Payment Unit.

Amounts taxable are dependent upon the federally allowable amount established by the IRS each year for travel to low or high cost areas involving excess lodging. As these rates change, the current information will be disseminated by the Office of Fiscal Services, Operations Section, to all schools and offices through a memorandum on an annual basis.

5. SP Maintenance Responsibility
The Claims Pre-Audit Supervisor of the Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services, is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

6. References, Resources, and Forms
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
Frequently Asked Questions (FAQ) for SP 1267.
(a) Travel Guidelines – Lotus Notes
(b) Hawaii Revised Statutes, Title 3, Department of Accounting & General Services, Chapter 10, Travel Rules
(c) Hawaii Government Employees Association, Unit 02, Bargaining Agreement, Article 41, Travel
(d) Hawaii Government Employees Association, Unit 03, Bargaining Agreement, Article 44, Travel
(e) Hawaii Government Employees Association, Unit 04, Bargaining Agreement, Article 44, Travel
SP 1268: Out-of-State Travel Procedural Flow

1. **Purpose**
   To describe the process for the submittal and routing of out-of-state travel forms.

2. **Effective**
   The procedural flow is effective immediately, but is subject to change during times of budget restrictions. In these situations, separate cost savings measures will be established for out-of-state travel and distributed by the Superintendent.

3. **Applies to**
   Department of Education (DOE) employees and to all other persons representing the Department on official business, regardless of the source of funding.

   Out-of-state travel for students and chaperones is covered in the Student Travel Policy, Regulations and Procedures guide issued by the Office of Curriculum, Instruction and Student Support Services (OCISS). See SP 2250.

4. **Step 1 – School/Office (Submit 30 Days Prior to Departure Date)**
   A. Form 437B, Out-of-State Travel Quotations Worksheet See Form (m).
      1) Obtain three (3) quotes for airfare for the authorized (official) travel dates and times only from travel agencies or internet websites. Quotes must be obtained on the same day since prices fluctuate from day to day. The authorized (official) travel dates are determined by the start date and time and end date and time of the conference.
      2) Obtain three (3) quotes for hotel, only if traveler is not staying at a listed “conference” hotel AND claiming excess lodging.
      3) Obtain three (3) quotes for car rental, if required.

   Record quotes on form as required. Provide written justification if the lowest quote is not selected and submit the form to the principal/administrator for approval. Attach form to the Travel Order Form (TOF), see Form (n) and Form 437, Request for Out-of-State
Travel, see Form (o) for submittal to the Complex Area/Assistant Superintendent and Superintendent for approval.

For those travelers deviating on personal trips, obtain a second quote for the “actual” travel. Any additional deviation cost must be paid for by the traveler.

B. **Travel Order Form (TOF) & Form 437, Request for Out-of-State Travel**
   1) Complete the TOF, see Form (n) and Form 437, see Form (o). Information can be obtained from the itinerary quote and conference schedule. Submit the original and four (4) copies of the travel forms in sets to the Complex Area/Assistant Superintendents for approval in the following order:
      a) Travel Order Form (TOF)
      b) Form 437, Request for Out-of-State Travel
      c) Form 437B, Out-of-State Travel Quotations Worksheet
      d) Itinerary quote
      e) Registration form with cost information
      f) Conference agenda/schedule
      g) Conference hotel listing

   C. Check that the traveler has a vendor code on the Financial Management System (FMS). If not, then complete and submit the Form FMS T1, Vendor Table Maintenance Form, see Form (s), to the Vendor Payment Unit to establish a vendor code.

   D. After receiving the Complex Area/Assistant Superintendent and Superintendent’s approval, confirm final itinerary with the travel agency and process payment for the airfare. Finalize registration and hotel accommodations with the traveler.

5. **Step 2 – Complex Area or State Office**
   A. Review travel requests and forward the original and four (4) copies of the approved forms to the Superintendent’s office.
   
   B. If the travel request is not approved, provide a written justification and return the forms to the school/office within ten (10) calendar days.
   
   C. Upon receipt of an email notification from the Superintendent’s office, inform the school/office of the approval/disapproval of the travel request.

6. **Step 3 – Superintendent’s Office**
   A. Review and approve/disapprove travel request.
   
   B. Scan and email a copy of the request to the Complex Area/Assistant Superintendent. Approval authorizes the traveler to proceed with transactions such as finalizing airline ticketing with travel agency, confirming conference registration, and hotel accommodations.
   
   C. Send the original and four (4) copies of the approved request to the Office of Fiscal Services, Vendor Payment Unit, for review.

7. **Step 4 – Office of Fiscal Services, Vendor Payment Unit**
   A. Enter the travel request into the Department’s Out-of-State Travel Log database.
B. Review request for compliance with Department guidelines and completeness and accuracy of computation for per diem, excess lodging and total travel costs.

C. Stamp and initial reviewed and cleared travel request and return a copy to the Complex Area/Assistant Superintendent. Retain the original and three (3) copies.

D. Return request to the Complex Area/Assistant Superintendent for lack of documentation or signatures and update this information on the travel database.

8. **Step 5 – Traveler & School/Office**
Retain the following documentation required for completion of the Form 438, Statement of Out-of-State Travel Completed and Report of Expenses, see Form (q):

A. Copy of advance per diem check.
B. Original out-of-state airline boarding passes/e-ticket passenger receipts.
C. Original inter-island boarding passes if traveling from a neighbor island.
D. Copy of purchase order listing payment numbers for registration fees.
E. Original itemized receipts for reimbursement of airfare, baggage fees, ground transportation, excess lodging, internet access charges, educational materials and other expenses which were approved on the TOF and Form 437.

9. **Step 6 – Traveler & School/Office Upon Completion of Trip**
A. Submit within 15 days the completed Form 438, Statement of Out-of-State Travel Completed and Report of Expenses, signed by the traveler. Refer to Form (q). Attach original airline boarding passes/e-ticket passenger receipts and original itemized receipts for reimbursement. Submit the original and three (3) complete copies to the Complex Area/Assistant Superintendent for approval.

B. Complete Form 438A, Calculation of Reportable & Taxable Per Diem, see Form (r), only if travel was to a low-cost area and the traveler is claiming excess lodging. Refer to the current rates memo disseminated annually to all schools/offices by the Office of Fiscal Services, Operations Section. Submit the original and three (3) copies attached to the Form 438. A copy must be given to the traveler for use in the preparation of his/her personal tax return.

If there are significant changes to a trip from the approved TOF and Form 437, such changes must be submitted through the Form TA-1, Adjustments to Approved Out-of-State Travel Form, see Form (p), prior to the completion of the Form 438.

10. **Step 7 – Complex Area or State Office**
A. Review forms and approve Form 438.

B. Retain one copy and return the original and two (2) copies to the traveler’s school/office for processing.

11. **Step 8 – School/Office**
A. If no reimbursement is claimed, forward the original Form 438 and Form 438A, if applicable, to Office of Fiscal Service, Vendor Payment Unit.

B. If a reimbursement is claimed, post the payment and print an Approval to Pay (ATP) Report. Submit the ATP Report with the original and one (1) copy of the
Form 438 and Form 438A, if applicable, to Office of Fiscal Services, Vendor Payment Unit.

The original and one (1) copy of the forms should be submitted in the following order:

2) Original airline boarding passes/e-ticket passenger receipts.
3) Original itemized receipts for reimbursement of baggage fees, ground transportation, excess lodging and other approved travel expenses.
4) Form 438A, Calculation of Reportable & Taxable Per Diem, if applicable.

12. **Step 9 – Office of Fiscal Services, Vendor Payment Unit**
   A. Review and audit the ATP Report, Form 438 and Form 438A for compliance with Departmental guidelines and completeness and accuracy of computation for total travel cost and reimbursement amounts.
   B. Release payment for check writing and forward a copy of Form 438A to the Payroll Unit for audit.
   C. Return forms missing required information, signatures, original receipts or airline boarding passes to the school/office for correction and re-submittal.

13. **SP Maintenance Responsibility**
The Claims Pre-Audit Supervisor, for Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services, is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

14. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
Frequently Asked Questions (FAQ) for SP 1268.
(a) Travel Guidelines – Lotus Notes
(b) Hawaii Administrative Rules, Title 3, Department of Accounting & General Services, Chapter 10, Travel Rules
(c) Hawaii Government Employees Association, Unit 02, Bargaining Agreement, Article 41, Travel
(d) Hawaii Government Employees Association, Unit 03, Bargaining Agreement, Article 44, Travel
(e) Hawaii Government Employees Association, Unit 04, Bargaining Agreement, Article 44, Travel
(f) Hawaii Government Employees Association, Unit 06, Bargaining Agreement, Article 24, Travel
(g) Hawaii Government Employees Association, Unit 09, Bargaining Agreement, Article 36, Travel
(h) Hawaii Government Employees Association, Unit 13, Bargaining Agreement, Article 45, Travel
(i) Hawaii State Teachers Association, Unit 05, Bargaining Agreement, Article VI, Teaching Conditions & Hours, Article M, Traveling Teachers
(j) United Public Workers, Unit 01, Bargaining Agreement, Article 44, Travel
(k) United Public Workers, Unit 10, Bargaining Agreement, Article 44, Travel

Forms
The following forms are available for download from the FMS website http://fms.k12.hi.us/forms
(l) Form 437B, Out-of-State Travel Quotations Worksheet
(m) Form TOF, Travel Order Form
(n) Form 437, Request for Out-of-State Travel
(o) Form TA-1, Adjustments to Approved Out-of-State Travel
(p) Form 438, Statement of Out-of-State Travel Completed and Report of Expenses
(q) Form 438A, Calculation of Reportable & Taxable Per Diem
(r) Form FMS T1, Vendor Table Maintenance Form

SP 1270: Automobile Allowances

1. Purpose
   To explain how to submit a claim for reimbursement for mileage and parking fees. Rates to be used to compute the claim are listed on the Mileage and Per Diem Rate chart located on the FMS website. Travel on the employee’s island should be by the most direct route possible and should not be done when phone calls, faxes, electronic mail or letter would produce comparable results.

2. Effective
   Immediately.

3. Applies to
   All School Administrative Service Assistants (SASA) and Account Clerks.

4. Guidelines
   A. Flat monthly allowances for the use of private automobiles on official business may be applicable to the Superintendent, Deputy, Assistant and Complex Area Superintendents, Executive Assistant and Board Executive Director.
      1) The amount of the flat monthly allowance shall be adjusted proportionately in case the employee has not used his/her car on official business for more than a week because of vacation, sickness, or any other cause.
      2) Submittal of these claims should be done after the month has been completed.
      3) The total amount of the flat monthly allowance is taxable and reported as wages-in-kind on the employee’s paycheck.
      4) These employees have the option of processing mileage claims as stated above or on a trip by trip basis as it is done for other employees. Once an option is chosen, it cannot be changed.
   B. Mileage Allowance – Assistant and Complex Area Superintendents, Principals and Administrators may authorize employees to use privately owned vehicles on
official business on a mileage allowance basis when publicly owned vehicles from the Department of Accounting and General Services Central Motor Pool Division are not available and/or not practical to use.

1) Current mileage rates are dependent on the existing bargaining unit agreements.
2) An updated memo of the current rates is distributed as changes occur.
3) The Comptroller’s office issues a separate memo on a yearly basis listing the current Internal Revenue Service (IRS) federally allowed rate.

C. To qualify for mileage allowance, employees must carry current no-fault insurance as required by HRS, Chapter 294.

D. Mileage reimbursement is allowed for transportation from place to place as required in the normal course of an employee’s or official’s performance of assigned duties.

E. Transportation between the home and the regular place of business of an employee is not considered official business, and no mileage or other reimbursement is allowed for such transportation.

1) However, if an employee’s supervisor finds it more practical for the employee to travel directly between home and a job site or other place of official business, the employee may be reimbursed for miles between home and the job site which are in excess of the miles normally traveled between home and the regular place of business and claimed as “home adjusted.”
2) No employee will be allowed mileage for traveling directly between home and a job site if the miles traveled are less than the miles normally traveled between home and the regular place of business.

F. Reimbursements for parking fees, including metered parking, and bus fare claims are allowed when travel is being done in the performance of official duties.

1) Original itemized receipt listing the date of travel, time in and out must be attached to the mileage form whether payment is by cash, check or charge. No reimbursement can be claimed without an original receipt or proof of payment.
2) For parking and bus fare reimbursements, record the total cash paid for each trip on the mileage form under the “Parking Fees” column.
3) Reimbursements for parking and/or traffic citations due to employee negligence are not allowed.

G. If travel occurs on an official workday, employees may be reimbursed for miles traveled between home and the airport, which are in excess of the miles normally incurred between home and the regular place of business.

1) Employees traveling on official business off island may elect to be dropped off and picked up at the airport.
2) Mileage may be claimed for two round trips from home and adjusted depending on whether it is a workday or non-workday.
3) All reimbursements for airport parking fees in conjunction with official travel must be claimed on the Statement of Inter/Intra-Island Travel Completed, Form 440 or on the Statement of Out-of-State Travel Completed, Form 438.

H. Any person delegated with the authority to approve claims shall be responsible for reviewing all claims for propriety prior to submission.

1) All mileage claims should be listed on a separate form for each month and submitted to the Vendor Payment Unit within thirty (30) days following the applicable month.
2) If a mileage claim is submitted before the month has ended, it must include a statement that no further mileage will be claimed for that month.

I. Mileage claims for use of mopeds and motorbikes are allowed as long as the vehicles are insured for liability insurance purposes by the employee’s insurance agent. The mileage allowance rate shall be one-half (1/2) of the rate for automobiles.

J. Mileage claims are not allowed for social events such as Secretary’s Day or retirement luncheons or dinners; the Public Schools of Hawaii Foundation dinner; political rallies or fundraisers, and union-sponsored activities such as Teachers’ Institute Day workshops.

5. **SP Maintenance Responsibility**
The Claims Pre-Audit Supervisor of the Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

6. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

Frequently Asked Questions (FAQ) for SP 1270.
(a) FMS User Policy and Process Flow Guide
(b) FMS Forms Guide on FMS website
(c) Personal Automobile Mileage Voucher Narrative; See pages 4-7
(d) Rates – Mileage and Per Diem Chart

**Forms**
The following form is available for download from the FMS website:
http://fms.k12.hi.us/forms.
(e) FMS-PY2 – Personal Automobile Mileage Voucher on FMS website

**SP 1280: Inter/Intra-Island Travel Policies**

1. **Purpose**
   To describe the policies for inter/intra-island travel for official business.

2. **Effective**
   Immediately.

3. **Applies to**
   Department of Education (DOE) employees and to all other persons representing the Department on official business, regardless of the source of funding.

4. **Introduction**
   A. Official travel means the trip has been approved by the traveler’s supervisor and authorizes the traveler to journey inter/intra-island as a representative of the DOE. A traveler on official travel status would be eligible for the following considerations:
1) Workers’ compensation coverage if injured while on official travel.
2) Legal representation if sued for actions alleged to have occurred while acting within the scope of official duties during the approved travel. Legal representation is not automatic and is determined by the Attorney General on a case-by-case basis.
3) Accidental death benefits under the Employees’ Retirement System.

B. Wherever there is a conflict between these rules and the provisions of a collective bargaining agreement that is in effect, the provisions of the collective bargaining agreement take precedence; excluded employees under Chapter 89, Hawaii Revised Statutes (HRS), shall receive the same application of such provisions as employees included in the related bargaining unit.

5. Purposes for Inter/Intra-Island Travel
   A. The following policies on inter/intra-island travel are established as a guide for DOE employees and/or others who must travel in the performance of their duties. Inter/Intra-Island travel may be allowed for the following purposes:

   1) Official DOE representation at meetings and/or functions.
   2) Travel to conduct training activities.
   3) Travel to perform duties directly related to the traveler’s position.

   B. Inter/intra-island trips shall not be taken if the business can be accomplished satisfactorily by correspondence, phone or video-conferencing.

   C. Intra-island travel within the same island (e.g., Hilo to Kona, Wailuku to Hana) that requires overnight absence, may be allowed with prior approval, if the principal/administrator considers it necessary for the traveler to remain overnight at a work destination. Travel on the same island not requiring overnight absence, does not qualify as intra-island travel.

   D. Inter/intra-island travel for students and chaperones is covered in the Student Travel Policy, Regulations and Procedures Guide issued by the Office of Curriculum, Instruction and Student Support Services (OCISS).

6. Travel Status
   A. An employee or representative is considered to be on travel status only during the time when conducting official business away from their regular place of business and while traveling to and from the place at which official business is transacted.

   B. Travel status begins with departure of common carriers from the island on which the traveler’s regular place of business is located and terminates upon the traveler’s return to that island.

   C. A member of the Board, Commission or Council on travel status, whether compensated or not, is subject to State rules and regulations on travel as in the case with State employees.

7. Travel Routes
   A. The travel route shall be the most economical and direct route available to and from the point of business destination.

   B. Travel tickets shall be for complete routes, including all direct connections. Any charges related to travel not applicable to State business will be the responsibility of the employee. This includes stopovers, personal side trips or any other routing
impacting the lowest possible fare. Any specific airline preference that will increase the cost of the fare shall be borne by the traveler.

8. **Preferred Times of Travel**
Official business and related travel shall be conducted, whenever practicable, within the typical work week, Monday through Friday, and within the typical work day.

9. **Means of Transportation**
   A. Schools/offices authorizing travel shall be sure that the means of transportation are justified by the circumstances.
   B. Travel shall be by the most economical means consistent with time availability and urgency of the trip, unless otherwise justified.
   C. Inter-island travel shall be by regularly scheduled transportation whenever available, feasible, and otherwise appropriate. In selecting the means of transportation for inter-island travel, schools/offices shall consider travel time and per diem costs in determining the most economical means.

10. **Allowable Travel Time Involving Air Transportation**
   A. Allowable travel time is the time necessary to travel by the most direct route to and from the points specified in the approved travel plan or request, plus the time necessary to conduct the required official business.
   B. Every effort should be made to reserve completed travel schedules well in advance to avoid delays at transfer points.

11. **Travel Allowances**
   A. Per diem is a specific allowance for each day to cover the personal expenditures of a traveler, such as meals, lodging, tips, laundry, and other necessary expenditures incident to travel. A per diem allowance is paid only for time on official travel status.
   B. The rate of per diem is based on the provisions of the collective bargaining agreement. When accommodations or lodging is made available to the traveler without charge, the principal/administrator shall prescribe a lower rate of per diem. The per diem allowance shall be granted for time on travel status.
   C. In computing the per diem allowance for overnight travel, the official time begins sixty (60) minutes before the scheduled flight and ends upon the return to the employee’s home airport. The calendar day (midnight to midnight) shall be the unit. Allowable claims shall be in quarter day periods beginning at midnight, per Hawaii Revised Statutes, Travel Rules and bargaining unit agreements.
   D. In computing the per diem allowance for same day travel (depart and return on the same day), employees shall use rates as set forth in accordance with their respective collective bargaining unit agreement for inter/intra-island travel.

   Employees may refer to the memo, Revised Mileage and Per Diem Rates Charts that is sent annually to all schools/offices by the Office of Fiscal Services for a listing of the current bargaining unit rates.

12. **SP Maintenance Responsibility**
The Claims Pre-Audit Supervisor in the Vendor Payment Unit, Operations Section, Administrative Services Branch, Office of Fiscal Services, is responsible for the maintenance, administration and questions regarding this SP.
SP 1281: Decaling; Guidelines for

1. **Purpose**
   To provide a method of assigning a unique identification number to each inventory item.

2. **Effective**
   Immediately.

3. **Applies to**
   All Principals, Complex Area Superintendents, Assistant Superintendents, and all other individuals responsible for accounting and internal control of fixed assets.

4. **Decaling**
Tagging equipment with a decal provides a method of assigning a unique identification number to each inventory item. All state equipment should be affixed with a decal tag or other identification showing State of Hawaii ownership at the time of physical receipt. This allows the item to be accounted for and identified in the inventory system and also allows the identifying of stolen property, discourages theft, and simplifies physical inventory. Grouped items less than $250 each need not be decaled.

A. Decals can be ordered through the State Procurement Office (SPO), Price List: “STATE OF HAWAII Inventory Decals.” Approved decals are 1 ¾” long and 7/16” wide. Schools/offices should keep a log of decal tags ordered to maintain numbering sequence.

B. Decals may not adhere permanently to some equipment due to the composition, shape or contour of an item. A felt pen or painting the number on the equipment is the recommended solution. For more permanent identification, an electric engraver may be used.

C. Equipment transferred-in from another school or department which carries that organization’s decal tag should be removed and replaced with the decal number of the organization receiving the property.

5. SP Maintenance Responsibility
The Systems Accountant, Accounting Section, Accounting Services Branch, Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

6. References, Resources, and Forms
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Website for State Procurement Office for Decal SPO Price List
www.spo.hawaii.gov

SP 1282: Annual Physical Inventory Verification—Reports and Deadlines

1. **Purpose**
To explain the various reports used for and the deadlines that must be met for the annual physical inventory verification.

2. **Effective**
Immediately.

3. **Applies to**
Principals, Complex Area Superintendents, Assistant Superintendents, and all other individuals responsible for the annual physical inventory verification.

4. **Frequency**
Required at least once every fiscal year in order to safeguard assets and maintain appropriate fiscal accountability.
5. **Annual Physical Inventory Verification—Reports and Deadlines**

Reports serve to ensure the items recorded in the Fixed Asset Property File physically exist; determine whether unrecorded or improperly recorded transactions have occurred; identify any excess, defective or obsolete equipment on hand; and maximize use of equipment and minimize equipment loss.

A. **Inventory reports will be printed as of January 31 and will be distributed in February/March.** Schools/offices will receive one copy of each of the following reports:

1) **Location and Detail Location Report, DAFMZ201.** The report lists the various locations and detail locations within one batch org where the property is assigned. It is in alpha/numerical order with the location description next to its corresponding number. The location and detail location represents the building and room number, respectively.

2) **Fixed Assets Inventory-Subschool Level Report, DAFMZ511.** This report provides a detailed listing of fixed assets by Location and Detail Location for a Responsible Org Id. The report includes information such as quantity, subclass description, acquisition date, original cost, fund source, decal number, PO number, make, model, and serial number.

3) **Fixed Assets Inventory-Subclass Report, DAFMZ513.** The report provides a detailed summary listing of equipment alphabetically by subclass code. It provides information such as location code, quantity, make, model, serial number, acquisition date, original cost, funding source and decal number. It also provides numbers and total cost for each subclass code.

4) **Fixed Assets Hold File, DAFMZ517.** Provides a listing of items that have been paid for but not updated to the property file.

5) **New Book Purchases Report, DAFMR560A.**

6) **New Furniture Report, DAFMR565A.**

B. **March-June:** Schools/offices should conduct the physical inventory using the DAFMZ511 and/or DAFMZ513 to verify against the property. The New Book Purchases Report, DAFMR560A and New Furniture Report, DAFMR565A may also be used to update the books and furniture inventory. Any discrepancies discovered during the physical inventory should be promptly corrected.

C. **June 15:** Deadline for schools to submit to OFS-Inventory Unit updates for the fixed asset property file. These updates will be reflected on the June 30th inventory reports.

D. **June 30:** Year-end inventory reports will be printed as of June 30. In July/August, schools/offices will receive one copy of each of the following reports:

1) **Detail and Location Report, DAFMZ201**

2) **Fixed Assets by Subclass Report, DAFMZ513**

3) **Fixed Assets Inventory-School Level Report, DAFMZ514**

4) **Report of Hold File Records, DAFMZ517**

5) ** Archived Fixed Assets by Subclass Report, DAFMZ513A**

6) ** Archived Fixed Assets Inventory Report-School Level, DAFMZ514A**

7) ** Archived Fixed Assets Hold File Records, DAFMZ517A.**

E. **Updating School Textbooks/Library Books Inventory** will be done annually. Since books are inventoried as a group, only changes in quantity and value are updated. The month of June is considered the best time to conduct a physical inventory of books, as book shipments may be received in the fourth quarter and textbooks may still be in use.
To provide a more realistic unit book price and to have uniformity and consistency in the department, unit book prices have been established as follows:
   a. School textbooks and library books purchased by December 31, 1987 and not yet inventoried will use $6.00 as unit price.
   b. Books purchased from January 1, 1988 will be inventoried as a separate line item using $16.00 as the unit price.
   c. Reference books such as encyclopedias will be carried at acquisition cost.

F. During the month of August, schools/offices will be required to submit the Annual Certification of Inventory to OFS-Inventory Unit. The certification form is located on the last page of the Fixed Assets Inventory-School Level Report, DAFMZ514.

