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HAWAIIAN HOMES COMMISSION

--Procedural Manual--

Volume II: Accounting

HAWAIIAN HOMES COMMISSION

--Procedural Manual--

Volume II: Accounting

(July 1, 1953)

(Note: Upon change in manual content, and preparation of new or additional pages, this front piece will be replaced with another bearing the date of such last change.)

PREFACE TO VOLUME II

This Volume II supplements the first portion of the administrative manual prepared for the Hawaiian Homes Commission and assumes adoption of the procedures and basic organizational structure set forth in that portion. Like Volume I, it is intended to effectuate the administration of policies established in, or pursuant to, the policy manual of the Hawaiian Homes Commission.

Both volumes of the Procedural Manual have been prepared in looseleaf form to expedite the incorporation of additional procedures, or the substitution of improved administrative techniques, as experience dictates. This second volume in particular does not purport to be all-inclusive with respect to step-by-step operations, but rather provides an outline of accounting procedures. Furthermore, the present volume does not set forth all forms referred to, as does Volume I. Instead, of the many accounting forms used by the Hawaiian Homes Commission, only those for which revisions are suggested are reproduced in the following sections. Upon the filling of the vacancy in the position of Assistant Executive Officer which existed during most of the preparation of Volume II, and upon the other staff changes being made which the Commission recently announced, this volume can be expanded to include all details as finally established, where now it is inappropriate to do so.

Sincere thanks are due to the staff of the Auditor's Office and of the Budget Bureau of the Territory of Hawaii for their cooperation during the preparation of this manual. They were responsible for many improvements in the contents and organization of the volume, and, it may be hoped, will give similar help to the Hawaiian Homes Commission in putting into operation the procedures described herein.

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I. Introductory

In the following several pages it is sought to clarify some basic terms of accounting as they apply to the administration of the Hawaiian Homes Commission. Misunderstanding of these terms and the accounting concepts underlying them may have given rise to difficulties in accounting practices in the past.

1. Cash and Accrual Basis of Accounting

Revenue and expenditure transactions may be recorded either on a cash or accrual basis. Under the cash basis of accounting, revenue is recorded in the period in which the cash is collected and an expenditure transaction is recorded in the period in which the cash is paid out. Under the accrual method of accounting, revenue is recorded in the period in which it is earned, even though not received, and an expenditure is charged in the period in which the obligation is incurred, even though not paid out.

The Hawaiian Homes Commission is under the accrual system for receipts; for the purpose of accounting for liabilities, it is now on a cash basis. This manual assumes the adoption of a modified accrual system for both receipts and liabilities. As indicated in Section IV, this system does not now contemplate the establishment of a method of formal encumbrances, but instead utilizes the files of outstanding purchase orders to guard against overdrafts.

2. Control and Subsidiary Accounts

A control account is an account which records in summary the transactions recorded in detail in subsidiary ledgers. Control accounts are located in the General Ledger. For example, the General Ledger control account "Loan Commitments" is an account with the unused loan balances of all lessees. The subsidiary accounts, in this case, comprise the individual loan accounts of homesteaders found in

the Loan Commitments Ledger. The aggregate loans shown as committed in the subsidiary accounts must balance the amount shown in the control account.

Control accounts serve two useful purposes: (1) By their use errors are localized, as control accounts are not subject to errors arising from the posting of many detailed entries; (2) they enable the prompt preparation of statements, as it is not necessary to wait for the posting of details.

3. Disbursements and Expenditures

The term disbursements refers to amounts actually paid out. A cash payment is a disbursement, regardless of whether it was made for a current salary or to liquidate an account payable for goods received in a prior biennium. Expenditures are all obligations incurred, either paid (disbursement) or unpaid.

4. Accounts

The accounts of the Hawaiian Homes Commission fall into the following four major types:

1. Assets
2. Liabilities and Capital
3. Revenue
4. Expenditures

The first two groups of accounts are those normally making up the balance sheet, while the latter two appear in the financial statement showing operations during a given period, and are closed out at the end of an operating period.

(a) In general, assets are those accounts which record things of value owned by or owed to the Hawaiian Homes Commission. They include cash, receivables, equipment, buildings, etc.

(b) Liabilities represent debts or legal obligations of the Hawaiian Homes Commission that will be settled in due course of operations.

Fund balance (capital) is the term used to represent the excess over liabilities of all assets, except fixed assets which are represented by fixed capital.

Fixed capital is the term used to denote the amount of capital represented by fixed assets (such as a building or water storage tank).

(c) Revenue accounts designate the source of additions to assets which do not increase any liability, cause the cancellation of a liability, or result in a decrease in assets.

(d) Expenditure accounts designate the operating expenses of the Hawaiian Homes Commission, as distinguished from capital outlays.

II. Fund Accounting

A fund is a sum of money or other resources set aside for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Each fund is a separate financial entity. The cash deposited in the territorial treasury may be but one of the resources of the fund. The resources of one fund may not be used to meet the obligations of another fund unless transferred thereto by proper authorization.

Funds of the Hawaiian Homes Commission*

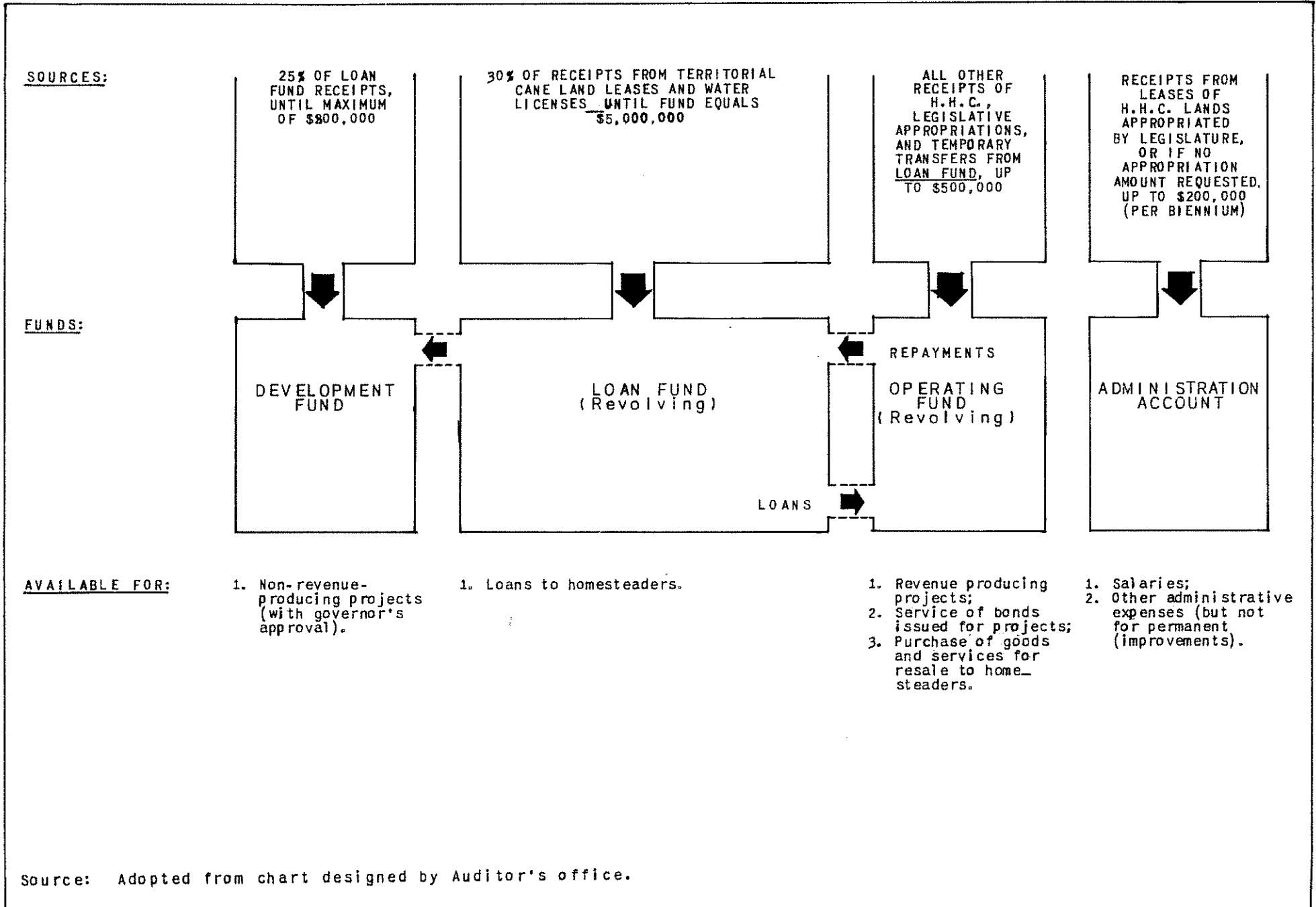
Four funds are established by the Hawaiian Homes Commission Act, which indicates how the money going into each fund shall be secured and expended. A listing of these funds and a description of each follows:

