

SECTION 410: GENERAL DESCRIPTION

1. Purpose. The primary purposes of accounting for encumbrances in the central accounting system are to record all obligations of the State in the form of purchase orders, contracts, or other such commitments, and to provide financial information from the records maintained.
2. Scope. The encumbrance procedures described in this and the following sections of this manual cover the establishment and maintenance of encumbrance records, which are an integral part of the overall accounting activities for appropriations and allotments. The two areas of primary concern are:
 - (a) Contract encumbrances. These are obligations incurred under a contractual agreement to pay for performance of acts required by the agreement.
 - (b) Claims (non-contract) encumbrances. These are obligations, other than by contractual agreement, to pay for performance of acts required by the obligation or commitment.
3. Responsibilities. The responsibilities of accounting for encumbrances are, in effect, a part of the overall responsibilities governing appropriations and allotments, as described in Section 320 of this manual. Additionally, among the general statutory requirements for contracts covered by Chapter 103 of the HAWAII REVISED STATUTES, Section 103-39 describes the specific responsibility of the Comptroller for certifying the availability of funds for contracts, where required to make the contract binding.