As required by Section 103D-1206, Hawaii Revised Statutes, the Department shall prepare and file before September 16 of each year an annual inventory return of state property in the possession, custody, control, and use of the Department of Education. To meet this deadline, schools/offices must submit their Annual Certification of Inventory to OFS-Inventory Unit by the specified August deadline.

6. **SP Maintenance Responsibility**
   The Systems Accountant, Accounting Section, Accounting Services Branch, Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

7. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   a. [http://www.capitol.hawaii.gov/hrscurrent](http://www.capitol.hawaii.gov/hrscurrent)
   b. [http://fms.k12.hi.us/forms/](http://fms.k12.hi.us/forms/)
   c. [http://fms-reports.k12.hi.us/school-reports.htm](http://fms-reports.k12.hi.us/school-reports.htm)

**SP 1284: Disposal of Property—Procedures and Process Flowchart**

1. **Purpose**
   To explain the fixed asset disposal process.

2. **Effective**
   Immediately.

3. **Applies to**
   All Principals, Complex Area Superintendents, Assistant Superintendents and all other individuals responsible for the accounting and internal control of fixed assets.

4. **Disposal Process Flowchart**
   This flowchart illustrates the disposal process from submitting the correct disposal form to reviewing the completed transactions in the monthly web report, Fixed Assets Transaction Report, DAFMC650.
5. **Disposal Process**

A. If the item to be disposed is $250 and under, complete and submit the Request for Property File Adjustment, FMS-FA6, to the OFS-Inventory Unit. The Inventory Unit will review the request and process the disposal through FMS.

B. If the item to be disposed is above $250, complete and submit the Request to Dispose, FMS-FA3, to OFS-Inventory Unit. The Inventory Unit will review the request and submit it to the Assistant Superintendent and CFO, Office of Fiscal Services, for approval.

C. Upon receipt of the disposal approval from the CFO, the school/office will be sent the Certificate of Disposal, FMS-FA8 (original and copy) and a copy of their approved FMS-FA3.

D. The school/office will physically dispose of the fixed asset as per their approved disposal application.

E. After disposing of the fixed asset, the school/office will complete the original FMS-FA8 and return it to OFS-Inventory Unit.

   1) The FMS-FA8 must be completed by the school/office when the item has been physically disposed of as approved on their disposal application. The top half of the certificate is signed by the witness to the disposal who is a person other than the head of the Department/Branch, the custodian of the property, the person who maintains the inventory records or the person who
supervises and is responsible for the proper operation of the activity in which the property is located.

2) The second half of the FMS-FA8 is signed by the administrator/principal; the custodian of the property. The same person shall not sign both sections of the certificate.

F. The signed completed original FMS-FA8 must be sent to OFS-Inventory Unit. The copy of the FMS-FA8 and the copy of the approved FMS-FA3 forms are kept on file at the school/office.

G. Once the Inventory Unit receives the signed completed original FMS-FA8 from the school/office, the Inventory Unit will process the disposal through FMS. If the Inventory Unit does not receive the signed completed original FMS-FA8 from the school/office, the item will not be removed from the property file even if the disposal was approved.

H. A completed Report of Loss or Damage to State Property, Form E-9 must accompany the disposal request when theft or vandalism is involved. Submit a separate FMS-FA3 form for each completed Form E-9.

6. Fixed Assets Disposal Interface
This program interfaces with the FMS Fixed Assets property file to assist in the completion of the fixed assets disposal request forms. The automated disposal request forms must be submitted to OFS-Inventory Unit for normal processing.

A. The Disposal Interface may be found at the FMS homepage at
   1) http://fms.k12.hi.us
   2) Click on Web Application Portal (Local School, Fixed Assets Disposal, etc)
   3) Scroll down and click on the Fixed Assets Disposal
   4) Use your WINFMS sign on and password.

B. Step by step instructions can be viewed or printed:
   1) At the FMS homepage, click on WINFMS Application Help (Quick Reference, Walk-throughs, Trouble shooting, etc.)
   2) Open the Walk-through folder
   3) Open the Fixed Assets folder
   4) Click on Disposal Web Application Tutorial
      a. To print the instructions, click SAVE to desktop and print,
      b. To view the instructions, click OPEN

7. Disposal of Archived items
To dispose of items that have been archived, you do not need to submit the form FMS-FA3 or FMS-FA6. You should manually document the disposal on your archive report; note the reason for and method of disposal, witness and date of disposal and then dispose of the item in the proper manner.

8. Procedures for Disposal with the State’s Surplus Property Branch
The custodian responsible for the accountability of state property and desiring the disposal of items with the State Surplus Property Branch must follow these procedures:

A. Prior concurrence should be obtained from the State Surplus Property Branch. Prepare a form FMS-FA3 and indicate the Proposed Method of Disposal as “Surplus Property Branch”.

B. Submit the completed form FMS-FA3 to OFS-Inventory Unit. The Inventory Unit will review the request to dispose and submit it to the Assistant Superintendent and CFO, Office of Fiscal Services for approval. When approval is received,
Inventory Unit will send a copy of the approved FMS-FA3 and the FMS-FA8 to the school/office.

1) SPO Form 26 (formerly AGS Form 18) Transfer Property is not required for disposal with the State’s Surplus Property Branch.

C. Upon receipt of the approved FMS-FA3 and the FMS-FA8, the school/office will:

1) Make a copy of the approved FA3 and send it together with the equipment to State Surplus Property Branch.

2) Complete two (2) copies of FMS-FA8. The original FMS-FA8 will be submitted to the Inventory Unit and the copy will be kept on file.

9. **Procedures for Trade-In**

Purchase order for new equipment with a trade-in must cite the approval number or a note “pending approval from the Superintendent.” Prior to the payment, a FMS-FA3 should have been processed and approved for the equipment to be traded in.

10. **Exception Handling of Classroom and Cafeteria Furniture**

Disposal of classroom or cafeteria furniture which is part of a group asset under one property number should be made on the form FMS-FA6, regardless of the cost. Items that are inventoried individually (have separate property numbers) and costing $250 or more should follow the normal disposal process.

11. **Disposal of Books**

Books and periodicals should be disposed of in the order listed:

1) Exchange or transfer among DOE schools as needed,

2) Sale-offers received only. State employees and members of their family are not eligible,

3) Donate to a non-profit organization, provided that it certifies that the books are sold at public sale,

4) Send abroad to other countries desirous of such books, if need is known, and

5) Destroy and discard.

Any book or set of books costing $250 or more must have form FMS-FA3 approved before disposal.

12. **Special Conditions**

State owned equipment cannot be sold, used as a traded in, destroyed, or otherwise disposed of except upon approval by the Superintendent of the Department of Education or designee. Prior to any disposal action, the responsible administrator must obtain an approval from OFS-Inventory Unit.

A. State-owned equipment may not be sold to State employees or to members of their families.

B. State-owned equipment may not be given, loaned or donated to any individual or non-State organization.

C. Property approved for disposal may be disposed of at the school’s location or it may be taken to a central disposal location at the school’s expense. Any markings or decals indicating State of Hawaii ownership must be removed or eradicated prior to disposal.

D. When equipment is disposed of by sale, the money received should be deposited to the DOE Central Checking Account and remitted to the State Treasury through a Collection Activity Report (CAR).
1) The information should be entered on the Collection Activity Report to include disposal approval number under the description field.

E. When approval is made by the Superintendent or designee to sell an item at a certain price, no deviation will be made by the school.

F. Checks received from bidders should be made payable to the “Director of Finance, State of Hawaii.” If checks are made payable to the school, the following restrictive endorsement should be made:

FOR DEPOSIT ONLY WITH
THE DIRECTOR OF FINANCE
STATE OF HAWAII
(Name of School)

(Signed)
Principal

1) Money deposited to the State Treasury is not made available to the schools for future use.

2) Others: Income derived from the sale of items purchased from federal funds should be returned to the same federal fund. Also proceeds of sale purchased from local school funds should be returned to the same school fund.

13. **Exceptions to the provision of approval prior to disposal**
   
   A. The continuing custody of equipment is considered detrimental to health, safety, sanitation or public convenience.
   
   B. Equipment is lost, stolen or destroyed by fire and other casualty. In such cases, an after-the-fact application will be acceptable.

14. **Cancellation of Approved (FMS-FA3) Request to Dispose**
   
   To cancel an item that has been approved for disposal by the Superintendent or designee, submit a written request to Inventory Unit stating the reason for the cancellation and include the following information:
   
   a. FMS-FA3 approval number
   
   b. Property Number
   
   c. Sub Class title
   
   d. Disposal approval number
   
   e. Disposal approval date

15. **SP Maintenance Responsibility**
   
   The Systems Accountant, Accounting Section, Accounting Services Branch, Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See **Reference (a) below**.

16. **References, Resources, and Forms**
   
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
SP 1286: Transfers of State Property

1. **Purpose**
   To explain the transfer process: Inter-departmental and Intra-departmental.

2. **Effective**
   Immediately.

3. **Applies to**
   Principals, Complex Area Superintendents, Assistant Superintendents, and all other individuals responsible for the accounting and internal control of fixed assets.

4. **Inter-Departmental Transfer:**
   Inter-departmental transfer is the transfer of equipment between state departments such as Department of Education and the Department of Health. It is the Department of Education’s policy that equipment be re-utilized within the DOE prior to transferring to another department.

   **A. Procedures for Inter-Departmental transfer.** The Request to Dispose, FMS-FA3 is not required for the transfer of equipment between State departments.

      1) **Transfer Out to another State department.** The losing school:
         a) Obtains transfer approval from Complex Area office.
         b) Prior concurrence should be obtained from the receiving department.
         c) State Procurement Office (SPO) Transfer of Property, SPO-26 must be completed in triplicate prior to the actual transfer.
            • Assign a transfer document number, i.e. 09-01, 09-02, fiscal year and sequence number.
            • Complete and sign the “FROM” section of SPO-26 leaving the codes blank (Dept., Div., Sub-Div., Island, and Fund).
            • Forward the original and a copy of SPO-26 to the gaining department with the equipment being transferred.
            • Maintain a file for each pending transaction until the signed copy of SPO-26 is received from the gaining department.
         d) When the signed copy is received, complete the Property File Adjustment, FMS-FA6 and submit together with a copy of SPO-26 to the Office of Fiscal Services (OFS), Inventory Unit. This will be the supporting documents for removing the item from the losing school’s property file.

      2) **Transfer In from another State department.** The gaining school is responsible for entering the item into the property file:
         a) Receives transferred equipment from another state department with the original SPO-26.
         b) Complete and sign the “TO” section of the SPO-26 leaving the codes at the top of the form blank (Dept., Div., Sub-Div., Island, and Fund). Send the completed original to the Department of Accounting and General
Services (DAGS), Inventory Management Office and a copy to the losing department to acknowledge receipt of the transferred equipment.

c) Retain a copy of the SPO-26 as a backup when adding the item to the property file.

d) No forms need to be submitted to OFS-Inventory Unit.

5. **Intra-Departmental Transfer:**

Intra-departmental transfer is the transfer of equipment from one school/office to another within the Department of Education.

A. Types of transfer forms:

1) Inventory Report of Newly Purchased Items, ERFI 1000-A. It is a combination of a hold file report and transfer form, sometimes called the central buyer transfer form.

2) Mass Transfer Request, FMS-FA2A. All items in one location are transferred to another responsible org id/batch org number or to another location code within the same school.

3) Request to Transfer, FMS-FA2B. Transfer one or more items between two different batch orgs.

B. Procedures for Intra-Departmental Transfer. The forms FMS-FA3 and SPO-26 are not required for Intra-Departmental Transfers.

1) **Transfer Out.** The losing school:
   a) Prepares transfer form in triplicate.
   b) Retains a suspense copy and forwards to the gaining school the original and one copy of the transfer form with the equipment being transferred.
   c) Replaces suspense copy after signed copy from gaining school is received.

2) **Transfer In.** The gaining school:
   a) After receiving the transfer form and equipment from the losing school, complete and sign the “TO” Section of the transfer form as required.
   b) Forward the completed original transfer form to OFS-Inventory Unit and send a copy to the losing school.
   c) Upon receipt of the completed original transfer form, OFS-Inventory Unit will complete the transfer by updating the property file in FMS.
   d) The school can recall the property number and verify whether the transfer was completed or reference the monthly web report, Fixed Assets Transaction report, DAFMC650.

C. For central buyers transferring equipment/furniture to schools:

1) Complete the Request to Transfer section of the ERFI1000-A (bottom half of the form). Complete the Transfer From: D/O, Batch Org, Losing School/Unit and have it signed and dated by your Administrator. Complete the Transfer To: D/O, Batch Org, Gaining School/Unit.

2) Send the completed original ERFI1000-A to OFS-Inventory Unit for processing. The Inventory Unit will transfer the property from the central buyer’s hold file to the gaining school’s property file.

3) If the equipment/furniture was not initially delivered to the school, send the equipment/furniture with a copy of the ERFI1000-A to the school.
4) Gaining school must complete the property file information for the transferred equipment/furniture. The monthly web report DAFMC650 may be referenced to determine when the transfer was completed by the Inventory Unit.

6. **If the item to be transferred was archived from the Hold File or the Property File:**

   A. To transfer to another location within the same batch org, document the change manually on your archive report.

   B. To transfer to a different batch org:
      1) If the subclass code is blank and the item should not have been archived, enter the fixed asset into the property file using the Add Other Fixed Asset-process. Once the item has been updated to the property file, complete the FMS-FA2A or the FMS-FA2B. Forward the request to the receiving school/office for their approval. The receiving school/office will then send the completed original transfer form to the Inventory Unit for processing.
      2) If the subclass code is blank and the item should be archived, the losing school would fill out the FMS-FA2A or the FMS-FA2B. The item should not be updated to your property file; the request to transfer will be your manual documentation of the transfer. The losing school will send the original request to transfer to the gaining school and the gaining school should update the item to their property file even if it will be archived at the end of the fiscal year. This update to the property file will allow the item to appear on at least one fixed asset report. No document needs to be sent to the Inventory Unit.

7. **SP Maintenance Responsibility**
   The Systems Accountant, Accounting Section, Accounting Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

8. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   A. Frequently Asked Questions (FAQ) for SP 1286
   B. http://fms.k12.hi.us/forms/
   C. Website for Form SPO 26 Transfer of property
      http://www4.hawaii.gov/StateForms/SPOInt/ShowInternal.cfm

**SP 1287: Off-Site Use of Property Form**

1. **Purpose**
   To provide accountability of State property when authorized staff members wish to use state property at home or outside the school grounds for State/school activities.
2. **Effective**  
   Immediately.

3. **Applies to**  
   Principals, Complex Area Superintendents, Assistant Superintendents, and all other individuals responsible for the accounting and internal control of fixed assets.

4. **Fixed Asset Sign Out Form**  
   A fixed asset sign out form should be completed and kept on file prior to the releasing of state property. If the item is stolen or damaged, please refer to SP 1370 Risk Management Services. Be aware of the Hawaii Revised Status (HRS), Chapter 487N, that requires Security Breach of Personal Information be immediately reported to the legislature.

5. **SP Maintenance Responsibility**  
   The Systems Accountant, Accounting Section, Accounting Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone.

6. **References, Resources, and Forms**  
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

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**SP 1288: Motor Vehicles—Registration, Junking and Other Procedures**

1. **Purpose**  
   To describe the various motor vehicle procedures.

2. **Effective**  
   Immediately.

3. **Applies to**  
   Principals, Complex Area Superintendents, Assistant Superintendents, and any other individuals responsible for the accounting and internal control of motor vehicles.

4. **New Vehicle Registration**  
   A. To register a new vehicle, submit the following documents to the Office of Fiscal Services (OFS), Inventory Unit:
      1. Certificate of Title. **Do not sign off on the Title.** The Inventory Unit will have an authorizing administrator for the Department of Education (DOE) sign the Title.
      2. If the vehicle purchased from a dealership is brand new, an Application for Registration, form CS-L(MVR) 1 (REV. 7/01) should be signed by the
DEALER ONLY. Schools/offices should not sign the Application for Registration.

a. Only CITY AND COUNTY OF HONOLULU Application for Registration will be accepted. Department of Motor Vehicle (DMV) will not be able to process applications for other counties in the State of Hawaii.

b. On the back of the application, the signature line for the registered owner(s) should be left blank.

c. If the vehicle purchased from the dealership is pre-owned, the Inventory Unit will complete the Application for Registration.

d. If registering a van or bus, please provide the carrying capacity information (number of passengers) to the Inventory Unit.


4. A Certificate of Measure from a certified company may be required if the vehicle was not purchased from a dealership. Call the Inventory Unit to confirm requirement.

5. Submit a check for $6.00 made payable to the City & County of Honolulu for the state license plates for each vehicle you are registering. Separate checks should be made for each vehicle.

6. Submit a check made payable to the Department of Education (DOE) for motor vehicle decals:
   - Department of Education 2 per car
   - For Official Use Only 2 per car
   - State of Hawaii seal 2 per car
   - Postage
   Call the Inventory Unit for current prices.

7. Odometer reading.

8. Inform the Inventory Unit if additional insurance coverage is desired.

B. Basic No Fault Insurance is provided through the State Self Insurance program and includes the personal injury protection/no fault, and personal damage to the other vehicle if the State employee driving is at fault. Refer to SP 1370 Risk Management Services for coverage and accident reporting information and driver exclusion.

C. Additional insurance coverage. In addition to the basic no-fault coverage provided through the State Self Insurance program, the following insurance may be purchased at an additional cost. Schools/offices should contact the Inventory Unit for current premium cost.

1) Comprehensive/Collision Insurance Coverage. Provides coverage if the car is stolen or vandalized. It also covers physical damage to the car if it was in an accident.

2) Fire/Theft Insurance Coverage.

3) Claim payments will not exceed the actual cash value (ACV) of the covered vehicle regardless of the contractual amounts owed on a lease agreement. The ACV is obtained by averaging the blue book value and market sales on comparable vehicles.

D. MAXIMO System. All DOE registered vehicles will be entered into the MAXIMO system. Schools/offices that register a vehicle with the DOE are required to
access the MAXIMO system and complete the vehicle information. Reference MAXIMO Standard Procedures.

E. All DOE registered vehicles must also be entered into the FMS Fixed Asset Property File. Fixed Asset Transfer and Disposal procedures apply to vehicles.

5. **Duplicate License Plates (License plates lost or stolen)**
   After reporting the theft to the police, submit your request to the Inventory Unit for duplicate license plates. Request should include the following:
   A. License Plate Number (old)
   B. Check for $6.00 made payable to City & County of Honolulu for new plates

6. **Duplicate Registration (Registration lost or stolen)**
   Request to the Inventory Unit should include the following:
   A. License Plate Number

7. **Junking of Vehicle**
   Request to the Inventory Unit should include the following:
   A. Completed Request to Dispose form, FMS FA3
   B. License Plates
   C. Certificate of Registration, if available
   D. Odometer Reading, if available
   E. If towing is required (Oahu only), using the school/office letterhead, provide authorization to the tow company to enter the school/office property to tow the vehicle away. Include the contact person’s name and phone number.

8. **Transfer of Vehicle within DOE**
   Complete the Request to Transfer, FMS-FA2B and submit to the Inventory Unit.

9. **Personal Use**
   A. Complete the Department of Accounting and General Services (DAGS) form, Application for Personal Use of State-Owned Vehicle, AGS-PU-1 (Rev. 03/06). Leave the Department Head’s Signature and the Comptroller’s Signature lines blank. The Inventory Unit will secure these signatures.
   B. Submit the completed form to the Inventory Unit.
   C. Upon approval of the application, the applicant will be sent the Motor Vehicle Permit for personal use of the vehicle and a copy of the Comptroller’s Memorandum explaining the “commuting valuation rule.” This commuting valuation rule as allowed by the Internal Revenue Service (IRS) Regulation Section 1.61-21(f) values the commuting use of a State owned vehicle and the amount is includible in compensation as a fringe benefit.
      1) As in prior years, the State of Hawaii will not withhold income taxes on the computed fringe benefit amount. Social Security and Medicare taxes will be withheld, as required by law.
      2) Taxability of Personal Use of State Automobiles, Form BP-10, must be filed by the employee semi-monthly to the OFS-Payroll Unit to report any personal use of an employer-provided vehicle.

10. **Motor Vehicle Loss**
    All automobile claims will be reported to and handled by the Department of Accounting and General Services (DAGS) Risk Management Office. See SP 1370 Risk Management Services.
A. If the vehicle is not repairable, to remove the vehicle from the property file, submit the Request to Dispose, FMS-FA3 to the Inventory Unit. The Inventory Unit will process the vehicle for "junking" with DMV and remove it from the property file.
   1) Submit request and necessary documents for junking of vehicle. See #7. Junking of Vehicle.

11. **SP Maintenance Responsibility**
The Systems Accountant, Accounting Section, Accounting Services Branch, Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

12. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1288
   (b) Comptroller's Memorandum No. 2006-01
       Comptroller's Memorandum No. 2009-03
       http://www.hawaii.gov/aarc/cm/index_html
   (c) http://hawaii.gov/dags/automotive
       Motor Pool Branch, Application for Personal use of State-owned Vehicle
   (d) Taxability of Personal Use of State Automobiles, Form BP-10 (needs to be link to the form in Payroll—form not yet created as of 1/31/09)
   (e) City and County of Honolulu form
       a. Application For Registration, form CS-L(MVR) 1 (rev 7/01)

**SP 1289: Inventory Forms**

1. **Purpose**
   To identify the different inventory forms used to ensure the recording of fixed assets in the Financial Management System (FMS) are properly documented.

2. **Effective**
   Immediately.

3. **Applies to**
   Principals, Complex Area Superintendents, Assistant Superintendents, and any other individuals responsible for the accounting and internal control of their school/office fixed assets.

4. **Forms**
   A. Add Other Fixed Asset Hold File Update, FMS-FA1
      To add a fixed asset item to FMS that was either donated, or purchased outside of FMS.
B. **Mass Transfer Request, FMS-FA2a**  
To document the transfer of all items from a single location code to another batch organization (org)/responsible org id/location code and to provide the information required to data enter the transfer. If the transfer is within the same batch org, the school/office can enter the transfer into the system; no Form FA2a needs to be submitted to the Inventory Unit.

C. **Request to Transfer, FMS-FA2b**  
To document individual items being transferred to a different batch org/responsible org id.

D. **Request to Dispose, FMS-FA3**  
To request disposal of items from the property file that is valued at $250 or more.

E. **Request to Dispose (Continuation), FMS-FA3 A**  
This form is self explanatory.

F. **Location/Detail Location Table Maintenance Form, FMS-FA4**  
To add, delete or make changes to a location or detail location code.

G. **Request for Property File Adjustment, FMS-FA6**  
To request the disposal of items under $250 or to request property file changes in cost, fund source, acquisition method, received date, etc.

H. **Report of Loss or Damage to State Property, Form E-9**  
To report the burglary, theft and vandalism of a fixed asset item.

I. **Application for Personal Use of State Owned Vehicle, Form AGS-PU-1**  
To request the approval to store state owned vehicles at an employee’s residence. This is normally used for the driver’s education program vehicles to protect vehicles from vandalism.

J. **State of Hawaii, Transfer of Property, Intra and Inter Departmental, SPO-26**  
To transfer state-owned property between state departments. This form may be found at the State Procurement Office website, Quicklinks, Forms for State Agencies.

5. **SP Maintenance Responsibility**  
The Systems Accountant, Accounting Section, Accounting Services Branch, Office of Fiscal Services is responsible for the maintenance, administration, and questions regarding this SP.

6. **References, Resources, and Forms**  
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

   A. [http://fms.k12.hi.us/forms/](http://fms.k12.hi.us/forms/)
   

**SP 1301: Local School Account Audits (Non-Appropriated); Description of**

1. **Purpose**  
To describe how state-wide audits, of the Non-Appropriated Local School Accounts by the Audit Division of the Department of Accounting and General Services (DAGS), are conducted.
2. Effective
Immediately.

3. Applies to
Principals, Complex Area Superintendents, personnel in the school offices responsible for the Local School Accounts.

4. Authority
Authority to conduct this type of audit resides in Section 40-83, Hawaii Revised Statutes, which authorizes the comptroller to examine and audit books of accounts kept by any public school in connection with school fees and all other moneys collected by these schools. The Audit Division of DARGS maintains its organizational independence in accordance with Section 3.27, Independence Standards, Government Auditing Standards.