- (a) Hawaiian Home Loan Fund (\$6902**) is a special revolving fund from which loans are made to lessees. This fund receives 30 per cent of all receipts of the territorial Department of Public Lands derived from the leasing of sugar cane lands and from water licenses until the aggregate amount of the fund equals \$5,000,000. Moneys in this fund are available only for loans to lessees and for the purchase of lessees' improvements upon surrender of a lease or when a lessee dies without leaving a qualified relative. Any moneys in the loan fund not immediately needed for the purpose of the fund may be invested in bonds and securities which are authorized by territorial law for the investment of territorial sinking fund moneys.

*See Chart I, following.

**Fund symbols are those appearing in the records of the Territorial Auditor and are used to distinguish both income and outgo attributable to that fund.

CHART I. FUNDS OF HAWAIIAN HOMES COMMISSION



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- (b) Hawaiian Home Development Fund (S6904) receives one-fourth of the territorial receipts paid into the Hawaiian Home Loan Fund (above) until the amount of the fund equals \$800,000. With the Governor's approval, this fund may be used for the construction of non-revenue producing improvements, such as sewage facilities and roads.
- (c) Hawaiian Home Administration Account (S6901) receives as revenue the receipts from the leasing of Hawaiian home lands under the jurisdiction of the Department of Public Lands. Moneys in this account may be spent for salaries and all other administrative expenses of the Commission, but not for structures or other permanent improvements. The amount available for expenditure in any biennium is the amount set forth for this account in the Commission's budget and approved by the legislature; any lease rents in excess of that amount are transferred to the general fund of the Territory.

When the estimated receipts from the leasing of available lands have been less than the budget approved by the legislature, the legislature has appropriated the difference from the general fund, with the stipulation that the appropriation be reduced by the amount that actual receipts exceed those estimated.

- (d) Hawaiian Home Operating Fund (S6912) is a special revolving fund which receives all moneys obtained by the Commission from any other source than land and water lease rents collected by the Department of Public Lands and paid to the Commission (including interest on loans, rents, pasture fees, water rates, etc.). This fund may be supplemented by moneys made available by the legislature and, with the approval of the Governor, may be supplemented by temporary transfers from the Hawaiian Home Loan Fund. Such transfers must be repaid in not more

than ten annual installments and the total transfers outstanding cannot exceed \$500,000. This fund is available for (1) construction of revenue-producing improvements; (2) payment of interest and principal to the territorial treasury on territorial bonds issued for these projects; (3) operation and maintenance of these projects; and (4) the purchase of goods or services for sale or rental to homesteaders.

III. Accounting Records

The following section sets forth the original sources of entry, accounts of the General Ledger, and the subsidiary ledgers of the Hawaiian Homes Commission. Specific assignments of functions to the various members of the accounting staff with respect to the operations outlined are to be made by the Assistant Executive Officer and the Head Accountant as authorized.

A. Chief Sources of Original Entry.

1. The Daily Cash Report is a record of all cash received by the Cashier of the Hawaiian Homes Commission. It contains a complete list of receipts issued, lessees' accounts to be credited for payment, and the total cash received, distributed according to funds. Daily totals are posted by the Accountant from the report to the departmental Cash Receipts and Deposits Journal. These daily totals serve as a predetermined controlling total for the Book-keeping Machine Operator in posting daily credits.
2. The Register of Loans contains a complete record of loans approved by the Commission that have been fully executed by the borrower and the Hawaiian Homes Commission and prior to actual payment being made. It provides a means of posting to the individual accounts in the Loan Commitments Ledger and the Accounts Receivable and Loans Receivable Ledger. It also provides monthly totals for posting to the corresponding control accounts in the General Ledger.
3. The Register of Disbursements contains a consecutive numerical recording of summary warrant vouchers approved by the Hawaiian Homes Commission. It shows the distribution among accounts authorized for expenditure. From this postings are made to the accounts charged for the disbursements.
4. The Sales and Revenue Journal is maintained as a summary record of sales of services and stores made to lessees and others. Postings

are made to the Sales and Revenue Journal from adding machine tapes of duplicate sales and service charge invoices. From this journal totals are posted monthly to the General Ledger.

5. Journal Vouchers are used primarily to record adjustments between accounts and to correct erroneous postings. Vouchers are prepared by the Head Accountant for the approval of the Assistant Executive Officer.

B. The General Ledger

In governmental accounting, as in accounting for private enterprises, the General Ledger is the keystone of the accounting system. It is the ledger toward which all financial records of a subsidiary nature are channeled. For control and reporting purposes, the General Ledger constitutes a comprehensive account of the Hawaiian Homes Commission's financial transactions. Postings are made to the General Ledger from the Departmental Cash Receipts and Deposits Journal, Register of Loans, Register of Disbursements, Sales and Revenue Journal, and Journal Vouchers.

The accounts of the General Ledger have been assigned code numbers which facilitate the use of account classifications. Code symbols facilitate the rapid location of accounts and reduce the clerical work involved in making entries, since code symbols can be used on original documents and accounting media instead of writing out the entire account title. The General Ledger contains the two types of accounts-- (1) balance sheet accounts and (2) operating accounts--previously discussed (see pp. 2, 3).

