

SECTION 480: POSTING ENCUMBRANCES TO CONTRACT LEDGER

1. General Description. The CONTRACT LEDGER is maintained in the Pre-Audit Branch of DAGS Accounting Division as a subsidiary ledger in which there is a ledger account for each contract formally encumbered in the State's accounting system. A ledger account is established as part of the contract processing procedure of the Pre-Audit Branch, and the actual encumbered amount entered on the ledger is based on the prepared CONTRACT INPUT, SAFORM C-41. Reductions in the encumbered amount occur routinely as payments are made on a contract; non-routine debits and credits are entered to a ledger account as required. The CONTRACT LEDGER, which is maintained in the order of contractor name, is designed to be in agreement with, and to be under the control of, the "contract encumbrance" accounts recorded in the Uniform Accounting and Reporting Branch of DAGS Accounting Division.
2. Purpose. The purpose of this ledger is to maintain control over the accuracy and completeness of the total encumbered amounts for contracts, the transactions affecting the individual funds control accounts to which a contract is chargeable, and the balance of each individual contract until it is fully cleared.
3. Scope. The postings described in this section cover all transactions affecting a contract encumbrance.
4. Establishment of Encumbrances. Contract encumbrance amounts are posted from the following documents:
 - (a) CONTRACT INPUT, SAFORM C-41, prepared by DAGS Accounting Division.
 - (b) JOURNAL VOUCHER, SAFORM A-27, if approved by the Pre-Audit Branch, when prepared by an expending agency to record encumbrances on capital improvement projects reimbursed by the federal government.
5. Reductions and Adjustments of Encumbrances. There are four types of documents from which postings are made to the CONTRACT LEDGER to reduce or adjust the encumbrance balance. These are:
 - (a) SUMMARY WARRANT VOUCHER (various). Approved contract claims for payments submitted on SWVs are posted as deductions from encumbrances.
 - (b) UNREQUIRED CONTRACT ENCUMBRANCE ADVICE, SAFORM C-07. Circled item ⑨ of this form indicates the amount to be posted to the CONTRACT LEDGER to clear the encumbered contract amount that is no longer required.

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- (c) CONTRACT INPUT, SAFORM C-41. Prepared by DAGS Accounting Division whenever there is need for the reduction of a formal contract encumbrance.

- (d) JOURNAL VOUCHER, SAFORM A-27. Various types of reductions and adjustments are recorded on this form by departments and agencies and are posted to the CONTRACT LEDGER to maintain ledger control and agreement with accounting records in the Uniform Accounting and Reporting Branch of DAGS Accounting Division.