5. Background
Each Public/Charter school receives an advance from the State’s General Fund to establish its petty cash fund, used by the school to pay for small purchases. In addition, the school receives non-appropriated cash collections for student fees, field trip collections, fundraising revenues, library book sales and in some cases, investment income. These cash collections are deposited into the school’s non-appropriated, local school bank checking account held outside the State Treasury. Also, the school receives appropriated lunch collections, which are deposited daily into the DOE’s School Lunch Collection Account. As part of the statewide internal controls, the State Comptroller is required by statute to examine and audit these funds collected and managed by the school.

6. Scope, Objective and Methodology of the Audit
The audits are conducted to determine the school’s compliance with the requirements of the DOE’s FMS User Guide, with respect to the petty cash fund, cash on hand, and cash in bank of the school’s Non-Appropriated Local School Fund. The audit is conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The Audit Division’s staff will interview appropriate personnel, review the requirements of the DOE’s FMS User Guide, and document their understanding of the established accounting procedures and internal controls in place during the audit period to gain an understanding of the school’s procedures in processing financial transactions.

7. Scheduling of the Audit
The Internal Auditor will receive a list of schools to be audited by the DARGS Audit Division. The schools will be notified of the audit year to be examined and the approximate dates of the audit. The DARGS Auditors will then contact the school directly to request selected documents to be available for the audit, as well as to arrange the specific dates when the DARGS Auditors plan to perform the audit.
8. **What to Expect after an Audit**
When the audit is complete, the DAGS Audit Division will prepare an Audit Report and submit the report to the Superintendent of Schools. A copy of the Audit Report is sent to the Internal Auditor for follow-up.

A. The Internal Auditor will send the Audit Report and a formal letter from the Superintendent to the school requesting that the school submit a corrective action plan for each finding on a specified due date. Forms for the corrective action plan will also be provided.

B. The Principal shall review the Audit Report with the staff in charge of the Local School Account and discuss the audit findings.

C. The Principal and the staff shall decide on the corrective action plan for each audit finding.

D. The Staff shall document the corrective action plan on the provided forms and submit the plan to the Internal Auditor by the specified due date.

E. A copy of the corrective action plan document is then forwarded to the DAGS Audit Division, the Superintendent, the Assistant Superintendent of the Office of Fiscal Services, and the School Support Section.

F. The Complex Area Superintendent shall ensure that the school prepares, submits and properly implements the corrective action plan.

9. **SP Maintenance Responsibility**
The Internal Auditor in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) reference page for this SP may provide standard responses to common questions when posted. Please review this resource before inquiring via telephone.

10. **References, Resources and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

   (a) Frequently Asked Questions (FAQ) for SP 1301
   (b) HRS, Section 40-83, Audit of Public School Accounts

**SP 1310: Procurement of Goods**

1. **Purpose**
To ensure that goods are procured according to all applicable procurement laws, rules, and regulations.

2. **Effective**
Immediately.

3. **Applies to**
Superintendent, Deputy Superintendent, Assistant Superintendents, Complex Area Superintendents, Directors, and School Principals who have been delegated procurement authority.

4. **Definitions**
**Practicable** and **Advantageous** shall be given ordinary dictionary meanings. Practicable means what may be accomplished or put into practical application. Advantageous means a judgmental assessment of what is in the DOE's best interest. The use of competitive sealed bidding may be practicable, that is, reasonably possible, but not necessarily advantageous, that is, in the DOE's best interest. Advantageous situations may include determinations based on product/service availability, delivery schedule, or special discounts, etc. Advantageous does not necessarily mean the lowest price.

**Procurement** means buying, purchasing, renting, leasing, or otherwise acquiring any good, service, or construction. The term also includes all functions that pertain to the obtaining of any good, service, or construction, including description of requirements, selection and solicitation of sources, preparation and awarding of contracts, and all phases of contract administration.

5. **Introduction**
Goods refers to all property, including but not limited to equipment, equipment leases, materials, supplies, printing, insurance, and processes, including computer systems and software, excluding land or a permanent interest in land, leases of real property, and office rentals.

The procedure for selecting a vendor will depend on many factors, including cost and type of good(s) being purchased. See Reference (a).

6. **Procurement of Goods that DO NOT Require Assistance from Procurement & Contracts Branch (PCB)**
   A. **Goods that are exempt from the Procurement Law**
      Goods that are exempt from the Procurement Code are items that are available from multiple sources but procurement by competitive means is neither practicable nor advantageous to the DOE. For a complete list of goods exempt from the procurement law, see References (b) and (c). In these cases, the items are declared exempt from procurement guidelines. Regardless of the total cost, procurement of exempt goods is not subject to procurement rules.

   B. **Goods that are available from the DOE or State Procurement Office (SPO)**
      **Price/Vendor List**
      Certain goods are available from a DOE or SPO price/vendor list. See Reference (d). Price/vendor lists allow the DOE access to a Vendor’s best price for the goods listed, for the duration that the price/vendor list is in effect. In return, the DOE makes a commitment to purchase all of its requirements of the goods listed from that Vendor. There is no dollar limit for purchases made from a price/vendor list.

      A complete listing of SPO price/vendor list can be viewed at:
      http://www2.hawaii.gov/priceapps/ShowPrice.cfm

   C. **Goods that are less than $25,000**
      Goods that are less than $25,000 are considered a small purchase procurement. See Reference (e). The small purchase process allows schools and offices the flexibility to obtain goods expeditiously without having to comply with a competitive procurement process.
Small purchase procedures require competitive price quotes and a determination of best value prior to award.

The DOE Small Purchase Guidelines:

| Expenditures with an estimated total cost that is less than $5,000 | Purchase from the best available source. |
| Expenditures with an estimated total cost that is at least $5,000, but less than $15,000 | Insofar as it is practicable and based on the specifications, adequate and reasonable competition of no fewer than three quotations (not necessarily written) shall be solicited. |
| Expenditures with an estimated total cost that is at least $15,000, but less than $25,000 | Insofar as it is practicable and based on the specifications, adequate and reasonable competition of no fewer than three written quotations shall be solicited. |

School/Office Responsibilities:
1) Solicit and document small purchase quotations by completing DOE Forms 10A and 10B, Quotations & Record of Small Purchase. See Forms (n) and (o).
2) Consider all factors, including but not limited to price, quality, warranty and delivery then select the vendor with the most advantageous quotation (not necessarily the lowest price).
3) Maintain a procurement file. All quotations received shall be recorded and placed in a procurement file. The file may contain procurement documentation (quotations, record of small purchase), purchase documentation (purchase order worksheet, purchase order), and payment documentation (Approval to Pay).
   - The file must contain written justification when an award is made to other than the vendor submitting the lowest price.
   - The file must also contain written justification when three quotations are required, but are not obtained (e.g., insufficient sources, sole sources, emergencies).

CAUTION: DO NOT PARCEL
Purchases shall not be parcelled by dividing the purchase of same, like, or related items of goods into several purchases of smaller quantities during any twelve month period to evade statutory competitive procurement processes.

NOTE: SITUATIONS IN WHICH ONLY ONE VENDOR CAN PROVIDE THE GOODS
When there is only one source available for the purchase of goods totaling less than $25,000, schools and offices must follow the small purchase procedures and document that it is a sole source on the DOE Form 10B. See Form (o). For more detailed instructions, see Reference (k), pages 23-24.

7. Procurement of Goods that Require Assistance from PCB
   A. Chief Procurement Officer (CPO) Exemptions
     Schools and offices may also request an exemption from the Procurement Code when the CPO determines in writing that the good is available from multiple
sources, but for which procurement by competitive means is neither practicable nor advantageous to the DOE. Schools and offices must contact the PCB for assistance in this area.

B. Exception from Price/Vendor List
If the product on the price/vendor list does not meet school or office needs, complete and submit DOE Form 5, Request Exception from Price List or DOE Form 6, Request Exception from Travel Related Services Price List to PCB. See Forms (p) and (q).

C. Procurement of Goods Totaling $25,000 or More
Procurement of goods totaling $25,000 or more requires strict adherence to one of the following procurement methods:
- Sole Source Procurement - $25,000 or more, see Reference (f), or
- Competitive Sealed Bids for Goods (IFBs) - $25,000 or more, see Reference (g), or
- Competitive Sealed Proposals for Goods (RFPs) - $25,000 or more, see Reference (h), or
- Multi-Step Competitive Sealed Bids - $25,000 or more, see Reference (i), or
- Emergency Procurement - $25,000 or more, see Reference (j).

For more detailed descriptions on the different procurement methods mentioned above, see Reference (k), pages 19 through 23.

School/Office Responsibilities
1) Complete and submit DOE Form 18, Request for Procurement Services to the PCB. See Form (r).
2) Describe or specify the goods to be purchased.
3) Identify the source of funds for the purchase.

PCB Responsibilities
1) Determine the appropriate procurement method to purchase the goods upon receipt of DOE Form 18.
2) Provide administrative guidance to the school or office during the procurement process.

8. Payment for Goods
A. Goods that are exempt from the procurement law
School or office shall issue a purchase order. Purchase order must contain the following information:
- Applicable HRS exemption (i.e., “Exempt from Chapter 103D, HRS, pursuant to §103D-102.”),
- Applicable HAR exemption (i.e., “Exempt from Chapter 103D, HRS, pursuant to section 3-120-4(b), Hawaii Administrative Rules”), and
- The exact HRS or HAR exemption number.

B. Goods that are available from the DOE or SPO Price/Vendor List
School or office shall issue a purchase order. Purchase order must contain the exact price/vendor list number in the approval field.
C. **Goods that are Less than $25,000**  
School or office shall issue a purchase order.

D. **CPO Exemptions**  
School or office shall issue a purchase order. Purchase order must contain the exact exemption number assigned. Schools and offices must contact PCB for assistance.

E. **Exception from Price/Vendor List**  
School or Office shall issue a purchase order. Schools and offices must contact PCB for assistance.

F. **Procurement of Goods Totaling $25,000 or More**  
Schools and offices must contact PCB for assistance.

9. **SP Maintenance Responsibility**  
The Procurement and Contracts Director in the PCB of the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

10. **References, Resources, and Forms**  
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms. Click anywhere below to access the linked page.  
   (a) Hawaii Revised Statutes, Chapter 103D (Procurement Code)  
   (b) Hawaii Revised Statutes, Section 103D-102(b) (Procurement Exemptions)  
   (c) Hawaii Administrative Rules, Section 3-120-4 (Procurement Exemptions)  
   (d) Hawaii Administrative Rules, Section 3-121-6 (Procurement via Price List)  
   (e) Hawaii Administrative Rules, Subchapter 8, Chapter 3-122 (Small Purchase)  
   (f) Hawaii Administrative Rules, Subchapter 9, Chapter 3-122 (Sole Source))  
   (g) Hawaii Administrative Rules, Subchapter 5, Chapter 3-122 (Comp Sealed Bids))  
   (h) Hawaii Administrative Rules, Subchapter 6, Chapter 3-122 (Comp Sealed Proposals)  
   (i) Hawaii Administrative Rules, Subchapter 6.5, Chapter 3-122 (Multi-Step Comp Sealed Bids)  
   (j) Hawaii Administrative Rules, Subchapter 10, Chapter 3-122 (Emergency Procurement)  
   (k) Guidelines for Procurement and Contracting  
   (l) Guidelines for Procurement and Contracting, Flowchart – Simple Steps to Procurement  
   (m) Guidelines for Procurement and Contracting, Matrix – Procurement of Goods  

**Forms**  
   (n) DOE Form 10A, Written Quotations for Small Purchase  
   (o) DOE Form 10B, Record of Small Purchase  
   (p) DOE Form 5, Request Exception from Price List  
   (q) DOE Form 6, Request Exception from Travel Related Services Price List  
   (r) DOE Form 18, Request for Procurement Services  

Note: Some linked addresses may be accessible only from within the DOE’s internal network.
SP 1320: Procurement and Contracting for Construction

1. **Purpose**
   To ensure that construction projects are procured according to all applicable procurement laws, rules, and regulations.

2. **Effective**
   Immediately.

3. **Applies to**
   Superintendent, Deputy Superintendent, Assistant Superintendents, Complex Area Superintendents, Directors and School Principals who have been delegated procurement authority.

4. **Definitions**
   - **Construction** means the process of building, altering, repairing, improving, or demolishing any public structure or building, or other public improvements of any kind to any public real property. The term includes the routine operation, routine repair, or routine maintenance of existing structures, buildings, or real property.
   - **Procurement** means buying, purchasing, renting, leasing, or otherwise acquiring any good, service, or construction. The term also includes all functions that pertain to the obtaining of any good, service, or construction, including description of requirements, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration.

5. **Procurement and Contracting for Construction Projects**
   Please contact the appropriate Facilities Development Branch for assistance.

6. **SP Maintenance Responsibility**
   The Procurement and Contracts Director in the PCB of the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

SP 1330: Procurement of Services

1. **Purpose**
   To ensure that services are procured according to all applicable procurement laws, rules, and regulations.

2. **Effective**
   Immediately.

3. **Applies to**
   Superintendent, Deputy Superintendent, Assistant Superintendents, Complex Area Superintendents, Directors and School Principals who have been delegated procurement authority.
4. **Definitions**  
**Practicable** and **Advantageous** shall be given ordinary dictionary meanings.  
Practicable means what may be accomplished or put into practical application.  
Advantageous means a judgmental assessment of what is in the DOE's best interest.  
Advantageous situations may include determinations based on product/service availability, delivery schedule, or special discounts, etc. Advantageous does not always mean the lowest price.

**Procurement** means buying, purchasing, renting, leasing, or otherwise acquiring any good, service, or construction. The term also includes all functions that pertain to the obtaining of any good, service, or construction, including description of requirements, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration.

5. **Introduction**  
Hawaii's civil service law states, in part, that work for government shall be performed by government employees recruited through the merit system. See Reference (a).

The DOE may employ methods such as paying of overtime; employing of casual hires such as substitute teachers, part-time temporary teacher (PTT), paraprofessional tutor (PPT); or establishing temporary positions as allowed, for accomplishing work. However, the DOE may not have adequate staffing or resources to meet its needs and may need to outsource some of its business functions.

Outsourcing of services should only be considered after DOE staff and other internal employment options have been exhausted or deemed impractical. Services refer to the furnishing of labor, time, or effort by a contractor, not involving the delivery of a specific end product other than reports that are merely incidental to the required performance. For a more detailed explanation of outsourcing services, see Reference (l), pages 29-33. Procurement contracts for services are awarded to independent contractors (e.g., sole proprietors, corporations, joint ventures, partnerships, limited liability companies, etc.). These contracts do not engage an “employer/employee” relationship. An independent contractor exercises independent employment and conducts work according to his/her own methods without being subject to the control of the DOE, except as to the described result or work product. Schools and offices must complete **DOE Form 4, Request for Civil Service Exemption** that provides an analysis of whether an employer-employee relationship exists. See Form (t).

The procedure for selecting a vendor will depend on many factors, including cost and type of good being purchased. See Reference (b).

**CAUTION: PERSONAL SERVICES CONTRACT**  
Personnel Services Contract refers to a contract with an individual, the terms of which engage an “employer/employee” relationship. To determine whether an “employer/employee” relationship exists, see Reference (l), pages 31-32.

Personal services contracts shall not be obtained in accordance with procurement laws and rules. Personal services contracts are to be processed via procedures established by the Office of Human Resources (OHR). Please contact the appropriate OHR office for assistance.
6. **Procurement of services that do not require assistance from Procurement & Contracts Branch (PCB)**

A. **Services that are exempt from procurement law**

Services that are exempt from the Procurement Code refer to services that are available from multiple sources; however, procurement by competitive means is neither practicable nor advantageous to the DOE. For a complete list of services exempt from procurement law, see References (c) and (d). In these cases, the services are declared exempt from procurement guidelines. Regardless of the total cost, procurement of exempt services is not subject to procurement rules.

B. **Services that are available from the DOE or State Procurement Office (SPO) Price/Vendor List**

Certain services are available from a DOE or SPO price/vendor list. See Reference (e) for a complete listing of SPO price/vendor list. In the retail market, the price of services may vary widely by vendor. In order to minimize the time needed to solicit quotations and determine competitive pricing and vendor qualifications, price/vendor lists for frequently purchased services have been developed. The price/vendor lists assure the DOE access to competitively priced services provided by qualified vendors. Some lists offer discounted pricing for services for the duration of the price/vendor lists. In return, the DOE makes a commitment to purchase the services listed from the vendor. There is no dollar limit for purchases made from a price/vendor list.

C. **Services that are less than $25,000**

Services that are less than $25,000 are considered small purchase procurement. See Reference (f). The small purchase process allows schools and offices the flexibility to obtain services expeditiously without complying with a competitive procurement process.

**IMPORTANT:** The total purchase price must not exceed $25,000 regardless of the contract term or period of performance. In the event the total purchase price exceeds $25,000, the procurement would no longer qualify as a small purchase and must then comply with a competitive sealed process.

Small purchase procedures require competitive price quotes and a determination of best value prior to award.

The DOE small purchase guidelines are as follows:

| Expenditures with an estimated total cost that is **less than $5,000** | Purchase from the best available source. |
| Expenditures with an estimated total cost that is **at least $5,000 but less than $15,000** | Insofar as it is practicable and based on the specifications, adequate and reasonable competition of no fewer than three quotations (not necessarily written) shall be solicited. |
| Expenditures with an estimated total cost that is at least **$15,000 but less** | Insofar as it is practicable and based on the specifications, adequate and |
School/Office Responsibilities:
1) Solicit and document small purchase quotations by completing **DOE Forms 10A and 10B, Quotations & Record of Small Purchase**. See Forms (o) and (p).
2) Consider all factors, including but not limited to price, quality, warranty, and delivery then select the vendor with the most advantageous quotation (not necessarily the lowest price).
3) Maintain a procurement file. All quotations received shall be recorded and placed in a procurement file. The file may contain procurement documentation (quotations, record of small purchase), purchase documentation (purchase order worksheet, purchase order), and payment documentation (Approval to Pay).
   - The file must contain written justification when an award is made to other than the vendor submitting the lowest price.
   - The file must also contain written justification when three quotations are required but are not obtained (e.g., insufficient sources, sole sources, or emergencies).

**CAUTION:** DO NOT PARCEL
Purchases **shall not** be parceled by dividing the purchase of same, like, or related items of goods into several purchases of smaller quantities during any twelve-month period to evade statutory, competitive, procurement processes. Schools and offices are cautioned against unforeseen circumstances that may cause costs to increase beyond the $25,000 threshold.

**NOTE:** SITUATIONS IN WHICH ONLY ONE VENDOR CAN PROVIDE THE SERVICE
When there is only one source available for the purchase of services totaling less than $25,000, schools and offices must follow the small purchase procedures and document that it is a sole source on DOE Form 10B. See Form (p). For more detailed instructions, see Reference (I), pages 37-39.

7. **Procurement of Services that require assistance from PCB**
   A. **CPO Exemptions**
   Schools and offices may also request an exemption from the procurement law when the CPO determines in writing that the service is available from multiple sources but procurement by competitive means is neither practicable nor advantageous to the DOE. Schools and offices must contact the PCB for assistance in this area.

**IMPORTANT:** **ALL CONTRACTS MORE THAN $25,000 FOR SERVICES AWARDED VIA A CPO EXEMPTION ARE SUBJECT TO BOARD OF EDUCATION (BOE) REVIEW.**
B. Exception from Price/Vendor List
   If the service on the price/vendor list does not meet school or office needs, they
   must complete and submit DOE Form 5, Request Exception from Price List to
   PCB. See Forms (q).

C. Procurement of Services Totaling $25,000 or More
   Procurement of services totaling $25,000 or more requires strict adherence to
   one of the following procurement methods:
   - Sole Source Procurement - $25,000 or more, see Reference (g), or
   - Competitive Sealed Bids for Services (IFBs) - $25,000 or more, see
     Reference (h), or
   - Competitive Sealed Proposals for Services (RFPs) - $25,000 or more,
     see Reference (i), or Multi-Step Competitive Sealed Bids - $25,000 or
     more, see Reference (j), or
   - Emergency Procurement - $25,000 or more, see Reference (k).

School/Office Responsibilities
   1) Complete and submit DOE Form 18, Request for Procurement Services
      to the PCB. See Form (s).
   2) Describe or specify the services to be purchased.
   3) Identify the source of funds for the purchase.

PCB Responsibilities
   1) Determine the appropriate procurement method to purchase the services
      upon receipt of the DOE Form 18.
   2) Provide administrative guidance to the school or office during the
      procurement process.

8. Payment of Services
   A. Services that total less than $5,000
      For services that total less than $5,000, school or office shall issue a purchase
      order. The purchase order must include (attach additional pages if necessary):
      1) A complete description of the Scope of Work to be performed,
      2) The period during which the services will be performed, and
      3) A payment schedule.

      A Civil Service Exemption Certificate, if applicable, must be obtained (from the
      Office of Human Resources) and attached to purchase order at time of payment.
      For purchase orders less than $1,000, the Administrator of the school or office is
      authorized to certify this exemption.

   B. Services that total at least $5,000 up to $24,999
      For services that total $5,000 but no greater than $24,999, school or office shall
      issue a DOE Form 10C, Small Purchase Contract. See Form (q). Small
      Purchase contracts do not require review and approval by the Department of the
      Attorney General or the Board of Education. However, a Civil Service Exemption
      Certificate, if applicable, must be obtained (from OHR) and attached to purchase
      order at time of payment.
NOTE: CONTRACT ADMINISTRATION REGULATIONS GOVERNING PURCHASE ORDERS

- Contracts must be fully executed (signed by all parties) PRIOR to the commencement of services. RETROACTIVE agreements (contracts executed after services begin) are NOT ALLOWED. Schools or offices entering into retroactive contracts risk payment rejection. Contractors risk non-payment if services are rendered prior to execution of a contract or issuance of a purchase order.
- Purchase orders for payment shall be issued only AFTER a contract has been fully executed.
- Administrators of schools and offices should not sign any agreement (e.g. leasing, licensing, or credit agreements) initiated by an outside entity (e.g. the Vendor/Contractor) where DOE is contracting for the services. Agreements proffered by an outside entity may include terms that conflict with the General Conditions issue by the Department of the Attorney General. These conflicting terms may expose the DOE in areas including but not limited to liability or indemnification, funding obligations, and governing law. Administrators who sign agreements that include such conflicting language without prior approval may unknowingly expose the DOE to potential damage. In these cases, administrators risk personal liability by exceeding their contract authority.

C. Services that total $25,000 or more
For services that total $25,000 or more, a contract agreement shall be prepared and processed for approval by PCB.

School/Office Responsibilities
1) Complete and submit DOE Form 18, Request for Procurement Services to the PCB. See Form (p).
2) Provide a detailed draft of Scope of Work.
3) Provide a detailed draft of Compensation and Payment Schedule.
4) Complete and submit Special Terms and Conditions that would need to be included in the contract agreement, if any.
5) Provide a detailed draft of Civil Service Exemption Certificate, if applicable.

PCB Responsibilities
1) Prepare a contract upon receipt of DOE Form 18 and required documentation.
2) Obtain approvals of the Attorney General’s Office, the Contractor, the BOE (if required) and the Superintendent.

9. SP Maintenance Responsibility
The Procurement and Contracts Director in the PCB of the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

10. References, Resources, and Forms
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Hawaii Revised Statutes Section 76-12 (Civil Service)
(b) Hawaii Revised Statutes, Chapter 103D (Procurement Code)
SP 1340: Procurement of Professional Services

1. **Purpose**
   To ensure that professional services are procured according to all applicable procurement laws, rules, and regulations.

2. **Effective**
   Immediately.

3. **Applies to**
   Superintendent, Deputy Superintendent, Assistant Superintendents, Complex Area Superintendents, Directors and School Principals who have been delegated procurement authority.

4. **Definitions**
   **Procurement** means buying, purchasing, renting, leasing, or otherwise acquiring any good, service, or construction. The term also includes all functions that pertain to the obtaining of any good, service, or construction, including description of requirements, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration.
5. **Introduction**

Professional services refers to those services within the scope of the practice of architecture, professional engineering, law, medicine, accounting, education, or any other practice defined as professional by the laws of the State of Hawaii or the professional and scientific occupation series contained in the United States Office of Personnel Management’s Qualifications Standards Handbook. For a complete list of professional services series and position titles, see Reference (c), pages 57-58. For a complete list of professional services position descriptions, see Reference (c), pages 59-66.