General Ledger accounts used by the Hawaiian Homes Commission and their distribution among the funds of the Commission are set forth below:

BALANCE SHEET ACCOUNTS

Assets

- 101 Available Cash - Loan Fund (S6902)
- 102 Available Cash - Development Fund (S6904)
- 103 Available Cash - Operating Fund (S6912)
- 104 Available Cash - Administrative Account (S6901)
- 105 Available Cash - Other Appropriations
- 107 Cash in Bank - Clearing Account
- 108 Cash in Bank - Deposits
- 109 Petty Cash
- 111 Encumbered Cash - Loan Fund (S6902)
- 121 Accounts Receivable (control account)
 /Accounts Receivable and Loans Receivable Ledger7
- 122 Loans Receivable (control account)
 /Accounts Receivable and Loans Receivable Ledger7
- 131 Due from Other Funds
- 141 Investments
- 142 Improvements Purchased

Fixed Assets

- 151 Buildings, Structures and Improvements (control account)
 /Fixed Assets Ledger7
- 161 Equipment (control account)
 /Fixed Assets Ledger7
- 171 Work in Progress (control account)
 /Work in Progress Ledger7

Liabilities

- 201 Loan Commitments (control account)
 /Loan Commitments Ledger7
- 211 Homesteaders' Deposits

- 221 Due to Other Funds
- 222 Due to General Fund (Petty Cash)

Capital

- 251 Capital - Loan Fund
- 252 Capital - Development Fund
- 253 Capital - Operating Fund
- 254 Capital - Administrative Account
- 255 Capital - Other Appropriations
- 261 Fixed Capital

OPERATING ACCOUNTS

Revenue

- 301 Rents-
- 302 Interest Income
- 303 Water Rates
- 304 Pasture Fees
- 305 Tractor Rental
- 306 Miscellaneous Income

Expenses

- 400 Current Expenses (control account)
 Expense Ledger

Fund Distribution of General Ledger Balances

	Loan Fund	Development Fund	Operating Fund	Administrative Account	Other Appropriations
101 Available Cash - Loan Fund	x				
102 Available Cash - Development Fund		x			
103 Available Cash - Operating Fund			x		
104 Available Cash - Administrative Account				x	
105 Available Cash - Other Appropriations					x
107 Cash in Bank - Clearing Account					
108 Cash in Bank - Deposits					
109 Petty Cash					
111 Encumbered Cash - Loan Fund	x				
121 Accounts Receivable			x		
122 Loans Receivable	x				
131 Due from Other Funds	x				
141 Investments	x				
142 Improvements Purchased	x				
151 Buildings, Structures and Improvements		x	x		x
161 Equipment			x	x	
171 Work in Progress		x	x		x
201 Loan Commitments	x				
211 Homesteaders' Deposits					
221 Due to Other Funds			x		
222 Due to General Fund (Petty Cash)					

	Loan Fund	Devel- opment Fund	Oper- ating Fund	Admin- istra- tive Account	Other Appro- pria- tions
251 Capital - Loan Fund	x				
253 Capital - Operating Fund			x		
254 Capital - Administrative Account				x	
255 Capital - Other Appropriations					x
261 Fixed Capital		x	x	x	x
301 Rents - Lessee			x		
302 Interest Income			x		
303 Water Rates			x		
304 Pasture Fees			x		
305 Tractor Rental			x		
306 Miscellaneous Income			x		
400 Current Expenses			x	x	x

Explanation of General Ledger Accounts

The following instructions are given to indicate generally the debit and credit entries which will affect the various General Ledger Accounts. Although the titles are partially self-explanatory, a brief statement of debits and credits for each account may prove of value.

101 Available Cash - Loan Fund is debited with receipts (from the rental of sugar cane lands, etc.) deposited by the Public Lands Commissioner to this fund, installments of principal paid by homesteaders upon loans made to them, reimbursement of advances made for payment of premiums for insurance on homesteads, and repayments of loans made to other funds. It is credited with loans to other funds, loans made available to lessees (when the loan contract is fully executed and prior to actual payment being made), purchases of lessees' improvements, and advances made, if required, for insurance premiums.

102 Available Cash - Development Fund is debited with receipts (from the rental of sugar cane lands, etc.) deposited by the Public Lands Commissioner to this fund and credited with disbursements for construction of non-revenue producing improvements authorized by the Governor.

103 Available Cash - Operating Fund is debited with receipts for interest on loans, water rates, tractor rentals, lease rentals, and any other receipts from income-producing operations. It is credited with disbursements made to operate these income-producing operations.

104 Available Cash - Administration Account is debited with receipts from the leasing of Hawaiian Homes Lands under the jurisdiction of the Public Lands Commissioner, subject to the limitation discussed above in the description of this fund. It is credited with disbursements for administrative expenses, not including disbursements for structures and other permanent improvements.

105 Available Cash - Other Appropriations is debited with legislative allotments for all other purposes and credited with disbursements for these purposes.

107 Cash in Bank - Clearing Account. Certain deposits of collections made by agents of the Hawaiian Homes Commission on outer islands; is cleared into proper available cash account upon payment into territorial treasury.

108 Cash in Bank - Deposits is debited with deposits made by lessees and with other money in temporary custody of the Hawaiian Homes Commission. It is credited when these moneys are disbursed.

109 Petty Cash is debited with the amount of cash advanced from the territorial general fund for use in making change and for making small cash purchases.

111 Encumbered Cash - Loan Fund is debited with the amount of each loan authorized by the Hawaiian Homes Commission when the loan contract is fully executed and prior to the money being paid out; it is credited with the amount paid out on loan contract payments, purchases of materials, etc. (The Hawaiian Homes Commission acts in an official capacity as an agent for the lessee in the disbursement of this fund.)

121 Accounts Receivable is set up to control charges for such items as interest on loans, water rates, tractor rentals, lease rental, pasture fees and other services rendered to lessees or others. Revenue accounts are credited when these items are debited to Accounts Receivable. The balance in the Accounts Receivable represents the amount uncollected and due.

122 Loans Receivable is set up to control amounts due on loan contracts. This account is debited when the loan contract is fully executed by the two principals, the borrower and Hawaiian Homes Commission, and recorded in the Register of Loans. The offsetting credit is to the Loan Commitments Account.

131 Due from Other Funds is debited with loans made by one fund to another fund and credited with repayments.

141 Investments is debited with the cost of investments purchased and credited with the cost of investments sold.

142 Improvements Purchased is debited with a lessee's improvements acquired by the Hawaiian Homes Commission in compliance with law (as when a lessee dies without eligible heirs, or upon surrender of an improved leasehold); it is credited with the selling price.

151 Buildings, Structures and Improvements is debited with the cost of buildings, structures and permanent improvements to land and upon disposal credited with the carrying value of each asset. The debit balance represents the cost of all of those assets owned by the Hawaiian Homes Commission and not yet disposed of.*

171 Work in Progress is debited with the cost of labor, materials and other costs applicable to jobs in process of construction. It is credited with the total cost of a completed construction project when the property is transferred to the proper fixed asset account. The debit balance represents the cost to date of construction currently in progress.

201 Loan Commitments, when the loan contract is fully executed by the borrower and Hawaiian Homes Commission, is credited with the amount to be made available as a loan to lessees. It is debited for payments made on the account of lessees. The credit balance represents the unused amount of loans available to lessees for expenditures. The balance in this account is equalled by the balance of Encumbered Cash-Loan Fund (111).

211 Homesteaders' Deposits is credited with sums deposited by homesteaders to supplement their loan and with sums deposited pending allocation. The credit balance represents the sums deposited and not yet disbursed to the homesteaders

*In establishing cost accounting for self sustaining, revenue-producing programs (such as the Molokai community pasture), annual depreciation of property and equipment solely used for such programs shall be estimated for management purposes, but shall not be recorded in these General Ledger Accounts.

or allocated. The balance of this account is equalled by the balance of Cash in Bank-Deposits (108).

