

SECTION 370: GENERAL DESCRIPTION OF APPROPRIATION  
AND ALLOTMENT ADJUSTMENTS

1. Purpose. As described in this section, appropriation and allotment adjustments are those transactions (in addition to initial appropriations and initial allotments) that affect an appropriation account or an allotment account; the purposes of such transactions are:
  - (a) to serve the general budgetary control purpose of appropriations and allotments as prescribed by statute.
  - (b) to facilitate maintaining agreement between subsidiary and control accounts for appropriations and allotments.
  - (c) to provide a means of correcting or otherwise adjusting the accounting records for appropriations and allotments.
2. Responsibilities. The preparation of appropriation and allotment adjustments is the responsibility of departments and agencies and of DAGS Accounting Division. Except for those responsibilities specifically described in the HAWAII REVISED STATUTES (HRS), and further in this section, the adjustments prepared by departments and agencies are usually oriented toward the correction of a particular transaction itself, whereas the adjustments prepared by DAGS Accounting Division are usually oriented toward the maintenance of ledger controls for the total accounting system. The delineation of responsibilities, however, is not precise, and certain situations will require communication between both organizations to resolve matters.
3. Appropriation and Allotment Adjustments. The appropriation and allotment adjustments described in this section cover only those adjustments affecting the appropriation and allotment transactions columns of the APPROPRIATION/ALLOTMENT LEDGER. Excluded are the encumbrance and expenditure adjustments, which are covered respectively in the encumbrance and expenditure sections of this manual. The specific types of adjustments described in this section include:
  - (a) Reversion of Allotments.
  - (b) Lapsing of Appropriations.
  - (c) Restriction of Appropriations and Allotments.
  - (d) Transfer of Funds.
  - (e) Non-routine Error Corrections and Adjustments.

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4. Types of Adjustments. The types of adjustments affecting the appropriation and allotment transactions columns are:
- (a) Reversion of Allotments. This adjustment concerns the act of returning unrequired balances of unencumbered allotments to the appropriation from which the allotments were made. On a quarterly basis, or as otherwise required, DAGS Accounting Division reverts, via the JOURNAL VOUCHER, SAFORM A-27, the unencumbered balances of all allotments subject to reversion. For non-reverting type allotments, departments and agencies are responsible for the preparation of the A-27 to revert the unencumbered balances as the need occurs.
  - (b) Lapsing of Appropriations. This adjustment is for the purpose of terminating the remaining balance of an appropriation after a certain period of time has elapsed (as in the case of operating appropriations), or after the purpose of an appropriation has been fulfilled (as in the case of capital improvement project appropriations).
    - (1) Under authority of Section 40-66, HRS, the Comptroller automatically lapses, via the JOURNAL VOUCHER, SAFORM A-27, all operating appropriations at the end of the fiscal year and, as required, all other appropriations identified by law with a lapse date. Following such lapsing, additional remaining appropriations may result after outstanding obligations have ceased to exist or been fully satisfied and further amounts have reverted back to the appropriation account; in such cases, departments and agencies should immediately prepare an A-27 to lapse the additional remaining appropriation. A period of time is generally allowed by the Comptroller to clear existing obligations before final action is taken by DAGS Accounting Division to lapse all unexpended amounts reverted back to the appropriation account.
    - (2) Section 40-67, HRS, describes the specific responsibility of departments and agencies for reporting to the Comptroller their requests to lapse appropriations not specifically identified with a lapse date. The UNREQUIRED APPROPRIATIONS TO BE LAPSED, SAFORM A-08, is used for this notification, whereupon DAGS Accounting Division lapses the appropriation as of the date the form is approved by the Governor.

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- (c) Restriction of Appropriations and Allotments. This adjustment, commonly referred to as "DAGS restriction" as opposed to the Director of Finance's overall authority to restrict budgeted amounts, concerns the restriction of appropriated amounts by departments and agencies for the purposes of making short term investments. Whenever departments and agencies determine that a temporary surplus of cash exists, an application is made to the Director of Finance to invest the funds. Upon approval by the Director of Finance, a copy of the application is forwarded to DAGS Accounting Division. DAGS Accounting Division uses the application as support for the preparation of an A-27 to restrict the appropriated amounts, and, if necessary, the related allotted amounts.
- (d) Transfer of Funds. This adjustment concerns the transfer of appropriations and allotments by departments and agencies as prescribed by law, and as sometimes required procedurally under a program's account structure in order to meet the organizations' assumed program funding. The various forms used to effect these transfers include: (1) the REQUEST FOR TRANSFER OF FUNDS, SAFORM A-21, prepared by departments and agencies for transfer of appropriations within funds, other than capital improvement project appropriations; (2) the ALLOTMENT ADVICE, SAFORM A-15, prepared by the Department of Budget and Finance for transfers of undistributed appropriations, and by the Department of Planning and Economic Development for transfers of capital improvement project appropriations; (3) the JOURNAL VOUCHER, SAFORM A-27, prepared by departments and agencies for other transfers such as the transfer of federal funds to augment State appropriations, transfers of delegated accounts, and other approved appropriation and allotment transfers.
- (e) Non-routine Error Corrections and Adjustments. This adjustment concerns the correction and adjustment of previously established appropriation and allotment accounts, and the correction of the transactions previously described in this section. Normally, for those documents requiring the approval of the Director of Finance, and for the APPROPRIATION WARRANT, SAFORM A-01, issued by the Comptroller, the same source document is used to make the adjustments; other forms included in this category are the ALLOTMENT ADVICE, REQUEST FOR ALLOTMENT/ALLOTMENT ADVICE, and the REQUEST FOR TRANSFER OF FUNDS. For all other adjustments, departments and agencies are responsible for preparation of the JOURNAL VOUCHER, SAFORM A-27, to correct errors committed by them and to notify DAGS Accounting Division of other differences identified by them in their review of the appropriation and allotment reports. DAGS Accounting Division is responsible for the correction of posting errors and other adjustments to maintain ledger control.