Professional services shall be procured in two circumstances: (1) when in-house staff expertise is not available, or (2) when staff is unable to perform the required services due to workload and/or time constraints. Contracts for professional services shall be awarded on the basis of demonstrated competence and qualifications for the type of services required, at fair and reasonable prices.

6. **Process for Procuring Professional Services**

Before the beginning of each fiscal year, the DOE will publish a legal notice inviting persons engaged in providing professional services (which the DOE anticipates a need for during the next fiscal year) to submit current statements of qualifications and expressions of interest to the DOE. See References (a) and (b).

**School/Office Responsibilities**
1) Complete and submit **DOE Form 18, Request for Procurement Services** to the Procurement and Contracts Branch (PCB). See Form (f).
2) Describe or specify the services to be purchased.
3) Identify the source of funds for the purchase.
4) Participate on the selection committee.
5) Design the selection criteria to be used in evaluating the vendors’ qualifications.
6) Negotiate a contract with the top applicant.

**PCB Responsibilities:**
Provide administrative guidance to the school or office during the procurement and contracting process upon receipt of DOE Form 18.

For more detailed information on the respective responsibilities of Schools/Office and PCB for the procurement and contracting of professional services, see Reference (c), pages 43-49.

7. **Payment of Professional Services**

A contract agreement shall be prepared and processed for approval by PCB, regardless of total contract value.

**School/Office Responsibilities**
1) Complete and submit **DOE Form 18, Request for Procurement Services** to the PCB. See Form (f).
2) Provide a detailed draft of the Scope of Work.
3) Provide a detailed draft of the Compensation and Payment Schedule.
4) Provide a detailed draft of the Special Terms and Conditions that would need to be included in the contract agreement, if any.
5) Complete and submit a signed Civil Service Exemption Certificate, if applicable.
PCB Responsibilities
1) Prepare a contract upon receipt of DOE Form 18 and required documentation.
2) Obtain approvals of the Attorney General’s Office, the Contractor, the BOE (if required) and the Superintendent.

8. **SP Maintenance Responsibility**
The Procurement and Contracts Director in the PCB of the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

9. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
Hawaii Revised Statutes, Chapter 103D (Procurement Code)
(a) Hawaii Administrative Rules, Subchapter 7, Chapter 3-122 (Professional Services)
(b) Guidelines for Procurement and Contracting
(c) Guidelines for Procurement and Contracting, Flowchart – Simple Steps to Procurement
(d) Guidelines for Procurement and Contracting, Matrix – Procurement of Services

**Forms**
(e) DOE Form 18, Request for Procurement Services

Note: Some linked addresses may be accessible only from within the DOE’s internal network.

**SP 1350: Procurement of Health and Human Services**

1. **Purpose**
To ensure that professional services are procured according to all applicable procurement laws, rules, and regulations.

2. **Effective**
Immediately.

3. **Applies to**
Superintendent, Deputy Superintendent, Assistant Superintendents, Complex Area Superintendents, Directors and School Principals who have been delegated procurement authority.

4. **Definitions**
**Procurement** means buying, purchasing, renting, leasing, or otherwise acquiring any good, service, or construction. The term also includes all functions that pertain to the obtaining of any good, service, or construction, including description of requirements, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration.
5. **Introduction**

The procurement of Health and Human Services (HHS) is sometimes referred to as 103F procurement, which is the section of the law that establishes how HHS purchases are made, See Reference (a). HHS purchased by the DOE are intended to help communities, families, or individuals maintain or improve their health or social well-being. HHS may include services for assessment, treatment, diagnosis, prevention or education.

HHS are services provided directly to an individual. Some specific examples of HHS include psychiatric services, specialized nursing services, and most IEP related services.

6. **Process for Procuring Health and Human Services**

Given the specialized and unique nature of HHS, Schools and Offices are advised to seek assistance from the Procurement and Contracts Branch (PCB) to plan and coordinate HHS purchases. Procurement of HHS requires the strict adherence to one of the following procurement methods:
- Chief Procurement Officer Exemptions, see Reference (b),
- Small Purchase of Services, see Reference (c),
- Competitive Purchase of Services, see Reference (d),
- Restrictive Purchase of Services, see Reference (e),
- Treatment Purchase of Services, see Reference (f), and
- Crisis Purchase of Services, see Reference (g).

For more detailed descriptions on the different procurement methods mentioned above, see Reference (h), pages 67-68.

**School/Office Responsibilities**

1) Complete and submit **DOE Form 18, Request for Procurement Services** to the PCB. See Form (i).
2) Describe or specify the services to be purchased.
3) Identify the source of funds for the purchase.
4) Design the selection criteria to be used in evaluating the vendor’s qualifications.
5) Participate in the selection of an applicant by serving on an evaluation committee.
6) Negotiate, if appropriate, a contract with the top applicant.
7) Monitor contract performance.

**PCB Responsibilities**

Provide administrative guidance to the School or Office during the procurement and contracting process upon receipt of DOE Form 18. For more detailed information on the respective responsibilities of Schools/Office and PCB for the procurement and contracting of professional services, see Reference (h), pages 68-69.

7. **Payment of Health and Human Services**

A contract agreement shall be prepared and processed for approval by PCB.

**School/Office Responsibilities**

1) Complete and submit **DOE Form 18, Request for Procurement Services** to the PCB. See Form (i).
2) Provide a detailed draft of the Scope of Work.
3) Provide a detailed draft of the Compensation and Payment Schedule.
4) Provide a detailed draft of the Special Terms and Conditions that would need to be included in the contract agreement, if any.
5) Complete and submit a signed Civil Service Exemption Certificate, if applicable.

PCB Responsibilities
1) Prepare a contract upon receipt of DOE Form 18 and required documentation.
2) Obtain approvals of the Attorney General’s Office, the Contractor, the BOE (if required), and the Superintendent.

8. **SP Maintenance Responsibility**
The Procurement and Contracts Director in the PCB of the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

9. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Hawaii Revised Statutes, Chapter 103F (Health and Human Services)
   (b) Hawaii Administrative Rules, Chapter 3-146 (Small Purchase)
   (c) Hawaii Administrative Rules, Chapter 3-143 (Competitive Purchase of Service)
   (d) Hawaii Administrative Rules, Chapter 3-144 (Restrictive Purchase of Service)
   (e) Hawaii Administrative Rules, Chapter 3-145 (Treatment Purchase of Service)
   (f) Hawaii Administrative Rules, Chapter 3-146 (Crisis Purchase of Service)
   (g) Guidelines for Procurement and Contracting
   (h) DOE Form 18, Request for Procurement Services

   Note: Some linked addresses may be accessible only from within the DOE’s internal network.

**SP 1370: Risk Management Services**

1. **Purpose**
To ensure that claims and losses of property, tort, automobile and the recovery of such claims are processed and administered according to all applicable laws, rules and regulations.

2. **Effective**
Immediately.

3. **Applies to**
Superintendent, Deputy Superintendent, Assistant Superintendents, Complex Area Superintendents, Directors, School Principals, and department employees.

4. **Introduction**
The procedure for administration of claims and losses fall within three basic functions of the program which includes loss reporting, loss control and risk financing. DOE works with the Risk Management Office (RMO), in the Department of Accounting and General
Services, to achieve prompt service in the adjudication of claims. Claims adjustment involves the prompt and fair payment of reasonable value of the covered loss or claim, as well as the proper denial of a claim.

5. **General Documentation Requirements for Reimbursement of Claims to RMO**

In order to facilitate the processing of your claims for reimbursement by the RMO, the following actions should be taken by the school/office as soon as an event occurs:

- Collect as much factual information as possible;
- Protect the property from further damage (where appropriate);
- Separate the damaged and undamaged property, placing it in the best possible order (where applicable);
- Furnish a complete inventory of the destroyed, damaged and undamaged property, showing in detail quantities, cost, replacement costs and amount of loss claimed; and
- Pinpoint the cause of loss and collect evidence for subrogation:
  - Take pictures of everything;
  - Interview everyone connected with the loss;
  - Establish tight control to prevent any loss of or tampering with materials and to keep it well organized and labeled.

Please see sections below for additional forms and documentation requirements based on the type of loss or reimbursement claim.

Reimbursement for the loss must be completed within the fiscal year the claim is reported. Schools/offices should be prepared to provide the Journal Vouchering Code to which the reimbursement will be credited in exactly this format:

<table>
<thead>
<tr>
<th>SF</th>
<th>TC</th>
<th>F</th>
<th>Y</th>
<th>AP</th>
<th>D</th>
<th>ALLO</th>
<th>SOURC</th>
<th>COST</th>
<th>PROJECT</th>
<th>DEP</th>
<th>G/L</th>
<th>S/L</th>
<th>REF.</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>xx</td>
<td>Xx</td>
<td>x</td>
<td>x</td>
<td>xx</td>
<td>x</td>
<td>XXX</td>
<td>XXX</td>
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<td>XXXX</td>
<td>x</td>
<td>xxxx</td>
<td>xxxx</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
</tbody>
</table>

For assistance with obtaining the appropriate Journal Vouchering Code, please contact the DOE Accounting Section at (808) 586-3371.

6. **Report of Automobile Accident/Loss**

All automobile accidents or loss should be reported immediately to the RMO utilizing Form RMA-001. See Form (b). If an accident is serious or involves bodily injury, it must be reported within 24 hours to the RMO.

Automobiles covered by the RMO include:

1. All State owned vehicles;
2. Leased, hired, rented and other non-owned automobiles when authorized by the State and operated under the name of the State; and
3. Employee-owned vehicles when used in the course and scope of his/her employment and in the name of the State. [Note: Employee will have excess liability over the employee’s own personal automobile insurance policy; however, physical damage to the employee’s own vehicle is not covered.]

Drivers covered by the RMO include:
1) State employees;
2) Members of State Boards, commissions, or councils;
3) Volunteers;
4) Student Drivers; or
5) Any other authorized individuals licensed to operate an automobile covered under this policy.

Independent contractors are not covered. They must provide their own insurance.

The chart below provides a brief summary of the limits of coverage.

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bodily Injury</strong></td>
<td>$20,000 per person</td>
</tr>
<tr>
<td>Applies to individual who sustains accidental harm, other than the employee driver, and who meets the tort threshold of personal injury protection benefits equal or exceeding $5,000</td>
<td></td>
</tr>
<tr>
<td><strong>Property Damage</strong></td>
<td>$10,000 per accident</td>
</tr>
<tr>
<td>Applies to damage to property owned by others</td>
<td></td>
</tr>
<tr>
<td><strong>Personal Injury Protection</strong></td>
<td>$10,000 per person</td>
</tr>
<tr>
<td>Applies to appropriate and reasonable treatment and expenses arising from the automobile accident for persons other than the employee driver [Note: Employee will utilize Workers' Compensation.]</td>
<td></td>
</tr>
</tbody>
</table>

The State of Hawaii does not carry any additional coverage, such as wage loss, death benefits, and uninsured motorist coverage or underinsured motorist coverage.

Coverage for physical damage to State owned or leased vehicles is not provided unless specifically designated for coverage.

7. **Report of Loss or Damage of State Property**

A. Loss or Damage of State Property is $5,000 or More
   All reports of loss or damage to property owned or leased or in the case, custody, or control of the State should be reported immediately to RMO utilizing Form RMP-001. See Form (c). There is a $5,000 per occurrence deductible for preventable losses of theft or loss of equipment.

Examples of covered/not covered property:

<table>
<thead>
<tr>
<th>Covered Items</th>
<th>Not Covered Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer stolen from office</td>
<td>Petty cash</td>
</tr>
<tr>
<td>Equipment damaged by water leaks</td>
<td>Employee's personal property</td>
</tr>
<tr>
<td>Windstorm damage</td>
<td>Equipment left in the field</td>
</tr>
<tr>
<td></td>
<td>Missing inventory</td>
</tr>
</tbody>
</table>
A car hits the building

The property loss must meet the following criteria in order to be considered for reimbursement by RMO:

- Must be fortuitous or accidental;
- Item must be listed in the State/DOE Inventory System or supported by accounting records;
- Item is not surplus, aged, broken or junked;
- Item is not more than 7 years old or scheduled for replacement;
- Item is not misplaced or unaccounted for (missing upon taking inventory);
- Item is not covered by first dollar insurance; and
- Item is not a gift or donation.

Procedures in completing Form RMP-001

1) Part 1 should be prepared by the employee discovering the loss or damage.
2) Parts 2 and 3 should be prepared by the immediate supervisor having control or authority over the lost or damaged property.
3) All claims should identify whether or not recovery of the damage can be made against another individual or entity.
4) The completed form should be sent to PCB for review and signature by the Risk Management Coordinator who will then route to RMO for processing.
5) RMP-001 should be completed and submitted to RMO within five (5) days of any loss.

Once the loss is reported, the school or office will receive, within 15 days, an acknowledgement of the loss and instructions on how to receive reimbursement or an explanation of the denial of the claim.

Any claims involving theft or burglaries should be reported to the police immediately after the discovery of the theft or burglary. This police report should be submitted as documentation with the RMP-001.

B. Loss or Damage of State Property is Less than $5,000

Schools/offices may seek reimbursement for losses or damages that do not meet the deductible limits as established by RMO by filing a claim with the Office of Fiscal Services, Inventory Unit.

Schools/offices should utilize Form E-9 within ten (10) days of the incident. See Form (d). The administrator must sign Form E-9. School/office must complete Form FA3, Request to Dispose, if the item is $250 or more. See Form (e). School/office must complete Form FA6, Property File Adjustment, if the item is under $250 in order to take the property off of the property file. See Form (f). Equipment and grouped items not listed on the property file will be reimbursed, provided that ownership can be established. All claims for unlisted items require a brief explanation as to why the item was not inventoried. Completed forms should be submitted to the Inventory Unit.

Equipment lost or damaged will not be covered under this program if:
1) Misappropriation of state-owned property by a state employee, loss of money and securities and protection against forgery are covered by DAGS RMO.
2) Damage to or loss of vehicles is covered by DAGS RMO.
3) Loss or damage by students. Refer to HRS 302A-1130.5, Textbook Replacement Fees, Restitution; Textbook List.
4) Losses of food items, supplies, or cafeteria equipment that cost less than $250 each.

Reimbursement will be made according to the following formula:

\[
\frac{\text{Total Funds Available}}{\text{Total Equipment Costs}} = \text{Reimbursement Factor (\%)}
\]

\[
\text{Reimbursement Factor (\%)} \times \text{Total District Losses} = \text{Amount to be Reimbursed}
\]

8. **Catastrophic Losses**

The RMO will be the point of contact for any catastrophic (i.e. hurricane or other similar catastrophe) losses in order to coordinate the claims against the property insurance carrier.

Types of catastrophic losses that are covered include damages to real property, personal property, loss of rental income, art work, extra expense, loss of valuable papers, extended coverage, pollutant/contaminant clean-up, and other expenses.

All forms and required documentation must be submitted to the RMO within one (1) week after the loss. A claim file should be generated for each location. The following procedures and documents should be reviewed and completed before submission to RMO:

1) Procedures to Claim for Catastrophic Losses,
2) Catastrophic - Personal Costs,
3) Catastrophic - Extra Expenses,
4) Catastrophic - Materials Summary, and
5) Catastrophic - State Owned Equipment.

In the majority of cases, Facilities Development Branch will coordinate with RMO to report the loss of buildings and other real property. Schools and offices should also be prepared to provide documentation to support reimbursement claims for replacement of goods and equipment that were lost.

9. **Report of Incidents/Accidents that Occur on State Property or at a State Function**

All incidents or accidents that occur at a State location or resulting from a State activity/function should be reported immediately to RMO utilizing Form RML-001. See Form (g). This form is an internal form to be completed by DOE employees only. It is not to be provided to a claimant or the general public.

Examples of an incident or accident:
1. Employee finds his/her personal property missing from work space or desk,
2. A person is injured from a fall on State property, and
3. An employee receives a threatening phone call or is threatened by a client in the office.

At the time of the incident or accident, no liability is to be admitted by anyone involved in any accident or loss. No commitments should be made to pay for any medical or other expense, even ambulance services.
10. **Tort Claim Information**
The State Tort Liability Act makes the State responsible only when the State is negligent and when that negligence causes an injury or damage. The State is not automatically responsible for bills (medical, repairs or other) because an incident occurs on its premises or as a result of its operations.

All reports of a tort claim should be reported directly to RMO utilizing Form RMTC 9-97. See Form (h). Note: Statute of Limitations is two (2) years from the date of the incident.

If your claim is accepted by RMO, the school/office will be required to submit verification or documentation of:

1) For damage to property that has been or can be economically repaired, submission of a photograph of the damaged property and 2 itemized signed statements or estimates by reliable and independent parties. If payment has been made, an itemized statement or receipt showing the actual payment. Proof of ownership may also be required.

2) For damages to a motor vehicle, copies of the current registration and no-fault card will be required in addition to (1).

3) For lost or destroyed property, or for damage to property which cannot be economically repaired, submission of statements itemizing each item, original cost of the item, date purchased, where purchased and the value of the item before and after the incident can be used in determining the actual value of the claim.

4) For personal injury or death, medical information will be required.

11. **Statement of Self-Insurance**
All requests for a statement of self-insurance should be made directly to the RMO, in the Department of Accounting and General Service utilizing Request for Self-insurance. See Form (i).

12. **Contact Information for the RMO**
State Risk Manager
State of Hawaii
Department of Accounting and General Services
Risk Management Office
PO Box 19
Honolulu, Hawaii 96810-0119
Phone: (808) 586-0547 Fax: (808) 586-0553

13. **SP Maintenance Responsibility**
The Procurement and Contracts Director in the PCB of the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

14. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

(a) Hawaii Revised Statutes, Chapter 41D

**Forms**

(b) RMA-001, Automobile Loss Notice Form
(c) RMP-001, Report of Loss or Damage of State Property
(d) RMP-001, Report of Loss or Damage of State Property
(e) Form E-9, Report of Loss or Damage to State Property
(f) Form FA3, Request to Dispose
(g) Form FA6, Property File Adjustment
(h) RML-001, Incident/Accident Report Form
(i) RMTC9-97, Claim for Damage or Injury
(j) RM-SOSI, Request for Statement of Self-Insurance

Note: Some linked addresses may be accessible only from within the DOE’s internal network.
SP 1602: Budget Branch Introduction

1. **Purpose**
   To provide an introduction and overview of the DOE Budget Branch in the Office of Fiscal Services.

2. **Effective**
   Immediately.

3. **Applies to**
   Assistant Superintendents, Complex Area Superintendents, Superintendent’s Office Directors, Complex Area Business Managers, Principals, and other State, Complex Area and School Staff.

4. **Background**
   To fund the Hawaii State public school system, serving over 250 schools and more than 180,000 students, the DOE has two distinct types of budgets—the operating budget and the capital improvement program (CIP) budget.
   A. The operating budget totals approximately $1.8 billion. The funds in the operating budget are used for personnel, supplies, equipment, and other operating costs.
   B. The operating budget includes:
      1) General funds (taxpayer revenues),
      2) Federal funds,
      3) Special funds,
      4) Trust funds,
      5) Interdepartmental Transfer funds,
      6) Revolving funds, and
      7) ARRA funds
   C. The CIP budget averages between $100 and $200 million annually. Funds from this budget are spent on construction and major repairs and maintenance.

5. **Introduction and Overview**
   The DOE Budget Branch is responsible for preparing and implementing the $1.8 billion annual operating budget for the Hawaii Statewide public school system. (The DOE Office of School Facilities and Support Services Facilities Development Branch oversees the implementation of the CIP budget.)
   A. Two sections comprise the DOE Budget Branch:
      1) The Budget Preparation Section, and
      2) The Budget Execution Section. See References (c) and (d).
   B. The Budget Branch also assists the Chief Financial Officer and Assistant Superintendent for the Office of Fiscal Services in:
      1) Implementing the weighted student formula;
      2) Training school principals and staff in financial plans;
      3) Coordinating all budget matters with the Board of Education Finance and Infrastructure Committee;
      4) Providing budget analyses and advice on financial matters; and
      5) Communicating information related to the DOE budget with other agencies such as the State Department of Budget and Finance; Legislative committees; federal agencies; and the public.
6. **SP Maintenance Responsibility**
The Budget Director in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

7. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Frequently Asked Questions (FAQ) for SP 1602
(b) BOE Policy 1200-1.12, Department of Education Budgets
(c) SP 1603, Budget Preparation Process
(d) SP 1604, Budget Execution Process
(e) Budget Branch Functional Statements.

**SP 1603: Operating Budget Preparation Process**

1. **Purpose**
   To describe the steps in the preparation of the biennial operating budget.

2. **Effective**
   Immediately.

3. **Applies to**
   Principals, Program Managers, Complex Area Business Managers, Budget Branch in the Office of Fiscal Services, Systems Accountability Office, Assistant Superintendents, Complex Area Superintendents, Directors in the Superintendent’s Office, Deputy Superintendent, Superintendent, Board of Education, State Department of Budget and Finance (B&F), Legislature, Governor.

4. **Introduction**
   As the name implies, the biennial budget period comprises two years (beginning July 1 of odd-numbered years) and lasts 24 months (ending on June 30 of the next odd numbered year). The biennial operating budget preparation process commences about 18 months prior to July 1 of the first fiscal year. It ends after the enactment of the Legislature’s appropriations act (budget bill), which can be as early as six weeks prior to the beginning of the biennial period, or as late as 10 days after the biennial period has started.

   **Exhibit 1**, which appears on the last page, depicts the general steps in the operating budget preparation process. For more detailed specificity, such as transferring funds between programs or characters of expenditure in the current operating budget, see the detailed process flow map in reference (j).

5. **Operating Budget Preparation Process**
   1) **Review and Revise Budget Program Structure and Program Measures**
      a. In January and February of even-numbered years, the Budget Branch solicits input from the other offices through the Assistant Superintendents
regarding changes to the Budget Program Structure. The Superintendent and the Chief Financial Officer (CFO) may discuss the suggested changes with the rest of the Leadership Team. These changes could include adding, deleting, moving, or renaming existing EDNs, Level V programs, or Program IDs.

b. If the BOE approves any changes to the programs that are funded through the Weighted Student Formula, the Budget Branch adjusts the Budget Preparation System files accordingly.

If the BOE decides to reallocate funds from programs as a result of program evaluations required by BOE Policy 1200-1.17, the Budget Branch adjusts the Budget Preparation System files accordingly. See Reference (c).

c. After changes have been finalized, the Budget Branch makes adjustments to EDNs and the Level V Organization Codes. The Level V Organization Codes are two-digit alpha codes used by B&F. Level V codes are a summary grouping of Program IDs, reported externally as a single program.

d. Later in the year, B&F requests the DOE to review the current Program Measures (target population/group, workload measures, and measures of effectiveness) for each EDN and for the DOE. The Budget Branch, with input from the other offices, identifies changes to the Program Measures and estimates the values for these measures for the following biennial period. The updated Budget Program Structure, Program Measures, and Level V Organization Codes are provided to B&F.

2) **Project Salary Requirements**
   In March of even-numbered years, the Budget Branch obtains a listing of all established positions and incumbents from the Office of Human Resources database and reconciles the established positions to the current Appropriations Act, by Program ID. This list of positions and salaries is referred to as the “Salary Projection File.”

3) **Solicit and Receive Input Regarding Operating Budgetary Needs**
   In compliance with Board of Education Policy 1200-1.16, the DOE solicits input from the public (including parents, students, employees, and the community) regarding the Department’s budget. The Budget Branch analyzes the public input to determine the high priority areas of budget need and reports results to the BOE on a monthly basis. See Reference (d).

Usually in the spring of even-numbered years, the Superintendent issues a memorandum to the Complex Area Superintendents, Assistant Superintendents, and directors in the Superintendent’s Office requesting input regarding the current and projected unmet budgetary needs of the schools, complexes, and state offices. The memorandum provides submittal deadlines and guidelines for the areas of highest priority for budget requests, including those identified by the public.
4) **Meet with Program Managers Regarding Current Operating Budgets**
As needed, the Superintendent, CFO, and Budget Director/ Budget Branch meet with Program Managers to review current budgets and expenditures, detailed calculations/explanations of areas of projected shortfalls, and recommendations regarding possible program changes to current operating budgets.

5) **Review, Evaluate, and Prioritize Operating Budget Requests**
If the Budget Request database or zero-based budgeting templates are being used, after a budget request for additional funds is requested by the Program Manager, it is routed electronically through appropriate supervisors for review, edit, and approval. See Reference (f). After the Assistant Superintendent approves the budget request, the Budget Branch reviews the requests for new funds. If further justification is required, the budget request is returned to the Assistant Superintendent. For a listing of the questions that must be answered to justify a budget request, please refer to the Narrative Justification question document link and the Additional Program Facts. See Reference (i).