221 Due to Other Funds is credited with loans made by one fund to another fund and debited when repayment is made. The balance of this account is offset by the account Due from Other Funds (131).

251 Capital-Loan Account is credited with any new funds made available for the Loan Fund by Congress as these amounts are received. Available Cash-Loan Fund is simultaneously debited.

252 Capital-Development Fund is credited with any additional amounts transferred into the Development Fund, as authorized under the Hawaiian Homes Commission Act. Available Cash-Development Fund is simultaneously debited.

253 Capital-Operating Fund is credited with the balances in the operating revenues accounts and is debited with the balance in the operating expense accounts, both being closed out at the end of the period.

254 Capital-Administrative Account is credited with the receipts of this fund made available by the legislature and debited when the administrative expense accounts are closed out at the end of each fiscal year.

255 Capital-Other Appropriations is credited with legislative appropriations for any special purpose simultaneously with the debit of Available Cash-Other Appropriations (105); it is debited with disbursements for the special purpose.

261 Fixed Capital is credited when fixed assets are acquired or transferred from Work in Progress (171) to a fixed asset account and debited upon disposal of the assets. The balance represents the amount Hawaiian Homes Commission has invested in fixed assets.

C. Subsidiary Ledgers

Loan Commitments Ledger

This ledger contains a complete record of authorized loans which have not been disbursed by the Hawaiian Homes Commission as agent for lessees. This is a subsidiary ledger for the Loan Commitment Account (201) in the General Ledger. The Bookkeeping Machine Operator shall set up an account in the ledger following notification to the Accountant that a loan contract has been approved by the Commission and entered on the Register of Loans.

Postings to the Loan Commitments Ledger are made from the Register of Loans and from the duplicate copy of the summary warrant vouchers.

Accounts and Loans Receivable Ledger

This ledger contains a complete record of amounts owned the Hawaiian Homes Commission and is a subsidiary ledger for the Accounts Receivable (121) and Loans Receivable (122) accounts in the General Ledger.

Postings to the Accounts and Loans Receivable Ledger are made from the duplicate sales and service charge invoices, the Daily Cash Report, and the Register of Loans.

Fixed Assets Ledger

This ledger is the subsidiary ledger for the property of the Hawaiian Homes Commission. Each item of property is fully described and a record of its value, location, method of acquisition and method of disposal is recorded herein.

The Fixed Assets Ledger is maintained in the form of a card file, with a card prepared for each item in the form shown in Section VIII, below. The ledger is divided into two sections--for property in active use and for property disposed of or no longer in use, and each section is divided into two parts according to the two General Ledger control accounts: (a) Buildings, Structures and Improvements (151) and (b) Equipment (161).

Expense Ledger

The Expense Ledger serves as subsidiary ledger to the corresponding control account, Current Expenses (400) in the General Ledger. It provides detail for the use of management, determined by the Head Accountant with the approval of the Executive Officer (or, if designated by the latter, by the Assistant Executive Officer). Expenses are classified as to island to the extent needed by management. Classification is then made as to activity and then as to object, as prescribed by the territorial Auditing Department in its Classification of Objects of Expenditure Manual.

Postings to the Expense Ledger are made from the duplicate copy of the summary warrant voucher.

Payroll Record

This is a complete record of gross earnings, deductions and net amount paid to each employee of the Hawaiian Homes Commission each month. This ledger contains an earnings record sheet for each employee receiving pay during the year and a payroll record sheet for each month. One of the primary uses of the Payroll Record is for the computation of payroll figures for the federal Bureau of Internal Revenue and the Territorial Tax Office.

IV. Accounting For Purchases For Hawaiian Homes Commission

Steps involved in ordering, receiving, paying for, and accounting for purchases made by the Hawaiian Homes Commission on its own behalf are outlined in this section. Methods of handling purchases made by the Hawaiian Homes Commission on behalf of homesteaders are described in the section immediately following.

Preparation of Purchase Orders

The Purchasing Agent, on basis of standing or special instructions of Executive Officer (of Project Manager, outside Oahu), shall originate purchases of goods or services for the Hawaiian Homes Commission.

The Purchase Order Clerk shall write up purchase orders in quadruplicate, making the following disposition:

1. Original is sent to the vendor as his authority to deliver the goods or supply the services, after check of the appropriate account to determine that funds are available for the purchase.
2. Duplicate is filed numerically in a permanent file in the Honolulu office as a record of all orders authorized.
3. Triplicate is held in an unfilled-order file in the Honolulu office for follow-up on the receipt of goods until invoice and goods are received. The triplicates are segregated by funds, and so may serve as a record of the amount of each fund encumbered for outstanding purchase orders.
4. Quadruplicate is routed to the Receiving Clerk.

If the order is not accepted by the vendor, the quadruplicate purchase order is recalled. "Cancelled" is stamped on the entire set and the triplicate and quadruplicate are filed in the vendor's file. This, of course, is an unusual procedure, as most orders will be accepted and filled. The filing of the cancelled copies, however, enables a complete trace to be made of all purchase order numbers.

Checking Invoices Prior to Receipt of Goods

The Purchasing Clerk has directed to him all invoices, which are received in triplicate from vendor accepting purchase orders. The Purchasing Clerk shall:

1. Place the duplicate invoice on top of the original and stamp the duplicate with the following stamp:

(1) Purchase Order Number	_____
(2) Date Invoice Received	_____
(3) Terms & Prices Checked by	_____
(4) Date Goods Received	_____
(5) Quantity & Quality Checked by	_____
(6) Extensions Checked by	_____
(7) Summary Warrant Voucher No.	_____
Account Charged	Amount
_____	_____
_____	_____
_____	_____
_____	_____

2. Remove the triplicate purchase order from the unfilled-order file and check the invoice terms against those of purchase order, calling any discrepancies to the attention of the Purchasing Agent (who shall have errors or changes in order corrected).
3. Record first three entries on stamped invoice.
4. Refile triplicate purchase order, with set of invoices attached, in unfilled-order file.

When goods are to be delivered to project off Oahu, triplicate invoice is sent to project for its records. In other cases it is discarded after goods are delivered.⁷

Receiving Goods

The Receiving Clerk shall:

1. Receive goods and check their condition and quantity against quadrupli-

cate purchase order, noting thereon any discrepancy or damage as well as the date received.

2. Route the quadruplicate to the Purchase Order Clerk.
3. If only some items on purchase order are delivered, the remainder to be shipped at a later date, prepare a partial delivery slip (see accompanying form) in duplicate, noting on quadruplicate purchase order the items delivered. In this event the quadruplicate order is retained by the Receiving Clerk until the last item is received, and he forwards partial delivery slips to Purchase Order Clerk to use in lieu of triplicate and quadruplicate of purchase order.

Checking Invoices after Delivery

The Purchase Order Clerk shall:

1. Stamp duplicate, triplicate, and quadruplicate purchase orders "Order Filled", noting any items undelivered.
2. Replace the duplicate purchase order in the numerical file, if it had to be removed for stamping.
3. Record items 4 and 5 on stamped (duplicate) invoice.
4. Attach triplicate and quadruplicate purchase orders to invoice set (duplicate on top of original) and route to Accountant.

(In case an order is only partially filled, the two copies of the partial delivery slips are used in place of the triplicate and quadruplicate purchase orders, the original partial delivery slip being used in place of the triplicate purchase order in making up the papers for the Auditor. The duplicate partial delivery slip is attached to the triplicate purchase order in the Hawaiian Homes Commission office until the last goods are received, when it is attached to and filed with quadruplicate purchase order.)

