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STATE OF HAWAII
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MAY 13 2004

COMPTROLLER'S MEMORANDUM NO. 2004-17

TO: Heads of Departments (except Judiciary)

SUBJECT: Late Vendor Payment Information

Attached are the results of our analysis of late payment transactions. Overall the State's composite average decreased from 13.08% for Fiscal Year 2003 to 11.02% for March 04 Fiscal Year 2004 year-to-date. Between January and March 2004, the monthly average decreased from 12.67% to 8.70%.

Of the 20 departments/agencies covered by our review, 12 had percentages over 5% in January, and this dropped to eight (8) in March. Congratulations on the progress you've made. Please continue your efforts to promptly pay for goods, services, and construction that our contractors and suppliers provide. Although we have improved considerably, we have late payment percentages that are still unacceptable.

As a reminder, the following are the goals to be met by the end of December 2004.

Statewide average composite rate:	5%
Departments averaging up to 1000 transactions per month	0 to 2%
Department averaging more than 1000 transactions per month.	3 to 5%

I just commissioned an interdepartmental committee I've named AARC (Accounting and Auditing Review Committee) that will be charged with determining acceptable performance levels for late payments and other accounting and auditing issues. AARC will be headed by Kathi Thomason who will also serve as a resource for help in achieving desired improvements. Details will be provided as AARC boots itself into operation.

Meanwhile, please call Wayne Horie at 586-0600 or email him at (wayne.m.horie@hawaii.gov) for details on your late payment transactions.

RUSS K. SAITO
State Comptroller

Attachments: 1) Late Payments Percentages
2) Analysis of Late Payments (July 2003 to March 2004)

LATE PAYMENT PERCENTAGES									
					FY2004			Ave trans/mo	
Department / Agency	Mar 2004	Feb 2004	Jan 2004		thru Mar04	FY2003		Jul to Feb04	
Human Resources Dev	0.00%	0.00%	0.00%		0.30%	0.00%		74	
Governor's Office	0.00%	0.00%	1.41%		1.13%	12.71%		135	
Taxation	0.00%	1.52%	0.00%		0.64%	2.73%		118	
Labor	0.47%	0.23%	0.21%		0.69%	0.11%		556	
Accounting & General Svcs	0.54%	0.81%	3.77%		1.66%	1.13%		2,808	
Defense	0.73%	3.85%	5.90%		2.76%	4.53%		356	
Human Services	1.51%	3.17%	6.34%		3.53%	14.27%		6,885	
Commerce & Consumer Affairs	1.63%	0.50%	1.97%		0.73%	1.39%		313	
Libraries	1.72%	0.49%	0.94%		1.33%	2.76%		1,298	
DBEDT	3.18%	11.30%	23.19%		14.25%	9.60%		534	
Judiciary	4.42%	10.97%	15.11%		6.90%	10.08%		1,887	
Attorney General	4.60%	6.42%	3.56%		2.64%	2.21%		613	
Agriculture	5.08%	5.82%	16.58%		13.58%	9.92%		431	
Transportation	6.12%	5.31%	10.04%		10.11%	7.20%		3,564	
Lt. Governor's Office	7.50%	35.71%	41.67%		12.86%	7.51%		30	
Hawaiian Home Lands	7.85%	7.65%	11.60%		11.59%	13.61%		376	
Budget and Finance	12.47%	9.44%	23.25%		11.29%	3.85%		659	
Public Safety	18.69%	24.44%	29.00%		26.38%	20.39%		2,157	
Health	21.20%	22.86%	23.11%		21.70%	27.94%		3,916	
DLNR	22.54%	17.83%	20.74%		30.82%	30.41%		2,086	
STATEWIDE	8.70%	8.71%	12.67%		11.02%	13.08%		28,803	

ANALYSIS OF LATE PAYMENTS

Data: July 2003 to March 2004

Dept	Total # of Payments	Total $	# of late payments	$ of late payments	# of days late	Interest	% of late payments	Ave $ of late payments	Ave # of days late	Ave $ of interest/payment
HRD	677	527,976.77	2	435.00	68	0.84	0.30%	217.50	34.00	0.42
Tax	1,086	8,449,738.80	7	9,055.08	68	10.58	0.64%	1,293.58	9.71	1.51
Labor	5,094	3,159,666.42	35	7,763.24	351	14.68	0.69%	221.81	10.03	0.42
DCCA	2,872	4,435,379.51	21	10,092.08	526	44.62	0.73%	480.58	25.05	2.12
Gov	1,235	572,245.69	14	20,417.41	269	109.02	1.13%	1,458.39	19.21	7.79
Libraries	11,841	2,637,959.46	157	79,606.14	3,275	142.63	1.33%	507.05	20.86	0.91
DAGS	25,249	221,414,666.62	418	1,032,668.04	3,823	1,845.98	1.66%	2,470.50	9.15	4.42
AG	5,710	5,873,626.84	151	155,702.81	4,961	606.15	2.64%	1,031.14	32.85	4.01
Defense	3,263	4,045,055.56	90	52,505.49	1,064	108.73	2.76%	583.39	11.82	1.21
DHS	62,582	69,439,413.36	2,212	1,392,161.19	37,452	4,092.60	3.53%	629.37	16.93	1.85
Jud	17,242	24,275,521.35	1,190	1,034,685.48	17,487	2,993.63	6.90%	869.48	14.69	2.52
Trans	32,390	200,906,051.56	3,276	12,818,284.32	64,530	34,704.08	10.11%	3,912.79	19.70	10.59
B&F	6,070	348,455,156.36	685	163,137.21	14,756	586.58	11.29%	238.16	21.54	0.86
HHL	3,546	14,458,022.43	411	569,933.05	11,539	1,273.47	11.59%	1,386.70	28.08	3.10
Lt. Gov	280	178,596.64	36	29,225.41	733	90.22	12.86%	811.82	20.36	2.51
Agr	3,806	6,518,368.77	517	157,915.00	11,259	544.04	13.58%	305.44	21.78	1.05
Dbedt	4,934	81,480,635.97	703	4,029,190.46	12,720	11,074.17	14.25%	5,731.42	18.09	15.75
Health	36,151	53,818,333.99	7,844	12,098,336.39	186,186	28,872.57	21.70%	1,542.37	23.74	3.68
PSD	20,103	39,473,497.34	5,303	4,307,444.32	85,233	11,297.56	26.38%	812.27	16.07	2.13
DLNR	19,385	22,092,821.23	5,974	3,740,010.11	90,261	7,920.79	30.82%	626.05	15.11	1.33
	263,516	1,112,212,734.67	29,046	41,708,568.23	546,561	106,332.94	11.02%	1,435.95	18.82	3.66