A list of completed budget requests received by the published deadline is provided to the Budget Director and the Leadership Team for review and prioritization. If any late submittals are required, the Assistant Superintendent must obtain CFO approval to add the late submittal to the list of completed budget requests.

If the total dollar amount of the budget requests received is significantly higher than the amount the Superintendent believes is reasonable to request based on the state’s current financial status the CFO, Budget Director and the Leadership Team may direct that certain requests be deleted or the dollar amount reduced. A revised list is provided to the Leadership Team for additional review and prioritization. This process may be repeated several times.

6) **Develop Requests for New Facilities**
The Budget Branch reviews the list of Capital Improvement Program (CIP) projects that will add new schools, classrooms, libraries, or other facilities, and prepares requests for operating costs such as WSF-funded positions/functions and equipment and textbooks for the facilities. If categorical positions are required for new schools, the Budget Branch requests the appropriate Program Manager to submit a budget request for the categorical positions.

7) **Update Non-General Fund Ceiling**
In about July of even-numbered years, the Superintendent issues a memo to Program Managers regarding federal grants, special funds, intergovernmental transfer funds, revolving funds, and trust funds expenditure ceilings in the current appropriation. The Program Managers are requested to update the expenditure ceiling amount anticipated for the next biennial period.

8) **Update Program Narratives**
In about July of even-numbered years, the Budget Branch begins to update the descriptions of programs for publication in the Department’s biennial operating budget request document. In some instances, the Program Managers will be requested to assist with these updates.
9) **Finalize Recommended List of Operating Budget Requests for the Board of Education**

In late summer, the Director of Finance for B&F transmits (to all executive agencies) policies and guidelines for preparing the budget request for the upcoming biennial budget. See Reference (g). The CFO and Budget Director review the Leadership Team’s prioritized list of biennial operating budget requests and may recommend adjustments to the Superintendent based on the instructions from B&F. The final list of recommended operating budget requests is determined by the Superintendent and documented in a recommendation memorandum to the chairperson of the BOE’s Finance and Infrastructure Committee (the Committee). The information that must be provided to the Committee is listed in Board of Education Policy 1200-1.12, Department of Education Budgets. See Reference (e).

10) **Finalize Board of Education’s Operating Budget Requests**

In early fall, the Committee takes action on the Department’s recommendation regarding biennial operating budget requests. The Department’s recommended list is updated as directed by the Committee (i.e. requests are added, deleted, or adjusted). Prior to approving the Committee recommendation, the BOE may revise the requests with additions, deletions, or adjustments.

11) **Submit Operating Budget Requests to B&F**

In September or October, the DOE submits the operating budget requests that have been approved by the BOE to the Director of Finance. The B&F analysts review the requests and may request additional information regarding specific requests. The Budget Branch responds to the B&F analyst’s requests for additional information.

12) **Prepare Operating Budget Requests for Executive Budget**

In November or December, the Governor informs the Superintendent of the DOE’s operating budget requests and other budget adjustments that have been included in the Executive Budget, which will be presented to the Legislature. The Budget Preparation Section prepares updated Budget Journal (BJ) tables and narratives of the requests for publication in the Executive Budget, and the CFO informs the Board of Education of the Governor’s decisions. The updated information is then posted on the DOE web page. See Reference (h).

13) **Monitor and Defend Budget Requests**

During the Legislative session, the Budget Branch:

a. Responds to the Legislature’s requests for additional information on the biennial budget requests
b. Monitors and communicates legislative budget actions and decisions to the BOE and DOE Leadership Team, and
c. Notifies OHR of any adjustments to appropriated positions.

14) **Document the Appropriations Act**

The budget bill becomes the Appropriations Act when the Governor signs or allows it to become law without his/her signature. The Budget Branch adjusts the Budget Preparation System to include the Legislature’s operating budget items, minus any Executive vetoes, and transmits updated BJ tables to B&F.
6. **Standard Practice (SP) Maintenance Responsibility**
The Administrator of the Budget Preparation Section in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone. See Reference (a) below.

7. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Frequently Asked Questions for SP 1603
(b) HRS, Chapter 37, Budget
(c) BOE Policy 1200-1.17, Program Evaluations
(d) BOE Policy 1200-1.16, DOE Budget Public Input Required Policy
(e) BOE Policy 1200-1.12, DOE Budgets
(f) SP 1622, Instructions for Using the Budget Request Database
(g) B&F web site for various memos, instructions, forms
(h) Current DOE biennial operating budget document REPORTS
(i) Department of Education Budget Request – Narrative Justification questions
(j) Detailed Budget Preparation process flow map

**SP 1604: Budget Execution Process**

1. **Purpose**
To describe the budget execution process.

2. **Effective**
Immediately.

3. **Applies to**
Assistant Superintendents, Complex Area Superintendents, Program Managers, Complex Area Business Managers, Principals.

4. **Budget Execution Process**
The budget execution process involves the management of DOE appropriations with regard to legislative intent, within the guidelines and policies set by the Hawaii Revised Statutes.

A. The annual budget execution process begins with an appropriation or amount of money set aside by law for a specific purpose during each fiscal year. An appropriation is the first legal step to expend government funds authorized by the legislature. Unless otherwise allowed by law, no government funds can be expended by any department without first being authorized by the legislature through an appropriation. See Reference (c), HRS, Section 37-32, Quarterly allotment periods.

B. The next step is an allocation that is the official notification of spending authorization given to an agency or office. This is the distribution of appropriated funds to the schools and offices.

C. Once schools and offices receive their allocation notices, they may expend their funds according to their expenditure plan. This requirement ensures that
sufficient funds are set aside for planned expenditures and the necessary funds are in the proper allotment ledgers when the charges, whether they occur through payroll or purchase orders, are processed.

A detailed expenditure plan shows how the allocated amounts will be spent during the year by programs, by sources of funds, and by objects of expenditure. The creation of the expenditure plan occurs right before or during the implementation of the budget. It is an updated version of the authorized budget by the expending agency or office.

D. Expenditure plan data are used to create allotments in the Financial Management System (FMS), i.e., credit the financial accounts with the specified amounts. Expenditures can only be charged against allotments. The allotment period is for one fiscal year, rather than for one fiscal quarter.

E. Expenditures are the payout or outlay of cash for services and goods. Schools execute their expenditure plans by spending monies through purchase orders and payroll charges. These expenditures are charged against their allotments.

F. Fiscal Contingencies
Spending plans, allotments, and expenditures are subject to other contingencies. The Governor, the Director of Finance, the BOE, and the Superintendent are given powers by law to supervise and reduce funding levels when responding to changing conditions and to promote the more economical and efficient management of the DOE (HRS, Sections 37-31 to 37-41). See References (b) to (m).

5. **Budget Execution Process Summary**
The budget execution process can be summarized in five key steps as follows:

A. **Appropriations.** Legislature appropriates funds.
B. **Allocations.** Funds must be allocated down the administrative hierarchy from the Governor to the departments, to the districts/complexes and the schools.
C. **Expenditure plans.** Schools (organizations) prepare expenditure plans.
D. **Allotments.** Expenditure plan data are transmitted to the Financial Management System (FMS) to create allotments.
E. **Expenditures.** Schools execute their expenditure plans by spending monies through purchase orders, direct payments, and payroll charges. These expenditures are charged against their allotments.

6. **SP Maintenance Responsibility**
The Budget Execution Administrator in the Budget Execution Section in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) reference page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone.

7. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

(a) Frequently Asked Questions (FAQ) for SP 1604
(b) HRS, Section 37-31, Intent and policy
(c) HRS, Section 37-32, Quarterly allotment periods
SP 1605: Budget Policies of the Board of Education; Compliance With

1. **Purpose**
   To explain the DOE’s responsibilities to comply with BOE Budget Policies.

2. **Effective**
   Immediately.

3. **Applies to**
   Budget Office, Assistant Superintendents, Complex Area Superintendents, Superintendent’s Office Directors, Complex Area Business Managers, Principals, School Staff, and any other interested parties.

4. **Background**
   The DOE uses two types of budgets for public education in Hawaii.
   A. Operating budget refers to the annual funds, authorized by the Hawaii State Legislature and approved by the Governor, for personnel, supplies, equipment, and other operating costs. The DOE operating budget totals over $1.8 billion for the statewide public school system, serving over 250 schools and more than 180,000 students.

   The operating budget includes:
   - General funds (taxpayer revenues),
   - Federal funds,
Special funds,
Trust funds,
Interdepartmental Transfer funds, and
Revolving funds.

B. Capital Improvement Program (CIP) budget refers to funds authorized by the Hawaii State Legislature, and approved by the Governor, to spend on construction and major repairs and maintenance. The DOE CIP budget averages between $100 and $200 million annually.

5. Compliance with BOE Budget Policies
The following is a summary of the BOE Budget Policies with which all DOE budgets shall comply:

A. BOE budget responsibilities
The BOE has responsibility to monitor and review the DOE’s biennial and supplemental budgets. Requests for budget increases will be evaluated according to identified criteria. Any DOE proposal to make adjustments in the operating and CIP budgets must be approved by the BOE. (BOE Policy 1200-1.12, Department of Education Budgets)

B. Budget restrictions/reductions
If the Governor or Legislature impose budget restrictions or reductions, the Superintendent shall request these restrictions or reductions in aggregate or lump sum amounts. The DOE shall implement restrictions or reductions according to established criteria and with approval from the BOE. (BOE Policy 1200-1.11, Budget Restrictions and Reductions)

C. Carryover funds
Schools should manage these unobligated balances in an efficient and timely manner. See Reference (f), SP 1623.4, Budget, Carryover Funds. The DOE is required to routinely report carryover funds on a school-by-school basis. (BOE Policy 1200-1.14, Carryover Funds)

D. Federal funds
- The DOE shall routinely report planned use of federal funds.
- BOE shall approve proposed use of Impact Aid/Department of Defense funds.
- DOE shall provide quarterly reports on federal funds received.
- At least six months prior to the lapsing of any funds, DOE shall provide the Board with an action plan for ensuring the funds will not lapse. (BOE Policy 1200-1.18, Federal Funds)

E. Program evaluations
DOE shall conduct a program and fiscal evaluation of its programs.
- BOE shall decide whether to continue or discontinue a program after having reviewed the results of the program’s evaluation.
- BOE shall determine whether to reallocate any funds for programs, which are to be discontinued. (BOE Policy 1200-1.17, Program Evaluations)

F. Allocations
- All funds shall be allocated by the Superintendent.
- Federal funds must be used as approved by the appropriate agency of the United States Government. (BOE Policy 1110-3, Application and Allocation of Financial Resources)

G. Budget Public Input
Public school parents, students, employees, and the community should be afforded the opportunity to provide input to the use of the moneys received by the Department.

The Board and the Department should be held accountable to the general public for the use of public moneys.

The Department is encouraged to take the public’s comments and concerns into consideration prior to submitting a final proposal to the Board for approval. (BOE Policy 1200-1.16, Budget Public Input Required)

6. **SP Maintenance Responsibility**
   The Budget Director in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone.

7. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1605
   (b) HRS, Section 37-41.5, Department of Education, Carryover of Funds
   (c) BOE Policy 1200-1.12, Department of Education Budgets
   (d) BOE Policy 1200-1.11, Budget Restrictions and Reductions
   (e) BOE Policy 1200-1.14, Carryover Funds
   (f) SP 1623.4, Budget, Carryover Funds
   (g) BOE Policy 1200-1.17, Program Evaluations
   (h) BOE Policy 1200-1.18, Federal Funds
   (i) BOE Policy 1110-3 Application and Allocation of Financial Resources

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**SP 1611: Budget, Weighted Student Formula**

1. **Purpose**
   To provide general information regarding implementation of the Weighted Student Formula (WSF).

2. **Effective**
   Immediately.

3. **Applies to**
   Principals, School Community Council members.

4. **Description of Weighted Student Formula (WSF)**
   A. **Law** The 2004 Hawaii State Legislature passed the Reinventing Education Act of 2004 that was numbered Act 51. See Reference (b). The Act updated and added various sections of HRS 302A, which is the chapter in the Hawaii Revised Statute regarding Education. The Act included a mandate for the DOE to allocate resources to schools using a weighted student formula.

   B. **Concept** Weighted student formula is a form of student-based budgeting.
1) Resources are allocated to schools based on student enrollment and types of student characteristics/need.

2) School communities have flexibility in determining how to use the allocated funds to meet student needs through lump-sum funding.

C. Committee on Weights (COW). The COW’s responsibilities are defined in HRS §302A-1303.5 as follows:
   1) Create a list of student characteristics that will be weighted;
   2) Create a system of weights based upon the student characteristics that may be applied to determine the relative cost of educating any student;
   3) Determine specific student weights, including their unit value;
   4) Determine which moneys shall be included in the amount of funds to be allocated through the weighted student formula;
   5) Recommend a weighted student formula to the BOE;
   6) Perform any other function that may facilitate the implementation of the WSF; and
   7) Meet at least every odd numbered year to review the WSF and, if the committee deems it necessary, recommend a new WSF for adoption by the BOE.

5. Responsibilities of BOE, DOE and Principals (HRS § 302A-1303.6)
   A. The BOE shall adopt a weighted student formula that takes into account the educational needs of each student, not less than annually.
   B. The DOE shall use the weighted student formula to allocate funds to fund public schools, upon receipt of appropriated moneys.
   C. The principal shall expend money provided to his/her school.
   D. No less than 70% of the total appropriate total budget of the DOE, excluding debt service and capital improvements, shall be expended by individual school principals per HRS § 302A-1301(b). (NOTE: this is not a requirement that 70% of the budget be distributed via the weighted student formula.)

6. COW Recommendations to the BOE
   A. Put into the lump those program funds that are available to all schools, or to all schools at a given level—elementary, middle, and high. (Currently, such program funds may not be allocated to all schools, or to all schools at a given level.)
   B. Put into the lump those program funds that could be allocated according to a formula.
   C. Methodology adopted by BOE
      1) Salary costs
         a. Use average salaries to determine both the current allocations to schools and the amount schools would be charged for individual employees under the weighted student formula, rather than actual individual employee salaries.
      2) School characteristics
         a. School size adjustment. Beginning with SY 2008-09, schools under a designated enrollment size will receive additional funds on a sliding scale, with smaller schools receiving a greater adjustment (the smaller the school, the larger the adjustment).
b. Geographically isolated schools. $50,000 per “geographically isolated” school adjustment. All schools on Molokai plus Lanai, and Hana schools.

d. Neighbor island schools. Beginning in SY 2008-09, students in schools on Kauai, Maui, Molokai, Lanai, and Hawaii islands are weighted at 0.005 per student, in addition to the other weighted characteristics.

NOTE: (TO BE UPDATED SEPTEMBER 2011 FOR FY2011-12)

3) Student characteristics
   All general and special education students generate basic allocations. There are additional weights for:
   a. Economically disadvantaged students,
   b. English language learners,
   c. Transient students (those who are enrolled in a school at the end of the school year but were not enrolled at the beginning of the school year),
   d. K-2 students,
   e. Elementary school students (to ensure that elementary schools in the aggregate neither gain nor lose funding), and
   f. Middle school students (to ensure that middle and intermediate schools in the aggregate neither gain nor lose funding).
   g. High school students (to ensure that funds initially appropriated only for high school students are directed to the high schools).

4) Enrollment reserve
   Beginning SY 2008-09 WSF will set aside funds for an enrollment reserve by adding a “virtual school” of 1% of projected enrollment (reduced to 0.5% of projected enrollment for SY 2009-10). This will minimize the effect to schools in the event that the official enrollment count is greater than the projected enrollment. When adjustments are made for the official enrollment count in August, these funds will be allocated to schools. If the official enrollment is equal to or less than projection, the funds will be used to increase the weight of 1.0 pupil (per-pupil allocation) for all students.

5) Loss threshold
   Beginning SY 2008-09, school WSF allocations will not be less than 96% of the prior year’s WSF official enrollment count allocation. This is referred to as the “4% loss threshold.” Starting in SY2010-11 changed to limit the amount of funds that can be used for the Loss Threshold to 1.5% of the WSF budget. In SY2011-12 capped the threshold at 5%, meaning a school would have to lose at least 5% funding from one year to the next to qualify for assistance.

6) Enrollment changes between the projection and the official fall enrollment date
   Each school's WSF allocation is adjusted—up as well as down—based on actual enrollment on the official enrollment date shortly after school begins. Schools base their Academic and Financial Plans on projected enrollment, and fine-tune these plans once the actual enrollment is established. If this fine-tuning includes adjustments to positions (needing more positions or fewer than planned), such adjustments are made by buying or selling positions.
7) Enrollment changes during the year
Each school’s WSF allocation is adjusted (up but not down) two additional times during the school year: (i) one month after the official enrollment date, and (ii) as of the beginning of the second semester, based on (i) enrollment changes in the first month after the fall enrollment cut-off date, and (ii) between the first adjustment date and the end of the first semester. The adjustment is prorated for (i) one quarter and for (ii) one semester for schools that gain students. Schools that lose students are not affected by either adjustment. The Budget Branch reserves, from the initial weighted student formula allocation, an amount equal to the estimated mid-year adjustments for schools gaining enrollment.

8) Unique schools excluded from WSF
Some unique schools continue to receive the same amount of funds received in FY 2005-06 because they already have separate Categorical Program ID funding (e.g., Olomana), or they are administratively attached to another school (Niihau).

9) Changes to WSF
HRS §302A-1303.5 requires a Committee on Weights to meet annually to consider changes to the WSF. The Committee may recommend that programs be added to WSF, that additional weighting factors be used, or that current weighting factors be changed. The Committee’s recommendations are to be presented to the BOE for decision-making.

7. SP Maintenance Responsibility
The Budget Director in the Budget Branch is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone.

8. References and Resources
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Frequently Asked Questions (FAQ) for SP 1611
(b) Act 51, Sec. 2 State Legislature of Hawaii, 2004
(c) Act 221, State Legislature of Hawaii, 2004, amending Act 51
(d) HRS Sec. 302A-1301(b)
(e) HRS Sec. 302A-1303.5
(f) HRS Sec. 302A-1303.6
(g) Weighted Student Formula/School Financial Plan Implementation Manual
(h) School Community Council Handbook
(i) Committee on Weights meeting minutes and recommendations

SP 1622: Budget Request Database; Instructions for

1. Purpose
To provide instructions for entering budget requests into the Budget Request database.
2. **Effective**
   Immediately.

3. **Applies to**
   State-level Program Managers, Assistant Superintendents, Directors in the Superintendent’s Office.

4. **Introduction**
   The Budget Request Database is used to document requests for increases or decreases in funding, as part of the Budget Request process described in SP 1603, Budget Preparation Process. Requests are entered by Program Managers and approved by their Assistant Superintendents or by the Directors in the Superintendent’s Office.

5. **Required Data**
   Before entering a budget request, the requester must:
   A. Know the Program ID and Organization ID under which the request will be submitted.
   B. Possess data to support the request for additional funds or positions,
   C. Specify outcome measures by which the effectiveness of the program will be evaluated; and
   D. Specify the number and types of positions, casual hires, current expenses, and equipment needed.

6. **Notification of Budget Request Timelines and Database Link**
   A memorandum from the Superintendent, usually issued in the spring, provides the timeline for entering and approving requests. The Budget Director sends an email with a Budget Request database link to the Assistant Superintendents and Superintendent’s Office Directors, to be forwarded to Program Managers who have been assigned to enter budget requests.

7. **Layout of the Database**
   The left side of the pane contains:
   A. A button to Create a Budget Request.
   B. Several buttons to change the view of the previously entered requests by various sort orders by Program ID number, Organization ID, and EDN.
   C. The right side of the pane contains a view of the requests that have been previously entered.

8. **Creating a Budget Request**
   A. Click on the button labeled “Create a Budget Request.”
   B. In the Narrative Justification window, select the Program ID and Organization ID from the pull-down menus.
   C. Add the requestor’s telephone number and position title.
   D. Complete all questions on the Narrative Justification additional program facts and click Save & Continue.
   E. When the Narrative has been saved, new buttons appear at the top, one for each Character of Expenditure (A-Salary, A1-Casual, B-Current Expenses, C-Equipment, and M-Motor Vehicle).
   F. Click on the Character of Expenditure for the first cost item to be requested. A new input window appears with fields appropriate for the Character.
G. After completing the input window, click on Save, and then Close. The screen returns to the Narrative Justification window.
H. A separate Character A-Salary input window must be entered for each type of position being requested, and a separate Character A1, B, C, or M input window must be entered for each Object Code for which costs are requested.
I. When all input windows have been completed, click on View.
J. Put the cursor on the Prog Cost document and press Enter.
K. Click on Calculate Program Cost. The database summarizes the costs from all input windows by Character. Save the document and click on Close.
L. Put the cursor on the Narrative document and press Enter. The summarized costs will appear on the Narrative.

9. **Editing a Budget Request**
   A. A budget request can be edited prior to submitting it to the next approver.
   B. The Narrative Justification should be reviewed carefully and spell-checked, before being submitted to the next approver.
   C. The Character A, A1, B, C, and M costs input windows can be edited or deleted.
   D. To delete a cost input window, go to the database View and place the cursor over the line to be deleted. Press the Delete key. A confirmation of intent to delete will be displayed when the database is closed.
   E. After a cost input window has been deleted or changed, return to the Prog Cost document and click on Edit, Recalculate Program Cost.

10. **Approvals**
    A. When the budget request is complete, it may be routed to another person for review and approval. It is highly recommended that the Narrative Justification and all cost input windows, be printed prior to routing the request for review and approval. If the requester, or a subsequent approver, inadvertently deletes any of the documents comprising the request, the hard copy can be used to recreate the deleted information.
    B. The person to whom a request is routed is determined by internal protocols set by each office.
    C. Enter the person’s Lotus Notes email address in the Next Approver field, and single-click on Submit to Next Approver.
    D. If desired, comments to the Next Approver can be written in the appropriate field in the Narrative Justification input form.
    E. Edits can only be made by the individual currently identified as the Next Approver on the Narrative Justification.
    F. The Assistant Superintendent or the Deputy Superintendent should be the last person in the office to review and approve the request.
    G. The Assistant Superintendent or Deputy Superintendent indicates approval by submitting the request to Budget Prep as the Next Approver.

11. **SP Maintenance Responsibility**
    The Budget Director in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

    The Frequently Asked Questions (FAQ) reference page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone.
SP 1623: Budget Execution; Introduction to Procedures and Manuals

1. **Purpose**
   To provide an introduction to budget execution procedures and guidelines.

2. **Effective**
   Immediately.

3. **Applies to**
   Assistant Superintendents, Program Managers, Principals, Complex Area Business Managers, Complex Area Superintendents, School Administrative Services Assistants.

4. **Introduction**
   In June of each year, after the Appropriations Bill has been enacted into law, the budget execution process begins when the Governor allocates positions and funds to the various State departments. This process involves the allocation of funds, development of expenditure plans, allotments, implementation of approved budgets, and expenditure controls.

   In summary, before monies can be spent, the following must occur:
   A. There must be an appropriation before funds can be allocated.
   B. There must be an official allocation of funds before an expenditure plan can be approved.
   C. There must be an approved expenditure plan before funds are allotted.
   D. There must be an allotment of funds before any spending can commence.

5. **DOE Budget Execution Procedure**
   A. Positions and funds are allocated to the DOE.
   B. DOE Budget Branch then sub-allocates to each office, district, and school.
   C. A variety of distribution formulas are used to allocate the resources to the schools for all staff positions, supplies, and equipment. The Superintendent may impose restrictions in allocations depending on the DOE's total fiscal need and priorities.
   D. Upon receipt of an allocation notice, which is a notification of spending authorization, offices, districts, and schools develop expenditure plans that show how the funds are to be expended by objects of expenditure and means of financing.
   E. The Budget Execution Section of the Budget Branch compares the online expenditure plans with the program allocations and
      1) Uses the expenditure plans to generate the Request for Allotment, A-19, for all of the program appropriations in the DOE, and
      2) Submits the A-19s to the Department of Budget and Finance (B&F) for final approval.
3) Upon approval, the A-19s are then processed by the Department of Accounting and General Services (DAGS), which establishes allotments by appropriations.

4) Expenditures are permitted and limited by these allotments.

6. **SP Maintenance Responsibility**
   The Budget Execution Administrator in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) reference page for this SP may provide standard responses to common questions when posted. Please review this resource before inquiring via telephone.

7. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1623
   (b) SP 1604, Budget Execution Process

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**SP 1623.1: Budget Allocation Process; Description of**

1. **Purpose**
   To describe the allocation process.

2. **Effective**
   Immediately.

3. **Applies to**
   Assistant Superintendents, Complex Area Superintendents, Complex Area Business Managers, Program Managers, Principals.

4. **Introduction**
   A. Funding for public education comes from multiple sources—the state Legislature, annual federal grants, federal government, and other federal grants. Funding also can come from fees, donations, or other collections, which are accounted for as special, revolving, or trust funds. Many of these other funds do not have allocation notices because expenditure is based on the cash amount collected by the school/office.

   Appropriations are divided into general funds (state legislature) and federal funds (federal government/grants).

   The Governor has the authority to place budget restrictions on both state and federal appropriations, which reduces the level of funds to be allocated.

   Once the Governor approves the allocation amounts, the allocation of funds process begins.
• Budget Branch sends the allocation notice template to the Program Manager.
• The Program Manager completes the allocation notice in Lotus Notes and routes to the next level for review and approval, usually to the Assistant Superintendent or the Deputy Superintendent.
• The Assistant Superintendent or Deputy Superintendent reviews and forwards the allocation notice to Budget Branch.
• The Budget Branch sends the notice to the Superintendent for approval.
• After Superintendent approves, the Information System Services Branch (ISSB) loads allocation amount into the school’s/office’s account (Org ID) in the budget system database.

B. The allocation process for federal funds includes additional steps:
1) For federal funds, the Legislature authorizes spending within a ceiling based on an estimate of anticipated federal grant awards.
2) For a federal grant, the federal government informs the DOE of the award.
3) If the amount awarded to the DOE is in excess of the ceiling authorized by the Legislature, the approval to spend the funds is requested from the Governor, as follows:
   a. DOE program manager prepares a memorandum to the Governor and submits it to the Assistant Superintendent.
   b. The Assistant Superintendent reviews and routes to Superintendent for signature.
   c. The Superintendent reviews, signs and then routes to the Governor for approval.
   d. The Governor approves or disapproves the request to spend the funds or to increase the authorized level of spending.

5. Allocation of Funds: Flow chart
The following flow chart illustrates the allocation process for both general funds (State) and federal funds.
**Allocation of Funds**

**State Legislature**
Passes Appropriation Bill to authorize spending

**Annual Federal Grants**
State Legislature passes Appropriation Bill to authorize spending within ceiling

**Federal Government**
Notifies DOE (Superintendent or Program Manager) of Grant Award

**Other Federal Grants**
Governor authorizes request to expend funds, or to increase authorized levels of expenditures

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**GENERAL FUNDS APPROPRIATION**

**FEDERAL FUNDS APPROPRIATION**

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**Governor Budget Restriction Authority**

**Budget Branch**
Sends Allocation Notice Template to Program Managers in Lotus Notes

**Program Manager**
Completes Allocation Notice in Lotus Notes and routes document for approvals

**Assistant Superintendent**
Reviews Allocation Notice and sends to Budget Branch

**Budget Branch**
Verifies document information
Sends allocation to Superintendent for approval

**ISSB**
Loads approved allocation into school’s account (Org ID) in Budget System

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ONLY if Federal Fund Ceiling Increase is Required

**Program Manager**
Completes memorandum to send to Governor and routes to Assistant Superintendent

**Assistant Superintendent**
Reviews memorandum and routes to Superintendent for signature

**Superintendent**
Signs and transmits memorandum to Governor for approval
6. **Transfer of Allocations**
   Upon receipt of allocations, transfers are possible between schools and offices (Org IDs), programs, and character of expenditure provided these transfers are within legislative intent and the program manager’s guidelines. Transfers are made by submitting BUD-3 or Form BUD-4 to the Budget Execution Section either by mail or by FAX (808) 586-3689.

7. **SP Maintenance Responsibility**
   The Budget Execution Administrator is responsible for maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) reference page for this SP may provide standard responses to common questions when they are posted. Please review this resource before inquiring via telephone.

8. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1623.1
   (b) BOE Policy 1200-1.12, Department of Education Budgets
   (c) BOE Policy 1200-1.11, Budget Restrictions and Reductions
   (d) SP 1604, Budget Execution Process
   (e) SP 1623, Budget Execution, Introduction to Guidelines and Procedures
   (f) Form BUD-3
   (g) Form BUD-4

**SP 1623.2: Financial Systems; Description of**

1. **Purpose**
   To describe the various financial systems used by the DOE.

2. **Effective**
   Immediately.

3. **Applies to**
   Assistant Superintendents, Program Managers, Complex Area Superintendents, Complex Area Business Managers, Administrative Services Assistants, Principals, School Administrative Services Assistants, Account Clerks.

4. **Financial Systems**
   The financial systems of the DOE are (1) the electronic Budget System and (2) the Financial Management System (FMS).

   The Budget System receives the allocation amounts via Lotus Notes. Within the Budget System, expenditure plans are created.
The Financial Management System (FMS) receives the expenditure plans from the Budget System and creates allotments against which schools and offices are able to charge payroll and operating expenditures, and post encumbrances.

**Note:** Although not a financial system, the DOE’s internal communication system for email and official DOE memos and notices, Lotus Notes, first provides the documentation of the purpose, guidelines for implementation, and distribution of allocations. Lotus Notes also provides an approval process whereby the Superintendent approves each allocation per **BOE policy 1110-3**.

A. The first flow chart (A) that follows shows the relationship of Lotus Notes communication system to the Budget System and to the FMS, the DOE financial systems.

The Budget System summarized in the chart includes Budget Preparation and Budget Execution functions, including Allocations, Expenditure Plans and Adjustments. Adjustments to this system are requested on form **BUD-3** “Request to Transfer Allocation.”

The FMS system summarized in the first chart includes allotment balances, payments, purchase orders, payroll, contracts, cash receipts, and cash balances. Adjustments to this system are requested on form **FMS-AC4** “Request for Change of Accounting Codes and/or Amounts.”

The first chart also shows the relationship to the state Department of Accounting and General Services, which processes the state payroll and receives charges from the schools and DOE offices.

B. The second flow chart (B) details the FMS processing of funds allotted to the School.
5. **Flow charts**

A. **DOE Financial Systems**

- **Lotus Notes**
  - Allocation Notices
  - Guidelines for Implementation

- **Budget System**
  - Budget Preparation Module
  - Budget Execution Module
  - Allocations
  - Expenditure Plans
  - Adjustments
  - *BUD3 Forms*

- **Financial Management System**
  - Cash Receipts
  - Purchase Orders
  - Payments
  - Payroll Costs
  - Cash Balances
  - Allotments
  - Purchase Orders
  - Contracts
  - Payments
  - Payroll Costs
  - Allotment Balances
  - *FMS-AC4 Forms*

- **Casual Payroll System**

- **DAGS Payroll System**

- **Local School Accounts**

- **Manual Timesheets**

- **TSEAS**
B. **Allocation to School/Office - FMS Process**

This chart details the processing of funds through FMS, including the forms used and types of functions carried out through this system.

![Diagram of FMS Process]

1. **Funds Allocated to School/Office**
   - BUDGET SYSTEM e-mail notification

2. **School Guidelines Implementation**
   - Via LN: "DOE Budget Alloc Details FYxx" Database
   - Via WEB: [http://doe.k12.hi.us/](http://doe.k12.hi.us/); Other Reports

3. **School/Office Expenditure Budget**

   - **Purchases made on FMS workstation**
     - Documents:
       - Purchasing Worksheets
       - Purchase Orders
       - Direct Payments
       - Invoices
       - ATPs
       - Attachments

   - **Goods, Equipment, Contractor Services**

   - **Fixed Asset Equipment Inventory**

   - **Services Rendered**
     - Documents:
       - Form 432, 435 Certifications
       - 15Z Temporary Contract Employees
       - D-55, D-56, D-90 Timesheets
       - Casual Payroll System

   - **Paychecks**
   - **Pay Statements**
6. **SP Maintenance Responsibility**
The Budget Execution Administrator of the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) reference page for this SP may provide standard responses to common questions when posted. Please review this resource before inquiring via telephone.

7. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

Note: Some linked addresses above may be accessible only from within the DOE internal network.

(a) Frequently Asked Questions (FAQ) for SP 1623.2.
   - FAQ - Lotus Notes
   - FAQ - Budget System

(b) BOE Policy 1110-3, Application and Allocation of Financial Resources

**Forms**
(c) BUD-3 Form
(d) FMS Forms

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**SP 1623.3: Expenditure Plans; Description of Process**

1. **Purpose**
   To describe the expenditure plan process that translates school decision-making into a spending plan.

2. **Effective**
   Immediately.

3. **Applies to**
   Assistant Superintendents, Complex Area Superintendents, Complex Area Business Managers, Program Managers, Principals, School Administrative Services Assistants, Account Clerks.

4. **Function of Expenditure Plans**
   Expenditure plans set the expenditure or spending limits within the Financial Management System (FMS). Before schools and offices can spend any monies, they must first prepare an expenditure plan and specify the amounts they intend to spend for the various types/characters of expenditure (salaries, supplies, equipment, etc) in the electronic Budget System. Schools and offices shall prepare an expenditure plan in the Budget System for each program for which funds have been allocated. These expenditure plans then provide the basis for creating allotments and accounts in the Financial Management System (FMS).

   Expenditure plans show the planned annual expenditures.
A. By program

B. By characters of expenditure and objects of expenditure

1) A Personal Services - Salaries
2) A1 Other Personal Services - Part-time Personnel, Substitute, Student Helper, Fringe, Differential, etc.
3) B Other Current Expenses - Supplies, Transportation, Utilities, Repair and Maintenance, etc.
4) C Equipment - AV, Cafeteria, Computer, Custodial, Office, Textbook
5) M Motor Vehicle

5. **Relationship Between Allocation, Expenditure Plan, and FMS Characters of Expenditure**
Allocations are made in various budget characters of expenditure (alphabetical) to allow for flexibility in the creation of expenditure plans. Furthermore, allotments in FMS created from the expenditure plans are grouped in corresponding FMS characters or numerical codes. The chart below lists the Budget characters and the corresponding FMS characters for each type of expenditure.

<table>
<thead>
<tr>
<th>Budget Character</th>
<th>FMS Character</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>10</td>
<td>Salaried Personnel Costs</td>
</tr>
<tr>
<td>A1</td>
<td>11</td>
<td>Hourly (Casual) Personnel Costs (e.g., substitutes, part time employees, temporary contract employees, student helpers, stipends, fringe benefit costs)</td>
</tr>
<tr>
<td>B</td>
<td>20</td>
<td>Supplies, utilities, transportation, repair and maintenance</td>
</tr>
<tr>
<td>C</td>
<td>20</td>
<td>Equipment, textbooks, library books, inventoried items</td>
</tr>
<tr>
<td>M</td>
<td>20</td>
<td>Motor vehicles</td>
</tr>
</tbody>
</table>

6. **Allocation Category = Level of Flexibility**
Certain allocation categories allow for greater flexibility in types of expenditures. For example, Category “BC” is less flexible than Category “F.” Category “T” has the most flexibility.

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC</td>
<td>B + C</td>
</tr>
<tr>
<td>T</td>
<td>A + A1 + B + C + M</td>
</tr>
<tr>
<td>F</td>
<td>A1 + B + C + M</td>
</tr>
</tbody>
</table>
All initial and subsequent amendments to allocations and expenditure plans shall be made in the Budget System. On the other hand, allotment adjustments to sub-school allotments with the same Program ID such as departments (for example, math, science, social studies) and grade levels shall be made in FMS through the "plan adjustment" function.

Detailed instructions for inputting expenditure plans into the computer are available on the web at http://fms.k12.hi.us/winsoft/frames.htm. In the left margin of the web site, click "Walk Throughs" and click "Budget." Then click "Add Expenditure Plan."

The expenditure plans translate school level decision making into a plan by Prog ID and Object Code. Form BD-2 Budget Details Expenditure Plan and Form BD-2 FED (for Federal Funds) may be used to document approved expenditure plans. These forms remain at the school for record keeping purposes.

7. **SP Maintenance Responsibility**
The Budget Execution Administrator of the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) reference page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone.

8. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

(a) Frequently Asked Questions (FAQ) for SP 1623.2.
(b) Instructions for inputting expenditure plans into the computer – refer to FAQs

**Note:** Some linked addresses above may be accessible only from within the DOE internal network.

**Forms**
(c) Form BD-2
(d) Form BD-2 FED

**SP 1623.4: Budget—Carryover Funds; Guidelines and Procedures for**

1. **Purpose**
To describe the carryover process.

2. **Effective**
Immediately.

3. **Applies to**
Program Managers, Complex Area Superintendents, Complex Area Business Managers, Principals, School Administrative Services Assistants, Account Clerks.
4. **Background Information**

HRS, Section 37-41.5, allows the DOE to carry over up to 5% of any appropriation of general funds.

BOE policy recognizes that the carryover authority and privilege serves as an incentive for schools to spend funds flexibly and responsibly; to plan long-term and manage these carryover balances in an efficient and timely manner in conjunction with the school’s Academic and Financial Plan. This is reflected in **BOE policy 1200-1.14**.

5. **Guidelines for General Fund Carryover**

A. Schools shall report the planned use of carryover funds and the connection to each school’s Academic and Financial Plan and include this in the fiscal year-end reports of carryover expenditures.

B. Carryover funds are handled in three separate installments:
   1) **Budget or Planned Carryover**: These are funds designated by the schools as carryover by placement of the funds in “balance” or the "difference" between the school's allocation and its expenditure plan total prior to the close of the fiscal year (June 30). The deadline is generally in the first week in June and is announced in the memorandum issued annually from the Office of Fiscal Services: FMS - End of Current School Year 20XX and Start of New School Year 20XX Processing memo. The current year’s memo may be found on the web at [http://fms.k12.hi.us/](http://fms.k12.hi.us/).

   2) **FMS or Balance Carryover**: These are the total FMS allotment balances as of June 30, by Program ID (i.e., funds that were placed in expenditure plan prior to June 30, but not expended or encumbered by June 30, including payroll which was posted with a June 30 effective date).

   3) **Carryover Encumbrance Balance**: These are funds that were encumbered on June 30, but for whatever reason, the encumbrance was reduced, such as cancellation of the purchase order, or final payment of the purchase order for less than the encumbered amount. These funds are available for expenditure in **FMS only**.

C. Funds are carried over if they are allocated in characters of expenditure A1, B, C, BC, or F. These characters correspond to **FMS characters 11 or 20**.

D. Funds allocated in character A (FMS character 10) will not be carried over. In addition, all balances in salaries revert to the central salary account.

E. Program IDs used for general funds carryover
   a. Weighted Student Formula (WSF)
      - Planned carryover stays in the same Program ID as the plan
      - FMS Balance carryover amounts are combined under **WSF Program ID 42100**
   b. Categorical carryover Program IDs
      - The Categorical Program ID code number is retained. The same Program ID is used for both the carryover and the current year funds
- The budget fiscal years distinguish the carryover from the current year funds

F. All carryover funds are **reallocated in Character "F,"** combined character for expenditure for casual/hourly payroll (A1), other current expenses (B), and equipment (C). For categorical programs only, an expenditure plan is created automatically in object code 3006, Classroom Supplies, in the "B" expenditure plan for the specific Program ID, at the time the carryover is loaded into the Budget System.

G. Carryover encumbrance balances **resulting from cancellation or final payment of purchase orders:**
   a. Remain in the school's account in FMS as Character "20" funds.
   b. The school is able to issue new purchase order(s) using these funds but is not able to transfer the funds in the Budget System.
   c. **These funds are available for expenditure in FMS only.**

H. A listing of general fund carryover Program IDs and rules is provided in the FMS - End of Current School Year 20XX and Start of New School Year 20XX Processing memo. **The current year's memo** may be found on the web at [http://fms.k12.hi.us/](http://fms.k12.hi.us/).

6. **Federal Fund Carryover**
   For the federal fund carryover Program IDs, the following applies to "Budget or Planned Carryover" and "FMS or Balance Carryover:"
   
   A. **Budget or Planned Carryover:** These are funds designated by the schools as carryover by placement of the funds in "balance" or the "difference" between the school's allocation and its expenditure plan total **prior to the close of the fiscal year (June 30).**
   
   B. **FMS or Balance Carryover:** These are the total FMS allotment balances **as of June 30,** by Program ID (i.e., funds that were placed in expenditure plan prior to June 30, but not expended or encumbered as of June 30).
      1) Program ID code numbers are retained for carryover funds.
      2) All carryover funds are **reallocated in "T,"** combined character allowing the school/office to make expenditure plans for Personal Services (A), Casual/hourly hires (A1), Other Current Expenditures (B), and Equipment (C).
      3) **The lapse date** of the federal fund Program ID determines whether or not it will carry over.
         a. If the lapse date is in the next fiscal year, the Program ID will carry over. The carryover funds are designated with the new budget fiscal year.
         b. To view the lapse date, retrieve the federal Program ID code number using the Budget System Expenditure Plan screen.
         c. The start date and the lapse date are displayed to the left of the "Grant" number field. The dates appear in the following format: YYYYYMMDD - YYYYYMMDD
         d. The program manager can also be consulted to verify the lapse date and whether or not the Program ID will carry over.
C. **Encumbrance balances**: Balances resulting from cancellation or final payment of purchase orders posted prior to June 30 are not available for expenditure. The balances are still designated with the prior fiscal year, and the lapse date is in the past; therefore, FMS does not permit a purchase order or direct payment to be posted using these funds.

7. **SP Maintenance Responsibility**
The Budget Execution Administrator of the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions when they are posted. Please review this resource before inquiring via telephone.

8. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

(a) Frequently Asked Questions (FAQ) for SP 0623.4
(b) HRS, Section 37-41.5, Department of Education; Carryover of Funds
(c) BOE Policy 1200-1.14, Carryover Funds
(d) FMS Website, for current Year End Close Memo

**SP 1623.5: Deficit Spending: Prohibition and Procedures for Clearing**

1. **Purpose**
   To explain the importance of avoiding deficit spending and procedures for clearing of deficits.

2. **Effective**
   Immediately.

3. **Applies to:**
   Program Managers, Complex Area Superintendents, Complex Area Business Managers, Principals, School Administrative Services Assistants, Account Clerks.

4. **Deficit Spending Is Prohibited**
   HRS, Section 37-42, states there shall be no expenditure of funds in excess of allotments and describes the consequences of deficit spending. Furthermore, the Administrative Services Branch of the Office of Fiscal Services shall not process purchase orders in excess of the amount allotted.

5. **Deficit Clearing**
   Should a school or office end the fiscal year in a deficit, deficit clearing occurs after the carryover process is complete.
   A. **General Fund Deficits Guidelines**
      1) Schools are to use form **LSB-3 “Request to Transfer Allocation”** to transfer funds from a general fund Program ID to another general fund Program ID within the same EDN and fiscal year. Schools cannot use
EDN 100 funds to clear a deficit in EDN 150 nor EDN 150 to clear a deficit in EDN 100.

2) The deficit may also be cleared with a transfer via form LSB-3 from another school. In return, the deficit-clearing school should transfer back the equivalent of other funds to the assisting school, which it could use. Accounting form FMS-AC4 “Request for Change of Accounting Codes and/or Amounts” cannot be used to clear deficits in the Budget System.

Schools may use accounting form FMS-AC4 “Request for Change of Accounting Codes and/or Amounts” to transfer charges that were assessed to an account in error.

3) Schools will not have access to carryover funds for other uses, until all deficits are cleared.

4) Complex area and state offices usually do not have allocations for general funds that have carryover privileges.

B. **Federal Fund Deficits Guidelines**
   1) Contact the program manager for assistance.
   2) The deficit may be cleared with form LSB-3 “Request to Transfer Allocation” to transfer in funds from another school or office.
   3) Schools and offices cannot use general funds or federal funds from a different federal grant to clear deficits.
   4) An accounting form FMS-AC4 “Request for Change of Accounting Codes and/or Amounts” cannot be used to clear deficits in the Budget System.
   5) Schools and offices may use accounting form FMS-AC4 to transfer charges that were assessed to an account in error.

6. **SP Maintenance Responsibility**
The Budget Execution Administrator in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions when posted. Please review this resource before inquiring via telephone.

7. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms

(a) Frequently Asked Questions (FAQ) for SP 1623.2
(b) HRS, 37-42 Allotment as limit of expenditures; liability for excessive expenditure.

**Forms**
(c) Form LSB-3
(d) FMS Form AC4 (OFS-Accounting form for expenditure corrections only)
SP 1623.6: School-Based Budgeting: Teacher Participation

1. **Purpose**
   To describe concepts underlying teacher participation in school-based budgeting Process.

2. **Effective**
   Immediately.

3. **Applies to**
   Principals, Teachers, School Administrative Services Assistants, Account Clerks.

4. **Teacher Participation in School-based Budgeting Process**
   The concept of school-based budgeting originated via a memorandum of understanding (MOU) between the BOE and HSTA in the Appendix of the HSTA contract.
   
   A. The MOU expresses the belief in the participation of teachers in school-level decision-making. It supports the concept of school-based budgeting to expand collaborative decision making and empowerment at the school level.

   B. The school-based budgeting process has three characteristics:
   1) **Open**: The budgeting process timeline shall be shared in a timely manner. The budgeting process includes information such as how much money a school receives, how the school plans to spend the money, and how the money was spent. Individual teachers may have access to the budget information, but must use the school’s established budgeting process.

   2) **Democratic**: All faculty members have an opportunity to participate in the established budgeting process.

   3) **Collaborative**: The administrator and faculty members involved in the budgetary process shall work together in a spirit of cooperation regarding budgetary decision-making. Collaboration, however, does not require consensus. If no agreement is reached, the principal shall make the final decision.

5. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1623.6
   (b) School Based Budgeting-MOU between BOE and HSTA
SP 1624: Federal Budget Execution Procedures; Introduction to

1. **Purpose**
   To provide an introduction to Federal Budget Execution Procedures and Guidelines.

2. **Effective**
   Immediately.

3. **Applies to**
   Assistant Superintendents, Program Managers, Complex Area Superintendents, Complex Area Business Managers, Principals, School Administrative Services Assistants.

4. **Introduction to Federal Budget Execution Procedures**
   The federal budget execution process begins with the receipt of a federal grant by an office or school. After the Budget Branch is notified of the grant, an allocation is made upon verification of the adequacy of the federal appropriation ceiling.

   Federal fund allocations and responsibilities differ from general funds in the following ways:

<table>
<thead>
<tr>
<th>Related SP</th>
<th>Federal Funds</th>
<th>General Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Release of Allocation</td>
<td>SP 1624.1 Upon receipt of grant award notification</td>
<td>Upon appropriation of funds with adjustments for Executive (Governor’s office) and internal restrictions</td>
</tr>
<tr>
<td>Allocation by Character of Expenditure (A, A1, B, C, etc.)</td>
<td>SP 1624.2 “T” – provides maximum flexibility for expenditure in accordance with grant award</td>
<td>Character Specific - “A,” “A1,” “B,” “C,” “M” or with limited flexibility - “F” and “BC”</td>
</tr>
<tr>
<td>Position Creation</td>
<td>SP 1624.3 Able to establish temporary positions</td>
<td>Establishment of positions limited by appropriation.</td>
</tr>
<tr>
<td>Payroll</td>
<td>SP 1624.4 Pays for actual salary of individuals hired</td>
<td>Salaries covered centrally or charged based on average salary</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>SP 1624.5 Pays for actual fringe benefit costs</td>
<td>Fringe benefits paid centrally, or charged fringe benefits based on average salary under Weighted Student Formula implementation</td>
</tr>
<tr>
<td>Lapse Date</td>
<td>SP 1624.6 Set by grant award</td>
<td>Corresponds to fiscal year or policies on carryover</td>
</tr>
<tr>
<td>Carryover Allocation Year</td>
<td>SP 1624.7 Carryover allocations reflected under current fiscal year</td>
<td>Carryover allocations reflected under prior fiscal year</td>
</tr>
</tbody>
</table>
SP 1624.1: Federal Fund Allocation Process

1. **Purpose**
   To describe the federal fund allocation process.

2. **Effective**
   Immediately.

3. **Applies to**
   Assistant Superintendents, Program Managers, Complex Area Superintendents, Complex Area Business Managers, Principals, School Administrative Services Assistants.