HAWAIIAN HOMES COMMISSION

PARTIAL DELIVERY SLIP

Purchase Order No. _____

Date Goods Received _____

Goods Received by _____

Vendor _____

Materials Received:
(Note any damaged goods)

Vendor advises remainder of order will be delivered on _____

The Accountant shall:

1. Check extentions on stamped (duplicate) invoice (item 6).
2. Foot totals on invoice.
3. Record on invoice the account(s) to which the expenditure is to be distributed.
4. File invoices by vendor in pending file.
5. Check vendor's monthly statement when received against invoices, noting any discrepancies and correcting after discussion with vendor and with Purchasing Agent.

Preparation of Vouchers

The Account Clerk shall:

1. Prepare an expenditure voucher, in triplicate, for each fund from which a vendor is to be paid per information on stamped (duplicate) invoice. All invoices of a single vendor shall be listed on one expenditure voucher for each fund affected. The purchase order number shown on each stamped (duplicate) invoice included shall be listed on the voucher.
2. Check each voucher, after typing, against invoices and purchase orders, calling any discrepancies to attention of Purchasing Agent for correction.
3. List all expenditure vouchers for the month on a summary warrant voucher, preparing one set of summary warrant vouchers (in duplicate) for each fund from which expenditures are made.
4. Foot the amount payable column on the summary vouchers.

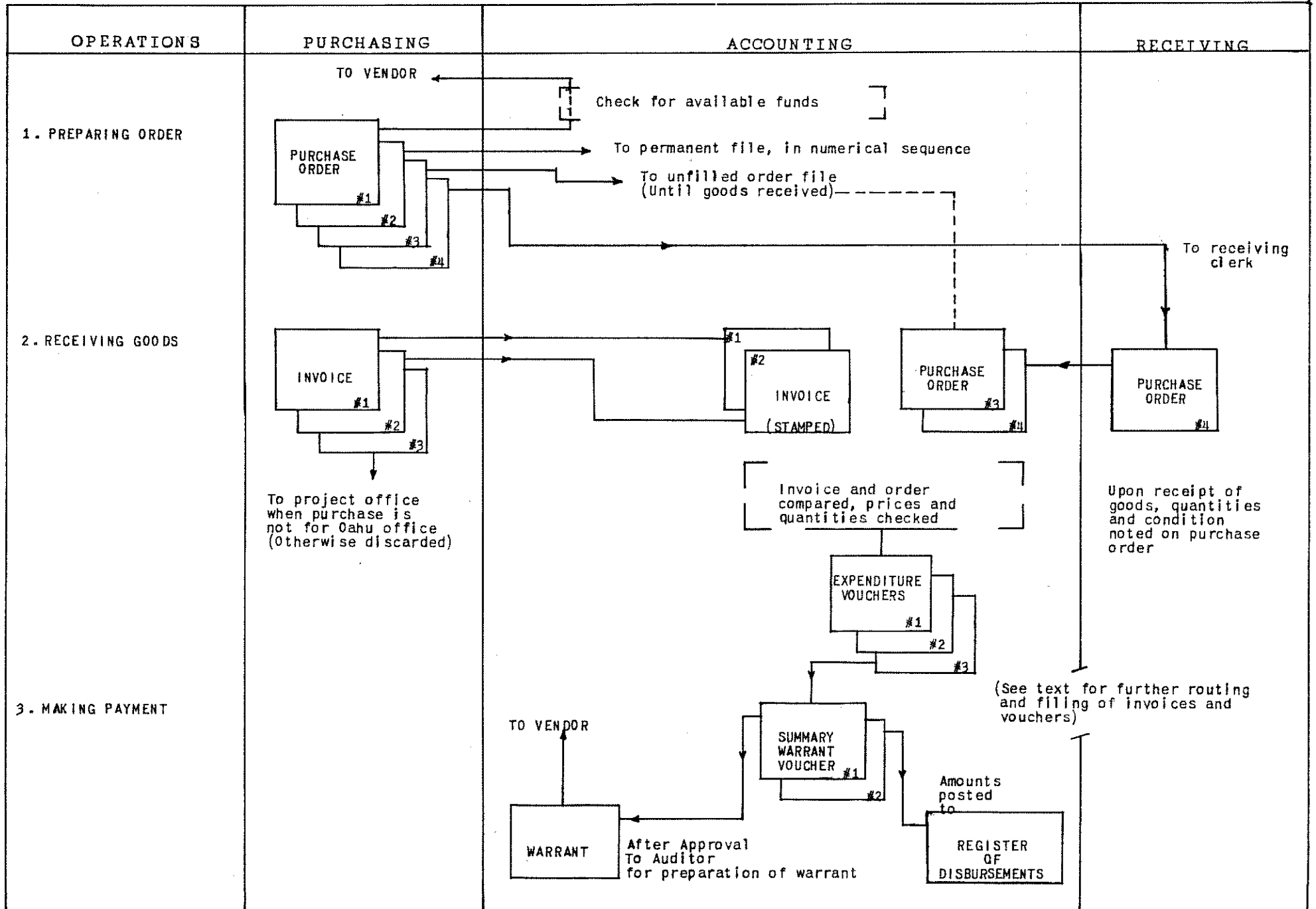
The Accountant shall:

1. Check the summary warrant vouchers and the amounts shown for payment.
2. Summarize the distribution, by object symbols, of the expenditures shown.
3. Check the total of this distribution column against the total of the amount payable column.

4. Record item(7) on stamped (duplicate) invoice. (The placing of the summary warrant voucher number item 7 on the stamped (duplicate) invoice signifies that everything is in order and has been approved by the Accountant.)
5. Assemble the following:
 - a. For approval of the Executive Officer and Chairman of the Commission--
 - Original of summary warrant voucher
 - Original and triplicate of expenditure vouchers
 - Original of invoice
 - Triplicate of purchase order (or original of partial delivery slip)
 - b. For the files of the Hawaiian Homes Commission--
 - Duplicate of summary warrant voucher
 - Duplicate of expenditure voucher
 - Stamped (duplicate) invoice
 - Quadruplicate of purchase order (or duplicate of partial delivery slip)

Hold materials in a suspense file until materials listed in 5a are approved.
6. Route materials listed in 5a to territorial Auditor's office after their approval.
7. Post amounts on summary warrant vouchers (part of materials listed in 5b) to the Register of Disbursements (see accompanying form, next page).

CHART 2. PURCHASING AND DISBURSEMENTS—FLOW OF WORK



Filing

The Account Clerk, after the approval of vouchers and posting, shall:

1. File the quadruplicate purchase order in the vendor's file.
2. File the stamped (duplicate) invoice in the vendor's file.
3. File the duplicate of the summary warrant voucher and of the expenditure vouchers in voucher file.

HAWAIIAN HOMES COMMISSION
REGISTER OF DISBURSEMENTS

Folio No. _____
Month _____, 19__

Date	Summary Warrant Voucher No.	Credit					Debits						
		Available Cash				Encumbered Cash (S6902)	Loan Commitment (S6902)	Current Expense		Capital Outlay		Sundry Accounts	
		Sundry Accounts		(S6901)	(S6912)			(S6901)	(S6912)	Symbol	Amount	Symbol	Amount
Symbol	Amount	Symbol	Amount										

V. Accounting For Purchases For Homesteaders

The Hawaiian Homes Commission, on occasion and under policies established by the Commission, may purchase building materials for homesteaders constructing or improving their own homes. Methods of authorizing such purchases are outlined in Section V-b of Volume I of this Manual.

When the Hawaiian Homes Commission acts as a purchasing agent for a homesteader, the general procedures described in the preceding section are followed, but with these additional steps:

1. The Purchase Order Clerk shall require the homesteader to sign a requisition for materials to be purchased (see form, following page).
2. The Homestead Construction Adviser* shall approve the requisition.
3. Before the purchase order is issued, the Purchase Order Clerk shall check the homesteader's loan commitment ledger card and the supporting records for the Homesteaders' Deposits Account to determine that the homesteader is authorized to purchase through the Hawaiian Homes Commission and that sufficient money is available, taking into account any unfilled purchase orders outstanding. Purchase orders are not to be issued for an amount in excess of the deposit (if any) and unused loan balance, and shall clearly show the maximum for which they are issued.
4. The Purchase Order Clerk shall route the quadruplicate purchase order to the Bookkeeping Machine Operator, who shall attach it to the homesteader's loan commitment ledger card.
5. The building material supplier is required to submit a copy of the delivery ticket (signed by the homesteader or his agent) with the invoice, or the contractor is required to submit a request for payment due upon showing that he has reached the requisite stage of completion (also signed by the homesteader or his agent). (This ticket or request

*Project Manager, outside Oahu.

HOMESTEADER'S REQUISITION FORM

Date _____

I, _____, a homesteader at Lot No. _____,
_____ Settlement, hereby request the Hawaiian Homes
Commission to purchase the following materials on my account for use in
constructing (repairing) my home:

(Homesteader's Signature)

Approved by _____

for payment takes the place of the Receiving Clerk making notations on the quadruplicate purchase order and forwarding it to the Purchase Order Clerk.)

6. The quadruplicate purchase order remains attached to the ledger cards until the Register of Disbursements is posted and the summary warrant voucher is routed to the Bookkeeping Machine Operator for posting to the homesteader's loan commitment ledger card. After the loan commitment ledger card is debited, the quadruplicate purchase order is removed from the ledger card and routed to the Account Clerk for filing in the vendor's file. Remaining procedures are as described in the foregoing section.

VI. Accounting For Sales, For Rent, And Interest On Loans

The Hawaiian Homes Commission performs a large variety of services for its homesteaders, for which it charges fees and, at the Molokai project, makes occasional sales of farm supplies. Billing is performed by the Honolulu office, which also sends out all invoices for rent and interest payable by homesteaders.

Receiving Requests for and Performing Services

(see Section X of Volume I of this manual)

Preparation of Sales and Service Charge Invoices

As soon as the service has been rendered (or sale made) the Project Billing Clerk shall:

1. Prepare in triplicate an itemized sales and service charge invoice showing services, or goods supplied, quantities, and price.
2. Hand or mail to the homesteader the original invoice when the service has been rendered or supplies delivered.
3. Forward the duplicate to the Honolulu office.
4. File the triplicate, under the name of the homesteader.

Accounting for Sales and Service Charges

The Account Clerk of the Honolulu office shall file the duplicate sales and service charge invoices by Island, within each Island by Settlement, and within each Settlement, by Lot Number. (Periodically, as determined by the Head Accountant, these old duplicates shall be discarded.)

The Accountant, during the month, on a schedule to be established by the Head Accountant, shall:

1. Subtotal the duplicate sales and service charge invoices by Island and by type of charge made, using the following classification:
 - a. Tractor rental
 - b. Pasture fees
 - c. Water rates
 - d. Miscellaneous charges
2. Post the subtotals to the Sales and Revenue Journal (see accompanying form).

3. Balance the total receivable to the total sales and services.
4. Post monthly totals to the General Ledger.

Accounting for Rent and Interest on Loans

The Account Clerk of the Honolulu office shall:

1. Compute interest on outstanding loan balance over past six months (or over other time period established by the Commission).
2. Prepare schedules of interest due on all outstanding loans and of annual rent of homesteaders.
3. Route schedules to Accountant for posting.

The Accountant shall:

1. Post totals of interest and rent due to the Sales and Revenue Journal from the schedules.
2. Balance the total receivable to the total interest and rent.
3. Post totals to the General Ledger.

Posting to Ledger Cards; Billing; Reconciliations

The Bookkeeping Machine Operator, during the month on a schedule to be established by the Head Accountant, shall:

1. Post charges from the duplicate sales and service charge invoices and interest and rent from the schedules to individual accounts receivable ledger cards.
2. Simultaneously prepare monthly statements for individual homesteaders in triplicate. (See accompanying forms of Lessee's Ledger Card and of Monthly Statement which are to be posted simultaneously, the entries on the ledger card being a carbon copy of the entries in the Monthly Statement).
3. Route statements to Clerk for mailing and filing:
 - a. Original to homesteader, by mail.
 - b. Duplicate to file in Honolulu office.
 - c. Triplicate to project office, for filing there. (If Oahu project, triplicate discarded.)

The Accountant shall reconcile machine register totals and subtotals of balance-due-for-other charges and balance-due-for-principal with the respective balances of Accounts Receivable (121) and Loans Receivable (122) in the General Ledger.

COMBINED STATEMENT PREPARATION AND POSTING TO LEDGER CARD

LESSEE'S LEDGER ACCOUNT

Lot No.

Location

Lessee

Previous Balances		Current Charges				Credit on Current Charges	Credit on Principal	New Balances			Proof	
Other Charges	Principal	Date	Code	Description	Amount			Other Charges	Principal	Total Due	Old Balance	Amount
Balances Forward												
MONTHLY STATEMENT												
		Current Charges				Principal You Paid Us	Balances Due					
Date	Code	Description	We Charged You	You Paid Us			For Current Charges	For Principal	Total			
Balances Owed (Shown on last statement)												
Code 1 Rent 2 Interest 3 Water 4 Pasture Fees 5 Tractor Rental 6 Miscellaneous							You now owe the last amounts shown in these columns					

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VII. Accounting For Cash Receipts

Cash is received from homesteaders by both Honolulu and project offices in payment of loans, annual rent, for charges made by the Hawaiian Homes Commission, and for deposits for home construction. Occasionally, remittances from persons other than homesteaders are also received. Accounting for all receipts is centralized in the Honolulu office.

Receipts of Honolulu Office

The Clerk shall:

1. Open and sort incoming daily mail, placing together money or checks remitted directly by homesteaders.
2. Hand the money and checks to the Cashier.

The Cashier shall:

1. Receive cash paid directly by homesteaders, handed in by the Clerk, or brought in by the Oahu Project Clerk receiving remittances at projects on Oahu (see below), giving the latter a receipt therefor.
2. Issue a receipt in triplicate for each homesteader from whom a remittance was received by mail or by hand, with the following disposition of copies--
 - a. Original handed or mailed to homesteader (or other remitter).
 - b. Duplicates accumulated for day and routed to Accountant after making entries in Daily Cash Report.
 - c. Triplicates placed in file, in Honolulu office, by project, and by lot number (along with triplicates received from Outer Island project offices--see below--or Clerk for Oahu projects).
3. Enter each receipt in the Daily Cash Report, showing the amount received.
4. Make fund distribution of receipts in the Daily Cash Report in the following manner:
 - a. Apply receipt first against outstanding current charges, as determined from inspection of homesteader's ledger card.