4. **Federal Fund Allocation Process**
   A. The allocation of federal funds begins with the receipt of a federal grant by an office or school.
   B. After the Budget Execution Section and Accounting Section of the Office of Fiscal Services are notified of the grant, an allocation is made upon verification of the adequacy of the federal appropriation ceiling in the current Appropriations Act.
   C. If personnel are involved, the grant recipient contacts the Office of Human Resources to begin to establish positions.
   D. For grants in excess of the current appropriation ceiling, the program manager and Assistant Superintendent submit a letter to the Superintendent and on to the Governor requesting approval to expend funds.
   E. Upon Governor’s approval, the program manager informs Budget Execution Section and a program allocation is issued via Lotus Notes.

5. **Flow Chart**
   A flow chart of the Federal Fund allocation process follows. It details both the procedures for processing from the notification of the grant award to the entering of an expenditure plan into the Budget System.
Federal Funds Allocation & Expenditure Process

Occasionally, the Federal Government changes its funding stipulations, which result in the DOE having to revise its grant implementation proposals.

The DOE complies with State Procurement Code HRS Sections 103D and 103F, which require formal procurement of purchases of goods and services of $25,000 or more.

Note: Occasionally, Notifications go directly to schools or program managers, for direct grants that they applied for.

Only if Entire Department of Education Federal Funds Ceiling is Exceeded
6. **SP Maintenance Responsibility**
The Budget Execution Administrator in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) for this SP may provide standard responses to common questions when posted. Please review this resource before inquiring via telephone.

7. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Frequently Asked Questions (FAQ) for SP 1624.1

**SP 1624.2: Federal Fund Allocations; Description of Flexibility**

1. **Purpose**
   To describe the flexibility of federal fund allocations.

2. **Effective**
   Immediately.

3. **Applies to**
   Assistant Superintendents, Program Managers, Complex Area Superintendents, Complex Area Business Managers, Principals, School Administrative Services Assistants.

4. **Federal Fund Allocation Expenditure Flexibility**
   Federal funds are allocated in category "T." Category "T" allows for "total" flexibility in the expenditure of funds according to approved federal project proposals. Category "T" allows for A + A1 + B + C + M expenditure plans/characters of expenditure as shown below. The table that follows lists the corresponding cost items for each character of expenditure allowed under Category "T."
Allocation Category = Level of Flexibility

<table>
<thead>
<tr>
<th>Means of Finance</th>
<th>Allocation Category</th>
<th>Allowable Expenditure Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Funds</td>
<td>T</td>
<td>A + A1 + B + C + M</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure Plan Character of Expenditure</th>
<th>FMS Character of Expenditure</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>10</td>
<td>Salaried Personnel Costs</td>
</tr>
<tr>
<td>A1</td>
<td>11</td>
<td>Hourly (Casual) Personnel Costs (e.g., substitutes, part-time employees, temporary contract employees, student helpers, stipends, fringe benefit costs)</td>
</tr>
<tr>
<td>B</td>
<td>20</td>
<td>Supplies, utilities, transportation, repair and maintenance</td>
</tr>
<tr>
<td>C</td>
<td>20</td>
<td>Equipment, textbooks, library books, inventoried items</td>
</tr>
<tr>
<td>M</td>
<td>20</td>
<td>Motor vehicles</td>
</tr>
</tbody>
</table>

5. **SP Maintenance Responsibility**
   The Budget Execution Administrator of the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions when posted. Please review this resource before inquiring via telephone.

6. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1624.2
   (b) SP 1623.3, Budget, Expenditure Plans

**SP 1624.3: Federal Fund Position; Process for Creating**

1. **Purpose**
   To describe the process of establishing temporary positions with federal funds.

2. **Effective**
   Immediately.

3. **Applies to**
   Assistant Superintendents, Program Managers, Complex Area Superintendents, Complex Area Business Managers, Principals, School Administrative Services Assistants, Personnel Regional Officers.
4. **Federal Fund Allocations for Salaried Personnel Costs**
   As noted in SP 1624.2, federal funds are allocated in category "T." This category allows for the creation of expenditure plans in character “A” for salaried personnel costs. Therefore, establishment and hiring of federally funded temporary positions is possible. **Note:** All FTE employees paid with federal funds are temporary positions, not permanent positions.

5. **Establishing Positions with Federal Funds**
   A. Enter the Expenditure Plan in Character A and submit a screen print to the Personnel Regional Officer (PRO)/Complex Area Superintendent (CAS) along with the request to establish the position. This informs the Office of Human Resources (OHR) that the funds are available to hire the employee (OHR may also request a copy of approved project proposal). The expenditure plan screen print also includes payroll codes OHR needs to establish the position.
   B. Exception: Title I allocations may not arrive until after the school year begins. The Title I Program Manager provides OHR with a list of the schools whose approved project plans include hiring salaried personnel. OHR does not require an Expenditure Plan for Title I and uses this list as confirmation that the funds will be available for salaries.
   C. Employees working on federally-funded programs must complete a payroll certification form that shall be filed and maintained with all other documentation of fiscal transactions. Reference SP 0404, Payroll documentation requirements for federal funded programs.

6. **Flow Chart – Establishing Certificated Positions with Federal Funds**
   The following chart details the actions to be taken by schools and program managers to establish certificated positions with federal funds.
**STATE PROGRAM MANAGERS**

- Sends listing of authorized schools receiving funds to OHR, CAS, and District PRO. Listing should include the following:
  - School Names
  - FTE count (Temp only)
  - Appropriation, Program ID, and Payroll Codes
- Notifies authorized schools that are to receive funding for positions.

*NOTE:* This eliminates the submission of the expenditure plan from schools to the PROs for grants awarded to several schools (i.e., Title I, Reading First, etc.).

---

**REQUESTOR**

**(School)**

AFTER funds are allocated:
- Create “A” Expenditure Plan*
  - MUST reflect grant application request
  - Budget salary and FTE for FY (School is responsible for actual charges)
- Create “A1” Expenditure Plan* for fringe costs
- Send print screen of Expenditure Plan and Request to Est. Position to District Personnel Regional Office (PRO)

**REQUESTOR**

**(School Program Managers)**

AFTER funds are allocated:
- Create “A” Expenditure Plan*
  - MUST reflect grant application request
  - Budget salary and FTE for FY (School is responsible for actual charges)
- Create “A1” Expenditure Plan* for fringe costs
- Send print screen of Expenditure Plan and Request to Establish Position to District Personnel Regional Office (PRO)

**REQUESTOR**

**(State/Complex Area)**

AFTER funds are allocated:
- Create “A” Expenditure Plan*
  - MUST reflect grant application request
  - Budget salary and FTE for FY (Office is responsible for actual charges)
- Create “A1” Expenditure Plan* for fringe costs
- Send print screen of Expenditure Plan and Request to Establish Position to OHR

---

**DISTRICT PRO**

- Verifies information
- Sends to OHR to establish position

**OHR - CLASSIFICATION & COMPENSATION SECTION**

- Validates requests by:
  - Verifying against listing provided by State Program Managers; or
  - Verifying funding is available through Expenditure Plan
- Establishes position following normal procedures for Certificated Employees
7. **Establishing Classified Positions with Federal Funds**

The following chart details how to establish classified positions.

---

**REQUESTOR (School / Office / Program Manager)**

- Create “A” Expenditure Plan
  - MUST reflect grant application request
  - Budget salary and FTE for FY (Requestor is responsible for actual charges)
- Create “A1” Expenditure Plan for fringe costs
- Send copy of Expenditure Plan and Request to Establish Position to District Personnel Regional Office (PRO)

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**DISTRICT PRO**

- Completes DOE-V1, DPS206 and Position Description (PD)
- Sends to Budget Preparation Section with copy of Expenditure Plan

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**BUDGET PREP**

- Reviews / verifies documentation
- Send to Accounting (School Level positions) or OHR (State/Complex Area Level positions)

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**ACCOUNTING**

- Verifies Uniform Accounting Code

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**OHR**

- Verifies position with Organizational Chart
- Classifies and Establishes position

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**Recruitment & Hiring**

- Via PRO for School or Complex Area level positions
- Via respective office for State level positions.
• **Note:** Expenditure plans are created in the electronic Budget System.

7. **SP Maintenance Responsibility**
   The Budget Execution Administrator in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) reference page for this SP may provide standard responses to common questions when posted. Please review this resource before inquiring via telephone.

8. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1624.3
   (b) SP 1624, Budget Execution Procedures, Federal
   (c) SP 1624.2, Budget, Federal Fund Allocation Character Flexibility

**Forms**

**SP 1624.4: Federally Funded Personnel; Description of Actual Payroll Costs**

1. **Purpose**
   To clarify that schools and offices are responsible for the actual payroll costs incurred for federally funded personnel.

2. **Effective**
   Immediately.

3. **Applies to**
   Assistant Superintendents, Program Managers, Complex Area Superintendents, Complex Area Business Managers, Principals, School Administrative Services Assistants.

4. **Actual Payroll Costs**
   The staff paid from federal funds is charged to the school or office's allotment, thereby making the school or office responsible for all deficits incurred. Federal fund allotments designated for payroll costs should cover anticipated pay raises and fringe benefit costs.

   If a substitute is required for a federally-funded teacher due to sick leave, the substitute's pay and associated fringes are charged to the school's account.

   Employees working on federally funded programs must complete a payroll certification form, which shall be filed and maintained with all other documentation of fiscal transactions. Reference SP 0404, Payroll documentation requirements for federal funded programs.
5. **SP Maintenance Responsibility**
The Budget Execution Administrator in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions when posted. Please review this resource before inquiring via telephone.

6. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Frequently Asked Questions (FAQ) for SP 1624.4

**SP 1624.5: Federal Fund Fringe Benefit Costs; Actual vs Estimated**

1. **Purpose**
To clarify that schools and offices are responsible for the actual fringe benefit costs incurred for federally funded personnel.

2. **Effective**
Immediately.

3. **Applies to**
Assistant Superintendents, Program Managers, Complex Area Superintendents, Complex Area Business Managers, Principals, School Administrative Services Assistants.

4. **Actual Fringe Benefit Costs**
The employer’s share of the fringe benefit costs for staff paid from federal funds is charged to the school or office’s allotment. As a result, federal fund allotments should factor in fringe benefit costs calculated at the most current rates.

Actual fringe benefit costs may vary by employee and are subject to change. Schools and offices are responsible for all deficits incurred from underestimation of fringe benefit costs.

5. **SP Maintenance Responsibility**
The Budget Execution Administrator in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) reference page for this SP may provide standard responses to common questions when posted. Please review this resource before inquiring via telephone.

6. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Frequently Asked Questions (FAQ) for SP 1625.4
SP 1624.6: Federal Fund Lapse Date

1. **Purpose**
   To explain the determination of the lapse date for federal grant allocations.

2. **Effective**
   Immediately.

3. **Applies to**
   Assistant Superintendents, Program Managers, Complex Area Superintendents, Complex Area Business Managers, Principals, School Administrative Services Assistants.

4. **Lapse Date for Federal Fund Allocations**
   The Lapse Date is the last date the federal grant funds can be used to post a purchase order. If a purchase order from the prior budget fiscal year (BFY) has savings and the Lapse Date has passed, the funds cannot be used for a new purchase order. Prior BFY purchase order savings are returned to the Program Manager, if the grant to the DOE has not ended yet. Many federal grants end on September 30th, which is the end of the federal government's fiscal year. In general, all encumbrances should be liquidated (i.e. paid) within 45 days following the end of the grant.

   The lapse date for a federal grant is derived from the Grant Award Notification. The lapse date is entered into the Budget System and can be found on the Budget System Expenditure Plan screen. To see the lapse date, retrieve the federal Program ID code number using the Budget System Expenditure Plan screen. The start date and the lapse date are displayed to the right of the "Grant" number field. The dates appear in the following format: YYYYMMDD – YYYYMMDD

   Example of Expenditure Plan Screen With Grant Lapse Date Shown:

   Functions E-Mail Password Menu Options Report Exit
   Date: 07/19/2006
   Expenditure Plan for Fiscal Year 2006-07 X2.05
     BUDGET
   Prim ID: 17970:07 TEACHING AMERICAN HISTORY GRANTS P/R Code: S261ED70
   MOF: FEDERAL Apprn Cd: 261 Grant: 650050 20020701 -20060930
   Dist/Off Code: 95 OFFICE OF CURRICULUM, INST Org ID: 041000 OCISS-HLTH PE SOC ST
   Character of Expenditure: B OTHER CURRENT EXPENSES

   The accounting acronym FIFO may appear in the lapse date. FIFO stands for “first in, first out.” It is applied to ongoing or continuous federal grants for which an absolute lapse date has not been determined.

   In addition, the Program Manager may set an internal lapse date and include special instructions. These are stated in the Allocation Notice document in Lotus Notes.
5. **SP Maintenance Responsibility**
The Budget Execution Administrator in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) reference page for this SP may provide standard responses to common questions when they are posted. Please review this resource before inquiring via telephone.

6. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Frequently Asked Questions (FAQ) for SP1624.6

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**SP 1624.7: Federal Fund Carryover Allocation Year**

1. **Purpose**
   To explain the treatment of carryover allocations for federal funds.

2. **Effective**
   Immediately.

3. **Applies to**
   Assistant Superintendents, Program Managers, Complex Area Superintendents, Complex Area Business Managers, Principals, School Administrative Services Assistants.

4. **Carryover Budget Fiscal Year for Federal Fund Allocations**
The lapse date for a federal grant is derived from the Grant Award Notification. Up until the lapse date, all federal grant allocations are considered available for the current fiscal year.

As a result, carryover federal funds for a particular grant year retain the SAME Program ID and "T" Allocation Character, but the Budget Fiscal Year (BFY) changes to the current fiscal year. For example, Aloha School has $5,000 remaining on June 30, 2009, in Program ID 18902-09. The $5,000 carries over in Program ID 18902-10 in Character "T." The school must enter an expenditure plan for the carryover funds in order to spend it in fiscal year 2009-10.

5. **SP Maintenance Responsibility**
The Budget Execution Administrator in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

The Frequently Asked Questions (FAQ) reference page for this SP may provide standard responses to common questions when posted. Please review this resource before inquiring via telephone.
References, Resources, and Forms
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Frequently Asked Questions (FAQ) for SP 1624.7

SP 1625: Budget; Selling EDN 100 Categorical Positions

1. Purpose
To establish a procedure for a school to expend the funding for a vacant EDN100 (School Based Budgeting) categorical general fund position possibly for a purpose that is different than the purpose of the categorical program. For the purpose of this procedure, an EDN100 categorical position is defined as any position funded in the general appropriations act under EDN100 with general funds that are not in the Weighted Student Formula. A position can only be sold for the fiscal year in which it was allocated.

2. Effective
Immediately.

3. Applies to
Assistant Superintendents, Complex Area Superintendents, Program Managers, Principals, Budget Specialists, Personnel Regional Officers, Personnel Specialists, Personnel Clerks.

4. Process to Sell a Categorical Position
A Program Manager
  1. Allocate categorical positions to schools.
B School Principal
  1. Obtain the allocation notice (Lotus Notes) which states a position has been allocated to the school. (Funds will be allocated to Central Salary.) Review the Purpose in the Allocation Notice document.
  2. Verify that the position is vacant. Allocation of categorical positions for many programs does not often change each year. It is possible that the position was allocated the prior year and is filled.
  3. Determine that the school has higher priority needs than the position currently vacant.
  4. Gather the information required to request the position sale. The required information is on the attached memo format. The effective date of the position sale cannot be prior to the date of the request. The dollar amount to be allocated if the position is sold will depend on the date the request is approved by the Superintendent. Contact the Budget Branch to determine the salary amount for which the position was budgeted.
  5. Contact the Program Manager via email or memo, to request that the funding for the position be transferred from Central Salary back to the categorical Program ID or to Program ID 42100, Weighted Student Formula, to be used according to the priority needs of the school.
  6. Provide a copy of the email or memo to the Complex Area Superintendent (CAS).
C. **Program Manager**
   1. **NOTE:** the Program Manager is responsible for justification of the program during program evaluation and for meeting key performance indicators.
      a. Review the information provided by the school principal. Determine if the request is justified, or if the position should be allocated to another school to be filled and used according to the legislative intent.
      b. If the request is not justified, inform the school principal and the CAS, and either: Request an allocation notice template, and prepare a subsequent allocation notice to document the allocation of the position to a different school.
   2. Prepare a memo using the memo format provided in the Forms section of this SP requesting the position be sold with funds provided to the categorical Program ID for subsequent allocation from the Program Manager’s Organization ID according to the needs of the categorical program. Route the memo to the program manager’s assistant superintendent.
   3. If the request is justified, prepare a memo using the memo format provided in the Forms section of this SP.
   4. Route the memo to the program manager’s assistant superintendent.

D. **Assistant Superintendent**
   1. Review the request memo and determine if it is justified.
      a. If the request is not justified, return the memo to the school and the program manager as disapproved.
      b. If the request is justified, transmit to the Superintendent.

E. **Superintendent**
   1. Review the request memo and determine if it is justified.
   2. If the request is not justified, sign the memo as “Disapproved” and return the original memo to the assistant superintendent; copies to the CAS, school and program manager.
   3. If the request is justified, sign the memo as “Approved” and return original to the assistant superintendent; copies to the CAS, school, program manager, Office of Fiscal Services Budget Branch, and Office of Human Resources.

F. **Budget Branch**
   1. Confirm the dollar amount to be transferred (based on the budgeted salary amount and the effective date of the approval).
   2. Enter the transaction approved by the Superintendent (transfer funds from Central Salary to the requested Program ID/Character).
   3. Send allocation notice template to program manager to document the transfer of funds from Character “A” to Character A1, B, C, or F, consistent with the other Character allocations for that Program ID.

G. **Office of Human Resources Assistant Superintendent**
   1. Inform the Personnel Regional Office of the sale.
   2. Inform the position control personnel technician or position control personnel management specialist.
   3. Abolish the “sold” position or change status to “inactive.”
5. **SP Maintenance Responsibility**  
The Budget Director in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

6. **The Frequently Asked Questions (FAQ) page** for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone.

7. **References, Resources, and Forms**  
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.  
Frequently Asked Questions (FAQ) for SP 1625  
(a) Flow chart for Process to “Sell” Categorical Position  
(b) Memo format for request to sell a categorical position

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**SP 1626: Budget: Chapter 42F, HRS; Guidelines and Procedures**

1. **Purpose**  
To describe the Chapter 42F, HRS, grant process.

2. **Effective**  
Immediately.

3. **Applies to**  
Assistant Superintendents, Program Managers, Budget Branch, Procurement and Contracts Branch staff, and Accounting staff.

4. **Background**  
Chapter 42F, HRS, establishes specific requirements for eligible recipients appropriated public funds through the DOE as the expending agency. The recipient must be an individual or organization licensed or accredited to provide the services and must be a private or non-profit agency. Funds are appropriated by the Legislature as grants or subsidies to support services or activities that benefit the public. Funds may only be awarded pursuant to standards under Chapter 42F, HRS. The Budget Branch has been tasked with the responsibility for coordination of the grant process in DOE.

5. **Chapter 42F Grant Process for DOE**  
A. **Application**  
Under Chapter 42F, HRS, applications must be received by the appropriate legislative committee at the start of each session for consideration of funding. Grant applications, instructions, and information (FAQs) are available on the legislative website (http://www.capitol.hawaii.gov/) under Legislative Information. After the applications have been received and assigned, the committees may request a review of the applications by appropriate state agencies.
B. **Referral to DOE**
When a grant application is referred to DOE by the Legislature, it will be identified by a log number. Each application is received in the Superintendent’s Office then transmitted to the Budget Branch Grants Administrator (GA) in the Budget Preparation Section who maintains a list of applications received and actions taken.

C. **DOE Eligibility Review**
The GA will then do a quick review for Chapter 42F eligibility and whether the requested funding is education-related. If the application does not appear to be eligible under Chapter 42F, the application is returned to the committee as “ineligible under Chapter 42F”. If the application appears to be eligible, but is not education-related, it is referred to another state agency for review. The legislative committee(s) should be informed of the transfer.

D. **DOE Review and Recommendation**
The Budget Branch assigns remaining applications to the appropriate Assistant Superintendents (who may then assign the application to a Program Manager or other staff) for review, i.e., curriculum related activities will be assigned to OCIISS. A blank Statement of Findings form accompanies each application to be filled out by the reviewer, including recommendations on program and funding issues. The application and completed Statement of Findings are then returned to Budget Branch for recording, copies are made, and the forms are transmitted back to the appropriate Legislative committee.

E. **Questions Regarding Applications Transmitted to DOE**
Questions from legislators or legislative staff, the applicant, or the public will be coordinated through the Budget Branch, or the Superintendent’s Office. Questions raised within DOE should be directed to the GA. If necessary, the GA may then request that a policy decision be made by the appropriate Assistant Superintendent or the Superintendent.

F. **Funding Decisions on Chapter 42F Applications**
Funding decisions on grant applications are generally made toward the end of the legislative session. Legislative appropriations are made through a specific bill, a proviso in the budget bill, or the grantees are listed in the conference draft of the budget worksheets under the state agency designated as the expending agency.

G. **Chapter 42F Appropriations and Expenditures**
When the appropriation is enacted with DOE as the expending agency, the GA prepares a request to the Governor from the Superintendent for release of the funds. The Governor’s Budget Execution Policies for that fiscal year will provide instructions, forms, and timelines to request the release. In general, the DOE is first required to submit a list of proposed expenditures for the fiscal year, including the grants (operating and CIP) to be expended.

Depending on the State’s economy, the Governor or Director of Finance may issue specific instructions relating to the release of funds. If no specific instructions are issued and the list of expenditures is not disapproved or expenditures deferred, the GA prepares individual requests for release of each
grant, accompanied by the proper forms and a copy of the grant application, to be submitted to the Governor through the Director of Finance from the Superintendent.

H. Chapter 42F Expenditures Must Be Made Through a Contract with the Expending Agency

At this time, anticipating approval of the requests, the GA begins developing the Scope of Services based on the grant application and may coordinate drafting of the contract with the OFS Procurement and Contracts Branch.

When notified that the funds have been released, the OFS Procurement and Contracts Branch transmit the draft contracts to the Attorney General (AG) for approval. Funds appropriated for grants and subsidies may only be disbursed through a contract between the expending agency and the recipient.

I. Legal Requirements for Disbursement of Funds

Funds may only be disbursed in compliance with statutory requirements under Chapter 42F and Section 84-15 (under the State Code of Ethics), HRS, and related administrative procedures.

If the release of funds occurs near the end of the fiscal year, the GA must submit C-41 forms to OFS Procurement and Contracts Branch to encumber the funds. Funds appropriated under Chapter 42F must be expended or encumbered in the fiscal year for which the funds were awarded.

The term of a Chapter 42F contract must begin on the first day of the fiscal year for which the funds are appropriated, even when the funds are released later in the year. The exact period of the contract may be discussed with the grantee to ensure that the contract provides sufficient time to implement the activities being funded, e.g., covering a school year.

Upon approval by the AG, the contracts are finalized and sent to the grantees for signature. After receiving the signed contracts, the OFS Procurement and Contracts Branch obtain final approval from the AG. The Superintendent signs the contracts and copies are disbursed.

Under Chapter 42F, a grantee may request that up to 25% of the contract amount may be released by the expending agency prior to the execution of the contract. It is noted that the expending agency is considered a “pass through” for purposes of disbursing the funds to be expended by the grantee to fulfill grant requirements. Upon execution of the contract, the grantee may invoice for the full amount of the grant, prior to completion of grant activities.

J. Monitoring and Oversight Requirements

Although Chapter 42F requires monitoring of the grants and subsidies, oversight is minimal, to the extent necessary to confirm that the grantee is in compliance with Chapter 42F and the grant application. Oversight responsibilities may be fulfilled by receipt of a program and financial report of the funds expended and occasional contact with the grantee. Per informal opinion of the DOE’s Deputy AG, neither the DOE nor the GA should prescribe the actions of the grantee for the performance of contracted activities. (Oversight should be ministerial in
nature.) Neither should be there any significant deviation from the activities and requirements contained in the grant application, proposed by either DOE or the grantee, unless part of a legal requirement imposed by the AG for similar contracts, or within the authority of the State as stipulated in the contract agreement.

Should the grantee be found in non-compliance of grant/contract requirements, the contract includes available alternatives. These include: terminating any future payments on the contract, requesting reimbursement of amounts previously disbursed, and/or termination of the contract.

K. Funds are Non-Recurring
Chapter 42F funds are non-recurring to the expending agency and may only be awarded by the Legislature.