- b. Apply balance of receipt, if any, to principal of loan outstanding.
5. Count the daily receipts and balance with the total of the Daily Cash Report.
6. Safeguard receipts until deposited at end of day (see below).

The Accountant shall daily:

1. Check actual cash receipts against the Daily Cash Report and spot check distribution of receipts made by Cashier.
2. Post the daily receipts to the departmental journal of Cash Receipts and Deposits (see accompanying form, next page).
3. Prepare for Cashier a Treasury deposit slip, in duplicate, covering amount of cash receipts.
4. Route the Daily Cash Report and daily file of receipt duplicates to the Bookkeeping Machine Operator.

The Bookkeeping Machine Operator shall:

1. Post receipts to lessees' accounts, applying receipts against current charges before reducing the principal of loans outstanding. (This procedure eliminates the necessity for matching receipts with specific charges incurred--interest, water rates, pasture fees, etc.)
2. Route Daily Cash Report to Cashier for filing.
3. Route daily file of receipts (duplicates) to Clerk for filing, in order of receipt number.

Depositing Receipts with Treasurer

The Cashier shall deliver the daily cash receipts, with both Treasury deposit slips prepared by Accountant, to territorial Treasurer's office.

Upon return from the Treasurer's office of the stamped duplicate deposit slip, the Accountant shall record the number of the slip and the amount shown thereon in the journal of Cash Receipts and Deposits.

HAWAIIAN HOMES COMMISSION
CASH RECEIPTS AND DEPOSITS JOURNAL

Folio No. _____
Year 19____

		Debit				Credit				Deposits	
Date	Sundry Accounts		Adminis- tration Account (S6901)	Loan Fund (S6902)	Develop- ment Fund (S6912)	Loans Receivable	Accounts Receivable	Sundry Accounts		Treasurer's Receipt	Amount
	Symbol	Amount						Symbol	Amount		

Receipts at Oahu Projects

Homesteaders on Oahu should be encourage to bring or mail their remittances to the Honolulu office. As a convenience, however, these payments may be collected at the project in the following manner.

The Oahu Project Clerk (see Organization Chart V in Volume I) shall:

1. Collect at the project moneys due to the Hawaiian Homes Commission by homesteaders on Oahu.
2. Prepare a receipt in triplicate, giving original to homesteader, retaining two copies for Cashier.
3. Safeguard moneys and receipts until deposited with Cashier of Honolulu office, no later than day after collection.
4. Total daily receipts, deposit with Cashier, and receive a receipt from the Cashier for the amount deposited.

Once deposited, receipts from Oahu homesteaders remitted through the Oahu Project Clerk are handled and accounted for as previously described. These receipts are to be grouped together daily in numerical sequence in entering in the Cash Report.

Receipts of Project Offices Outside Oahu

The Project Clerk shall:

1. Receive payments brought in by homesteader.
2. Prepare receipt in triplicate, sign and give the original to the homesteader.
3. File the duplicate receipt in the project office, filing by lot number.
4. Safeguard moneys received until deposited.

The Project Manager (or staff member designated by him) shall daily:

1. Make bank deposit slip in triplicate.
2. Deposit moneys received in the local commercial bank account of the Hawaiian Homes Commission.

3. Mail duplicate of deposit slip, together with triplicate of the homesteaders' receipts for the amounts included in the deposits, to the Honolulu office, with covering inter-office memorandum (form 17 of Volume I) as remittance report.
4. File triplicate of deposit slip in chronological order.

The Clerk in the Honolulu office shall route all these materials to the Cashier.

The Cashier shall:

1. Total the triplicate receipts covered by each duplicate deposit slip and remittance report and balance the total with that of the deposit slip.
2. Sign the remittance report as a receipt and return to remitting project office for filing there.
3. Make the distribution of receipts among funds, total these distributions and note totals on duplicate deposit slip.
4. Route receipts and duplicate deposit slip to Accountant.

The Accountant shall:

1. Spot check distribution of individual receipts and check total distribution as noted on deposit slip.
2. Prepare for drawing on the Bank Clearing Account (107) a check covering amount of cash received for deposit to appropriate available cash account in the Territorial Treasury.
3. Route the checks to the Cashier.

The Cashier, upon receipt of the check from the Accountant, shall:

1. Enter in the Daily Cash Reports the receipts covered by the check.
2. Deposit check with other collections at the close of the day.

VIII. Accounting For Fixed Assets

The Hawaiian Homes Commission owns, and is required to account for, a large amount of buildings, equipment, and other fixed assets, i.e. properties of a relatively permanent nature used in the performance of the Commission's functions, other than land. Effective management requires that the records of such equipment be accurate and up-to-date.

The Fixed Assets Ledger is the key tool for accounting for fixed assets of the Hawaiian Homes Commission. This ledger, composed of individual cards for each item plus ledger accounts, supports these General Ledger Control Accounts: Buildings, Structures and Improvements (151) and Equipment (161).

Preparation of Ledger Cards

The Head Accountant shall devise and from time to time, as necessary, revise a system of code numbers by which fixed assets may be classified and identified.

The Account Clerk shall:

1. Prepare a Fixed Assets Ledger card (see form below) for each item as acquired, or for items previously acquired for which no current card is on file.
2. File the cards, after checking by Accountant.

Acquisition of Fixed Assets

The aggregate value of fixed assets may be increased by the following types of transactions: (1) purchase or construction under contract of new property; (2) replacement of old property; (3) additions to property already owned; (4) work on a project in progress; and (5) gifts.

Purchase or Construction under Contract - When property is acquired, either by purchase or through contract, the Accountant shall enter the amount of the disbursement in the fixed asset group of accounts by a charge to either of the two control accounts--"Building, Structures and Improvement," or "Equipment". Illustrative entries are as follows:

HAWAIIAN HOMES COMMISSION

FIXED ASSETS LEDGER CARD

Type of asset (e.g. typewriter) Code number _____

Make _____ Type _____ Serial number _____

Other Description _____

Located at _____ Acquired on _____

Acquired by _____ e.g. purchase from Operating Fund; gift; etc.

Summary Warrant Voucher Number by which Purchased _____

Original Cost (or estimated value at time of recording) \$ _____

Status (in service, in need of repair, obsolete, unserviceable) _____

Disposal:

Date _____ How Disposed of _____

Reason for Disposal _____

Number of Letter of Disposal _____

Entry to be made in the Register of Disbursements:

	Dr.	Cr.
Building, Structure and Improvements	xx	
Available Cash		xx

Entry to be made on a Journal Voucher:

	Dr.	Cr.
Capital	xx	
Fixed Capital		xx

The Accountant shall then record necessary data in Fixed Assets Ledger.

Replacement of Fixed Assets - To constitute a replacement, an expenditure must be for an entire unit of property and not for a minor part. For example, the purchase of new tires for a truck is not a replacement as the term is used here; it is a current operating expense item and hence is not entered in the general fixed asset group of accounts. However, if the truck is traded, sold, abandoned, or destroyed and a new one acquired, a replacement occurs.

The Accountant shall:

1. Record the property acquired.
2. Remove the old property from the active accounts, filing the ledger card in the inactive portion of the ledger.
3. Ascertain the book value of the old truck from the subsidiary ledger and charge "Fixed Capital" and credit "Equipment" for that amount.
4. Remove the original cost of the truck from the subsidiary equipment records.

Additions to Fixed Assets - There is no hard and fast rule for distinguishing between a repair chargeable to current operating expense and an expenditure for an addition or betterment. The latter is considered a fixed asset and is entered in the general fixed asset group of accounts, while the repair is not. In general, an expenditure is a betterment if it materially prolongs the life of the property or increases its usefulness. For example, the replacement of a wood floor in a

truck body with a similar type of flooring is considered a repair, but if the entire body is replaced by a steel dump body, an addition or betterment occurs. No entry is made in the general asset group of accounts for the replacement of the wood floor, but the Accountant shall record the value of the new dump body in the same manner as an asset originally acquired.

Work in Progress - Expenditure made on contracts and construction is charged to the Work in Progress Account. A subsidiary ledger card is kept for each project. The illustrative entries in the Register of Disbursements are as follows:

	Dr.	Cr.
Work in Progress (Project 23)	xx	
Available Cash		xx

No entry is made in the Fixed Assets Ledger until the Project is completed. When construction of a road, for instance, is completed, the Accountant shall:

1. Make the Journal Voucher entry to close the Work in Progress account:

	Dr.	Cr.
Building, Structure and Improvement	xx	
Work in Progress		xx
Capital	xx	
Fixed Capital		xx

2. Record the necessary data in the Fixed Assets Ledger.

Fixed Assets Acquired Through Gift - Fixed assets acquired through gift are recorded at the appraised value of the property. If the asset acquired is equipment, the Accountant shall:

1. Make following Journal Voucher entry:

	Dr.	Cr.
Equipment	xx	
Fixed Capital		xx

2. Record the necessary data in the Fixed Assets Ledger.

Disposal of Fixed Assets

The procedure to be followed in disposing of territorial property, including retired or abandoned assets, is prescribed by the Revised Laws of Hawaii.

When property is to be disposed of, the Accountant shall:

1. Prepare a written application for permission to make such disposal, for approval by the Executive Officer and Chairman of the Commission, to be sent to the territorial board of disposal. The application must contain the following statement, verified by oath:
 1. Name and official position of applicant (Executive Officer).
 2. Kind of property and full description.
 3. Purpose for which property is used.
 4. Estimated value of such property (if any).
 5. Reasons for disposing.
 6. What offer, if any, has been made for such property.
2. After approval, forward the application to the territorial board of disposal. If permission is granted the application is stamped "approved" and returned.
3. Upon receiving permission to dispose of fixed assets, charge the account Fixed Capital and credit one or more of the assets for the amount at which the property was recorded when acquired.
4. Record the disposition in the Fixed Assets Ledger, transferring the record card to the inactive file.

Fixed Assets Sold

When a fixed asset is sold, the revenue must be entered and the asset must be written off. The difference between the amount received and the book value of the asset is obtained from moneys made available for paying for expenses of the Commission. The Accountant shall:

1. Make the following entries (in this example, for an automobile):

	Dr.	Cr.
Available Cash	xx	
Sale of Fixed Assets (balance)	xx	
Equipment		xx
Fixed Capital	xx	
Capital		xx

2. Record the disposition in the Fixed Assets Ledger, transferring the record card to the inactive file.

Fixed Assets Traded or Exchanged

If fixed assets are traded in as a part of the purchase price of other property, the Accountant shall make the following entries:

1. To record the disbursement in the Register of Disbursements.

	Dr.	Cr.
Equipment	xx	
Available Cash		xx

2. To remove the old property. (The amount to be debited and credited is the carrying of the old property less the trade-in allowance.)
3. To transfer additional capital for new property. (The amount to be transferred is the cash disbursed.)

	Dr.	Cr.
Capital	xx	
Fixed Capital		xx

4. Record the disposition in the Fixed Assets Ledger, transferring the old record card to the inactive file and adding a new record card for the new property. The entry under "Original Cost" on the new ledger card shall show the value of the new property as represented by the sum of trade-in allowance plus cash disbursed.

Transfer of Fixed Assets

The transfer of fixed assets from one location to another requires only an entry in the subsidiary records to indicate the change in location.

IX. Maintaining Property Inventory

The Revised Laws of Hawaii require each territorial agency to file an annual inventory of property held by the agency on forms prescribed by the Auditor. The maintenance of an inventory, in addition to meeting this legal requirement, is necessary for management controls within the Hawaiian Homes Commission.

Duplicate copies of the Fixed Assets Ledger cards (see preceding section) describing the property held at each project are kept on file in the project office. The originals are maintained in the Honolulu office. In establishing the Fixed Assets Ledger, the cards shall be prepared from data included in the most recent inventory sheets, augmented by data obtained from expenditure vouchers, purchase orders, and other records of purchases and acquisitions. Thereafter, the ledger cards shall be added to and revised throughout the year, to serve as the source materials for annual property inventories.

Completing Ledger Cards

The Account Clerk (or other staff member designated by the Head Accountant in the Honolulu office) shall, prior to the first annual inventory:

1. Prepare the ledger cards from the items listed on the preceding inventory sheet.
2. Prepare ledger cards for the items obtained since the last annual inventory.
3. File original of each card in the Honolulu office, mailing to each project office duplicate copies for property held by that office.
4. Similar cards shall be prepared by the staff member designated by the Project Manager in the project offices for assets in the project not listed, and the original, after being checked by the Account Clerk, shall be filed in the Honolulu office.

Physical Inventory of Fixed Assets

The Account Clerk (or other staff member designated by the Head Accountant) shall:

1. Bring copy of preceding year's inventory list up to date by adding items purchased since the last inventory date, posting these items from the Fixed Assets Ledger.
2. Check off the items disposed of since the last inventory, as determined from the Fixed Assets Ledger (notifying Project office to transfer card to inactive file, if not already done).
3. Route copies of the adjusted inventory list to each Project Manager (to the Assistant Executive Officer for property on Oahu).

Staff Members designated by the Project Manager (Assistant Executive Officer) shall:

1. Take a physical inventory of fixed assets, using the adjusted copies as worksheets, indicating the items on hand and noting those unserviceable and the reason for their unserviceability. (Every several years, as practicable, personnel of the Honolulu office shall take the annual inventory in each project, as a check upon its accuracy).
2. Route the original inventory sheets to the Honolulu office, in the case of the project offices, retaining a duplicate for their own record.

The Accountant shall:

1. Prepare the new inventory from the data of the worksheets, using forms supplied by the territorial Auditor.
2. Record the original cost of each item and the estimated replacement cost in the appropriate columns.
3. Total the book value of assets in each office and project and reconcile amounts with balances in General Ledger.

4. Route the new inventory sheets to the Head Accountant for his approval.

The Head Accountant shall:

1. Inspect the inventory sheets for completeness and accuracy, then approve.
2. Report lost and unserviceable items to the Executive Officer.
3. With the approval of the Executive Officer, have letters prepared to the board of disposal for writing off lost and unserviceable items.
4. Forward approved inventory sheets to Auditor's office, retaining copy for next year's inventory.

Inventory of Supplies

Hardware, agricultural supplies, and other supplies of the Hawaiian Homes Commission (other than office supplies) are to be accounted for through the use of perpetual inventory records. The form of such records shall be prescribed by the Head Accountant and maintained under the direction of each Project Manager.