6. **SP Maintenance Responsibility**
The Grant Administrator for Chapter 42F grants in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

Please review the additional information provided below before inquiring via telephone.

7. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
(a) Chapter 42F HRS

**Forms**
(b) Grant-In-Aid Application Instructions and Forms are available at the legislative website (http://www.capitol.hawaii.gov/). Click on Legislative Information, and then click on Grant-In-Aid. Files are in Excel, Word, and PDF format.

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**SP 1627: Unbudgeted Needs; Procedure to Request**

1. **Purpose**
To provide a procedure to request funding of unbudgeted needs in the current school year.

2. **Effective**

3. **Applies to**
Assistant Superintendents, Complex Area Superintendents, Complex Area Business Managers, Principals, Directors in the Superintendent’s Office.

4. **Accountability for Current Funds**
The tax-paying public expects the DOE to be financially accountable for the use of the funds appropriated to it.
If an office or school has specific unbudgeted needs, the administrator must first look within the office or school’s existing operating budget to determine whether there are alternatives, such as redirecting existing funds, to meet the needs before requesting more money.

5. **Submittal of Request for Unbudgeted Funding**

After exhausting alternatives, all requests for unbudgeted funding must be submitted to the Superintendent’s Office for evaluation. The requests must be requested in a memo on DOE letterhead using the Unbudgeted Needs format. A copy of the memo must be provided to the Budget Director.

Unbudgeted needs requests may not be submitted directly to the Chief Financial Officer, Budget Director, or Budget staff. By following this Standard Practice for unbudgeted needs, the Superintendent is aware of all additional funding needs in the DOE.

6. **Documentation for Request for Unbudgeted Funding**

The memo requesting funding for unbudgeted needs must provide the following information:

<table>
<thead>
<tr>
<th>Memo Section</th>
<th>Required Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Program ID, Title</td>
<td>Specify the Program ID code number and description for which funds are being requested</td>
</tr>
</tbody>
</table>
| 2 Justification of Need | Respond to all of the questions to explain why the funds are needed:  
  - Background information  
  - Why is there a shortfall at this time?  
  - When was the shortfall discovered?  
  - What has been done to mitigate the shortfall?  
  - What funds are currently being utilized to fund this program?  
  - What are the implications, if funds are not provided? |
| 3 Cost of this Request | Enter the total cost. Also, provide the details by Character of Expenditure  
  A – Salaries  
  A1 – Hourly Payroll  
  B – Other Current Expenses  
  C – Equipment |
| 4 What are the expected outcomes that would impact student achievement? | Explain:  
  - The outcomes that are expected from these expenditures.  
  - The relationship between the use of the requested funds and student achievement. |
| 5 What actions will be taken in the future to prevent this shortfall | Document the plan for future fiscal years that will provide for the expenditures. |
7. **Dispensation of Request**
   A. The Superintendent will evaluate the submitted request, decide to approve or disapprove the request, and sign the form.
   B. The signed form will be returned to the Assistant Superintendent, Complex Area Superintendent, or Director in the Superintendent's Office.
   C. If the request is approved, contact the Budget Director to determine the Program ID code number in which the funds will be allocated and to obtain a Lotus Notes allocation template to allocate the funds.
   D. The requester should attach a copy of the approved memo to the SF1A when establishing or extending classified or SSP positions funded by the request.

8. **SP Maintenance Responsibility**
   The Budget Director in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone.

9. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1627.

**Forms**
None

**SP 1629: Budget; Buying or Selling Indexed Complex Area Allocation Positions**

1. **Purpose**
   To establish the procedures for a Complex Area Superintendent (CAS) to add (“buy”) or delete (“sell”) a position funded through an approved Indexed Complex Area Allocation (ICAA) Financial Plan.

2. **Effective**
   May 1, 2009 for Fiscal Year 2009-10 (Beginning of implementation of ICAA).

3. **Applies to**
   Complex Area Superintendents, Complex Area Business Managers, Budget Specialists, Personnel Regional Officers, Personnel Specialists and Personnel Clerks.
4. **Reason to Buy or Sell a Position Funded by ICAA Funds**

After an ICAA Financial Plan has been approved by the Superintendent, the CAS may determine that an adjustment to the number of positions on the approved plan is required. The CAS may add positions for the remainder of the fiscal year by buying additional positions, or delete positions by selling vacant positions. If the adjustment is needed beyond the current fiscal year, the CAS will fund (or not fund) the position on the next annual ICAA Financial Plan.

5. **Process to Buy a Position Funded by ICAA Funds**

*Warning: The cost of bought positions will not be adjusted due to delays in hiring or obtaining approval to fill a vacancy. Position hiring freezes will delay the filling of bought positions.*

A. **Complex Area Superintendent**
   a. Determine that a position that is not already funded on the approved ICAA Financial Plan is needed.
   b. Proceed with the process to buy a position.

B. **Complex Area Business Manager**
   a. Estimate the cost of purchasing the position (based on average salary and proposed effective date).
   b. Ensure the estimated cost is in the “Difference” in the Budget System (i.e. not in an expenditure plan).
   c. Complete ICAA-1 form “Indexed Complex Area Allocation Adjustments for Buying and Selling Positions”, yellow highlighted cells only. See Form (c).
   d. Attach position description, and OHR forms required to establish new Classified, School Support Personnel (SSP) or Certificated positions.
   e. Request the CAS to sign the form.
   f. Between May 1st and February 28th, route the ICAA-1 form with the CAS’s original signature and attachments to the Office of Fiscal Services, attention Assistant Superintendent/CFO. Forms will not be accepted after February 28th.

C. **Office of Fiscal Services Assistant Superintendent/CFO**
   a. Review ICAA-1 form to ensure all required information is provided.
   b. Sign ICAA-1 form if approved.
   c. Route ICAA-1 form and attachments to the Office of Human Resources Personnel Management Branch.

D. **Office of Human Resources Personnel Management Branch**
   a. Review request to verify the forms to establish the position are completed and the position description is in accordance with OHR policies.
   b. Verify that requested effective dates are reasonable.
   c. Sign verification of review.
   d. Route the ICAA-1 form and attachments to the Office of Fiscal Services Budget Branch.
E. Office of Fiscal Services Budget Branch
   a. Confirm the calculation of the dollar amount to be transferred to Central Salary (based on the position type and verified effective date).
   b. Confirm the dollar amount is in “Difference” in Budget System.
   c. Sign ICAA-1 form verifying the dollar amount.
   d. Enter the transaction approved by the Assistant Superintendent/CFO in the internal log (transfer funds from Character F to Character A in the Central Salary Organization ID).
   e. Scan original form into PDF file.
   f. Send email to CAS, CABM, PRO, OHR-Personnel Management Branch notifying the transaction has been completed, with PDF file attachment.
   g. Sign ICAA-1 form verifying that the email has been sent.
   h. File the original form for possible review by program evaluator or auditor.
   i. Adjust allocations in the Budget System.

F. Office of Human Resources Personnel Management Branch
   a. Establish new position in OHR systems.
   b. Notify PRO of the position number.

G. Office of Human Resources Personnel Regional Office
   a. Notify CAS of the new position number.
   b. If applicable, follow procedures to request approval to fill a frozen position.
   c. After approval is obtained, begin process to fill the new position.

H. Complex Area Superintendent
   a. Update the current year’s Operational Plan to indicate the change in the resources available to carry out the year’s plan.

6. Process to Sell a Position Funded in the ICAA Financial Plan
   A. Complex Area Superintendent
      1. Determine that a position funded on the approved ICAA Financial Plan is vacant.
      2. Inform the Personnel Regional Officer (PRO) of intent to sell a position, and to stop the recruitment process.

   B. Complex Area Business Manager (CABM)
      a. Complete ICAA-1 form, “Indexed Complex Area Allocation Adjustments for Buying and Selling Positions”, yellow highlighted cells only. See Form (c).
      b. Request the CAS to sign the form.
      c. Between May 1st and February 28th, route the form with CAS’s original signature to the Office of Fiscal Services, attention Assistant Superintendent/CFO no less than five (5) days prior to the effective “sell” date. Forms will not be accepted after February 28th.

   C. Office of Fiscal Services Assistant Superintendent/CFO
      a. Review ICAA-1 form to verify all required information is provided.
      b. Sign ICAA-1 form if approved.
      c. Route form to the Office of Human Resources Personnel Management Branch.
D. Office of Human Resources Personnel Management Branch
   a. Verify that the requested effective dates are reasonable.
   b. Verify the position is vacant.
   c. Sign ICAA-1 form verifying the position is vacant.
   d. Route signed form to Office of Fiscal Services Budget Branch.

E. Office of Fiscal Services Budget Branch
   a. Confirm the dollar amount to be transferred based on the average salary amount and the verified effective date.
   b. Sign ICAA-1 form verifying the position is vacant.
   c. Enter the transaction approved by the Assistant Superintendent/CFO in internal log (transfer funds from Central Salary to Character F in the CAS’s Organization ID).
   d. Scan original form into PDF file.
   e. Send email to CAS, CABM, PRO, OHR-Personnel Management Branch notifying the transaction has been completed, with PDF file attachment.
   f. Sign ICAA-1 form verifying the email has been sent.
   g. File the original form for possible review by program evaluator or auditor.
   h. Adjust allocations in the Budget System.

F. Office of Human Resources Personnel Management Branch
   a. Freeze the “sold” position or change the status to “inactive” to prevent filling.

G. Complex Area Business Manager
   a. Create expenditure plan for funds transferred from Central Salary.

H. Complex Area Superintendent
   a. Update the current year’s Operational Plan to indicate the change in resources to carry out the year’s plan.

7. **SP Maintenance Responsibility**
   The Budget Director in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone.

8. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1629
   (b) Flow Chart for Process to “Buy” ICAA Position
   (c) Flow Chart for Process to “Sell” ICAA Position

   **Forms**
   (d) ICAA-1 “Indexed Complex Area Allocation Adjustments for Buying and Selling Positions
SP 1631: Internal Financial Controls; Description of

1. **Purpose**
   To provide a high-level overview and explanation of “internal financial controls,” what it means, and what is involved.

2. **Effective**
   Immediately.

3. **Applies to**
   All DOE staff who have fiscal management and compliance responsibilities.

4. **Background**
   In lay persons’ terms, “internal financial controls” means having effective “checks and balances” to make sure monies are handled accurately and properly in an organization, including privately owned and governmental organizations.

   In the governmental public sector, the Federal Office of Management and Budget (OMB) issued Circular No. A-123 on December 21, 2004, which defined management’s responsibility for internal control in Federal governmental agencies.

   Historically, the Federal OMB has required annual financial audits of all state governmental agencies that receive large amounts of federal funding (such as the DOE). This dates back to The Single Audit Act of 1984 (with amendment in 1996), and OMB Circular A-133, which defined the requirements for these audits of state governmental agencies. As a result, the DOE’s books are audited by an independent Certified Public Accountant (CPA) firm every year.

   The bottom line is accountability. The DOE must ensure that proper checks and balances are in place and are being followed. This SP describes how public monies can be accounted for accurately, thereby minimizing the risk of fraud or misappropriation of funds.

5. **Internal Financial Controls**
   Internal financial controls are the “checks and balances,” or the process implemented by the BOE and the DOE management and personnel to ensure effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

   There are five components of internal financial controls:
   A. **Control Environment**: Sets the tone of the organization and is characterized by the organization’s values, authority, and responsibility, as well as management style and philosophy.
   B. **Risk Assessment**: Appraises potential threats by identifying, addressing, and managing internal and external risks, such as economic conditions, industry, governmental, and operating conditions.
   C. **Control Activities**: Ensures management directives are carried out through policies and procedures. These include approvals, authorizations, verifications,
reconciliations, reviews of performance, security of assets, and segregation of duties.

D. **Information and Communication:** Sends clear messages and information up and down, across, and to others outside the organization.

E. **Monitoring:** Checks processes periodically to verify they are operating effectively and efficiently. This includes regular management and supervision, as well as periodic audits.

6. **SP Maintenance Responsibility**
   The Chief Financial Officer (CFO) will be responsible for maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) reference page for this SP may provide standard responses to common questions when posted. Please review this resource before inquiring via telephone.

7. **References and Resources**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1631.
   (b) Federal Office of Management and Budget (OMB) website.
   (c) Committee of Sponsoring Organizations of the Treadway Commission (COSO)

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**SP 1633: Position Control Procedures for WSF Positions**

1. **Purpose**
   To ensure that the number of positions established does not exceed the number of authorized positions in the Academic and Financial Plan (AFP).

2. **Effective**
   Immediately.

3. **Applies to**
   Assistant Superintendents, Directors in the Superintendent’s Office, Complex Area Superintendents.

4. **Authorized Positions**
   A. Authorization of positions, funded by the Weighted Student Formula (WSF), is the school’s approved AFP.
   B. Authorization of positions funded by non-WSF Program IDs is the legislative appropriations act.
   C. Adjustments to the WSF positions in the AFP can be made by using the WSF-1 Buy/Sell process. See Reference (d).

5. **Position Control Flow Chart for Positions Funded by WSF (next page)**
   The flow chart below depicts the position control process for positions funded by WSF. The steps of the process are explained following the flow chart.
5. Continued; Position Control Weighted Student Formula

- School creates AFP in eHR and submits to CAS for approval
- eHR summarizes AFP
- Personnel Regional Officer (PRO)

Weighted Student Formula (WSF) Academic and Financial Plan (AFP)

Start

School creates AFP in eHR and submits to CAS for approval

PRO reviews AFP verses current established positions

School’s positions match AFP? Yes

End

No

Not enough positions?

eHR summarizes AFP

PRO establishes more positions

Too many positions?

School wants to keep additional positions?

Yes

WSF1 process to buy position(s)

No

PRO follows reduction procedures
6. **Positions Funded by WSF**
   After the Complex Area Superintendent has approved an AFP that balances to the WSF allocation, eHR summarizes all WSF funded positions in AFPs and this information is made available to the Personnel Regional Officers (PROs). For each school in the district, the PRO reviews the AFP against the positions currently established at the school.
   A. If the number of established positions at the school, by type (e.g., teachers, clerks, custodians) matches the number currently established, no action is required.
   B. If the school does not have enough positions established, the PRO may establish additional positions.
   C. If the school has more positions established than budgeted on the AFP, the PRO contacts the school to determine if the school is planning to adjust the AFP to “Buy” the position(s) using the WSF-1 Buy/Sell Process. If the answer is yes, the PRO ensures that the WSF-1 forms are submitted.
   D. If the school does not plan to “Buy” the position(s), the PRO follows the reduction procedure.
   E. A DOE-v1 must be submitted to the Budget Preparation Section to make changes to the Uniform Accounting Code (UAC) for established classified and/or SSP positions.

7. **SP Maintenance Responsibility**
   The Budget Director in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

   The Frequently Asked Questions (FAQ) reference page for this SP may provide standard responses to common questions. Please review this resource before inquiring via telephone.

8. **References, Resources, and Forms**
   The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
   (a) Frequently Asked Questions (FAQ) for SP 1633
   (b) HRS, Section 302A-1116, Authority for the DOE to create temporary positions
   (c) HRS, Section 37-0074, Authority for the Superintendent to approve transfer of funds among cost categories (Characters of Expenditure)
   (d) WSF-1B Position Buy & WSF-1S Position Sell; on Lotus Notes Budget Branch

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**SP 1634: Fiscal Implementation of Approved Reorganizations**

1. **Purpose**
   To document the fiscal and other actions required to implement a reorganization after the revised organization chart has been approved by the Superintendent and updated by the Personnel Development Branch of the Office of Human Resources.

2. **Effective**
   Immediately.
3. **Applies to**  
Assistant Superintendents, Directors in the Superintendent’s Office, Complex Area Superintendents, Staff in the Office of Fiscal Services and Office of Human Resources, Office of School Facilities and Support Services, and Office of Information Technology Services.

4. **Background**  
When organizational changes are approved by the Superintendent, and the organization chart has been updated by the Personnel Development Branch of the Office of Human Resources, specific actions are needed to ensure that the Department’s personnel and fiscal systems are updated to match the new organization.

5. **Preparation by the Affected Office(s)**  
The Assistant Superintendent or Complex Area Superintendent (CAS) of the reorganized office prepares a list of all positions on the office’s organization chart, including: position number; class title; current FTE percentage; current Organization ID; current Program ID; revised FTE %, revised Organization ID, and Revised Program ID.

All positions are accounted for, even those whose information is not changing. The list should also include notes for positions or class titles which will be reallocated to a different series.

The Assistant Superintendent or CAS also identifies new Program ID codes, new Organization ID codes, Organization ID deletions, change in district office, organization change in address, or changes to titles of existing codes needed to implement the reorganization. Title changes to existing Program ID and Organization ID codes are only allowed at the beginning of a fiscal year, to ensure that fiscal reports are consistent throughout the fiscal year.

When the reorganization affects more than one state office or complex area, the AS or CAS should coordinate the actions to ensure other offices affected by the reorganization also work with the Personnel Development Branch of the Office of Human Resources to update their organization charts.

The actions listed below are initiated by the AS or CAS of the affected office or complex area.

6. **Account Code Changes**  
1. Organization ID code title changes  
   a. Budget System: Send a Lotus Notes email message to the Administrator of the Budget Execution Section before April 1, for the change to be effective July 1, 2xxx for the new fiscal year.
   b. FMS: Submit form FMS-T2 Batch Org Table Maintenance Form to the FMS System Administrator. SubOrg IDs may also need to be updated.
   c. OHR:  
      A. If the Organization ID is a school code, send a Lotus Notes email message to the Record & Transactions Certificated Unit in the Personnel Management Branch and to the Communications Director in the Superintendent’s Office.
      B. If the Organization ID is a state office or complex area code, send a Lotus Notes email message to the Classification and Compensation Section of
the Personnel Management Branch and to the Communications Director in the Superintendent’s Office.

2. Program ID code title changes
   a. Budget System: Send a Lotus Notes email message to the Administrator of the Budget Execution Section before June 1, 2xxx, for the change to be effective July 1, 2xxx for the new fiscal year.
   b. The Budget Branch will coordinate with OFS-Accounting Services Branch to ensure the Program ID title is changed in both the Budget System and in FMS.

3. New Organization ID code
   a. Accounting: Request a new Organization ID code to be assigned from OFS-Accounting Services Branch.
   b. FMS: To establish the new Organization ID code in FMS and the Budget System, submit form FMS-AT2 to the FMS System Administrator.
   c. Budget System: After the new Organization ID has been established in FMS, the requesting administrator must send a Lotus Notes email message to the Administrator of the Budget Execution Section requesting the Organization ID to be added to the Budget System and a Budget System User ID to be established. The requesting administrator should identify the individual to whom the Budget System User ID and password should be given.
   d. OHR:
      A. If the Organization ID is a school code, send a Lotus Notes email message to the Record & Transactions Certificated Unit in the Personnel Management Branch and to the Communications Director in the Superintendent’s Office.
      B. If the Organization ID is a state office or complex area code, send a Lotus Notes email message to the Classification and Compensation Section of the Personnel Management Branch and to the Communications Director in the Superintendent’s Office.

4. New Program ID code
   a. To establish a new Program ID code in FMS and the Budget System, please refer to SP No. 1101, FMS Codes.

7. User ID Changes or Additions
   a. Budget System: A new User ID will be required if a new Organization ID code has been established. The User ID should be requested when the Organization ID is added. The administrator should identify the individual to whom the new User ID and Password should be given (see 6.C.3) above).
   b. FMS: A new User ID will be required if a new Organization ID code has been established. Submit the FMS-AT1 Security Change Request form to the FMS Security Officer. Purchase orders from the prior Organization ID must be paid from the Organization ID to which they were originally posted. This will require the FMS user to log on with the old FMS user ID just to pay the encumbrances. While encumbrances are still being paid, the FMS user will need to access both the old and new FMS Organization IDs using separate FMS User IDs.
c. eHR: Contact the eHR System administrator in the Office of Human Resources. (As of the writing of this SP, the procedures for User IDs in the new system have not been developed.)

8. **FMS Printer Codes**
Printers that are used to print FMS reports and to prepare FMS documents must be identified to the system. Submit form WINFMS-PRTIP001 to OITS-ISSB to add or change a printer IP. Submit form FMS-AT2 to OITS-ISSB to change a FMS User ID to print to a different printer.

9. **Fixed Assets**
Fixed assets will need to be transferred to align with the reorganization. Submit form FMS-FA2a, Mass Transfer Request, or FMS-FA2B, Request to Transfer, to OFS-Accounting Services Branch-Inventory Unit.

10. **Position and Personnel Data**
1. eHR
   a. Classified Personnel: Submit Form DOE-V1 for each position that is to be changed to a different Organization ID or Program ID.
   b. Certificated Personnel: Change the Organization ID and/or the Program ID for certificated personnel by contacting the Classification and Compensation Section in OHR.
   c. If multiple positions with the same Organization ID and Program ID are to be moved to a different Organization ID and Program ID, a “mass update” may be possible. Please contact the Classification and Compensation Section in OHR to discuss a “mass update.”

2. KRONOS Time & Attendance. The Time & Attendance system will obtain updated Organization ID information automatically from OHR’s personnel systems after the personnel transaction SF-5 is created, so no action is needed.

3. Employee Leave System (Lotus Notes)
The Employee Leave System (ELS) only applies to employees in certain bargaining units and does not apply to teachers, or members of bargaining unit 05. Therefore, the actions below are required only for positions whose bargaining units use the ELS.
   a. Send the existing organization chart and the new approved organization chart to OSFSS-Auxiliary Services Branch, so that the staff who manage the ELS can see the existing and new reporting hierarchy and where changes are needed.
   b. Please include:
      - The effective date of the reorganization.
      - A listing of current and new persons that will have final ELS leave approval authority for their unit/section/branch levels.
      - A listing of changes, if any, to Lotus Notes Organizational Unit addresses (i.e. Billy_Budgeteer/BUDGET/HIDOE) of personnel affected.
   c. If there are staff who are not currently on ELS that will be need to be added to ELS please also provide:
- Name;
- Social Security Number;
- Position Title;
- State start date;
- DOE start date;
- Sick Leave balance, with “as of” date;
- Vacation Leave balance, with “as of” date;
- Reporting Supervisor’s name;
- Approval authority level (unit/section/branch);
- Current Form 7 in Excel format; if it is not available, a Form 7 will be created with balances given; and,
- Lotus Notes address showing Lotus Notes Organization Unit designation.

11. **Lotus Notes Allocation Notices**
   1. The initial allocation notices will be issued to correlate to the Legislative appropriation and the amount of salaries in the budget for each Program ID.
   2. After the position movements have been identified by the Assistant Superintendent or Complex Area Superintendent, the AS or CAS’s office should work with the Budget Preparation Section to determine the FTEs (permanent and temporary) and allocation amount for Character A that should be moved between Program IDs to accomplish the reorganization.
   3. The AS or CAS should determine the amount of funds in other characters to transfer between the Program IDs, for casual hires, supplies and other current expenses, and equipment.
   4. When the calculations have been completed, the AS or CAS should request the Budget Execution Section to provide allocation notice templates for “subsequent allocations” to document the transfer of funds between Program IDs.
   5. The AS or CAS office will be responsible to monitor payroll expenditures to the old Program IDs, and submit FMS-AC4 forms to transfer charges to the new Program IDs. The payroll charges will not start posting to the correct Program IDs until the personnel forms have been processed and the payroll records have been updated. This can take more than one pay period.
   6. The AS should also notify the Budget Execution Section if the program manager for any Program IDs will be changed due to the reorganization.

12. **P-Cards**
    Submit a P-Card Request form to change the default Organization ID for each cardholder whose position is affected by the reorganization.

13. **Non-General Funds**
    If the program has non-general cash funds (i.e. special, trust, revolving, interdepartmental transfer) which need to be moved to implement the organization, transfer balances to the appropriate Organization IDs by submitting FMS-AC4 forms to OFS-Accounting Services Branch.

14. **DOE Directory Changes or Additions**
    Following a reorganization, secretaries reporting to Assistant Superintendents, Superintendent's Office Directors, and Complex Area Superintendents should submit
DOE Directory changes or additions to the Communications Office's secretary in a timely manner.

15. **SP Maintenance Responsibility**
The Assistant Superintendent and CFO in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

16. **References, Resources, and Forms**
The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.
- (a) SP 5005 Organizational Chart for DOE
- (b) SP 1101 FMS Codes
- (c) SP 1230 KRONOS Time & Attendance
- (d) SP 1286 Transfers of State Property

**Forms**
FMS forms website [http://fms.k12.hi.us](http://fms.k12.hi.us)