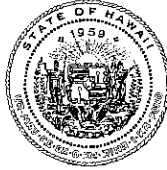


DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

RODERICK K. BECKER
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

March 15, 2016

FINANCE MEMORANDUM

MEMO NO. 16-06

TO: All Department Heads

FROM: Wesley K. Machida
Director of Finance

SUBJECT: Extending the Lapse Dates of the Appropriation Accounts for Federal Funds, Other Federal Funds or Non-General Matching Funds Pursuant to Section 103 of Act 119, SLH 2015

Since FY 14, budget policies have required departments to request appropriations in the full amount of federal awards anticipated to be awarded during the respective fiscal years. Additionally, each unique federal award is assigned its own State appropriation account to capture the revenue and expenditure data specific to that federal award.

Appropriation accounts for operating federal funds and other federal funds are generally scheduled to lapse after three years (the fiscal year of the appropriation plus two (2) fiscal years), with limited exceptions. Therefore, appropriation accounts for operating federal funds that were established for FY 14 have a lapse date of June 30, 2016.

Capital improvements program appropriation accounts for federal funds or other federal funds are scheduled to lapse five (5) years after the fiscal biennium of the appropriation, thus, FY 14 CIP federal fund or other federal fund appropriations will lapse on June 30, 2020. However, pursuant to Section 58 of Act 134, SLH 2013, as amended by Act 122, SLH 2014, non-general fund authorizations from prior budget acts designated by the Legislature as necessary to qualify for federal aid financing and reimbursement that are unencumbered shall lapse as follows:

- Act 162, SLH 2009, as amended by Act 180, SLH 2010, non-general fund authorizations for FY 10 and FY 11 shall lapse as of June 30, 2016.
- Act 164, SLH 2011, as amended by Act 106, SLH 2012, non-general fund authorizations for FY 12 and FY 13 shall lapse as of June 30, 2018.

Since a federal award may have a performance period end date or a liquidation date beyond June 30, 2016, Section 103 of Act 119, SLH 2015 provides that the governor may approve the extension of the lapse dates for federal fund or other federal fund appropriations and appropriations of other means of financing, except general funds, deemed necessary to qualify for federal aid and/or reimbursement. As such, Executive Memorandum (E.M.) No. 15-03, FY 16 Budget Execution Policies and Instructions, Attachment A, Item Nos. 9.e. and 25.h. outlines the process to request an extension.

Departments should review all federal fund and other federal fund appropriation accounts which are scheduled to lapse on June 30, 2016 to determine if the lapse dates need to be extended based on the performance period end date or liquidation date of the federal award associated with the account and as necessary to meet the intent of federal award. As provided by E.M. No. 15-03, Forms E-4 and E-5, which may be downloaded from <http://federalawards.hawaii.gov/forms/>, should be used to request the Governor's approval and notify the Legislature of the use of the authority provided under Section 103. Please note, however, that Form E-5 has been revised to reflect the joint format for letters to the Legislature.

Departments should refer to the instructions for Form E-4 for updated specific routing requirements. Form E-4 should be sent directly to the Governor's Office and does not require the Department of Budget and Finance's (B&F) prior review. However, B&F's Office of Federal Awards Management and DAGS should be sent a copy of the approved request.

Because this is a new process, it is recommended that departments with approved extensions check Datamart to ensure that the lapse dates of the respective appropriation accounts have been properly updated. If the lapse date of an appropriation account has not been extended by June 30, 2016, the appropriation account will lapse and a new account will have to be requested.

If you have any questions, please contact Mr. Mark Anderson at Mark.K.Anderson@hawaii.gov or call 586-3035.

Attachments: Form E-4 (Request to Extend Lapse Date of Federal Funds or Other Federal Funds and Non-General Matching Funds)
Form E-5 (Letter to the Legislature to Extend Appropriation Account Lapse Dates, revised March 2016)

c: Mr. Wayne Horie

FORM E-4 INSTRUCTIONS

REQUEST TO EXTEND LAPSE DATE OF FEDERAL FUNDS OR OTHER FEDERAL FUNDS AND NON-GENERAL MATCHING FUNDS

To request the Governor's approval to extend the lapse date of the Appropriation Account for a federal fund, other federal fund or non-general matching fund, department must complete Form E-4, as applicable to means of financing, and attach a copy of the most recent federal award notice for each award listed.

Department	Select the recipient department from the drop down menu.
Program ID	Enter the Program ID.
Prime (P) or Sub Award (S)	Select (P) if this is a prime award or (S) if a subaward.
CFDA No.	Enter the CFDA No. for the award using the format XXX.### (i.e. 10.559)
Appropriation Account Symbol	Enter the Appropriation Account Symbol for this award.
Appropriation Account Title	Enter the Appropriation Account Title as it appears in Datamart.
MOF	Enter the Method of Financing (i.e. such as N or P).
Act/Year or Non Appropriated. If CIP, Include Item No.	Enter Act and Fiscal Year if appropriated or enter Non-Appropriated. If CIP, provide the Item No.
Authorized Lapse Date	Enter the current lapse date for the Appropriation Account.
New Lapse Date Requested (6/30/xx)	Enter the new lapse date requested based on the ending performance date for the award. The lapse date requested should be for the end of a fiscal year, such as 6/30/17.
Award Performance Period (Start/End Date)	Enter the start and end performance dates as shown on the most recent award notice.
Justification for Extension of Lapse Date	Enter the reason for requesting the extension of the lapse date.
Submitted by (Type Name)	Type the name of the requester; requestor to sign and date.
Department Head (Type Name)	Type the name of the department head; department head to sign and date.
Governor's Approval	Governor will approve or disapprove the request, sign and date and return the form to the department. When the signed form is received back from the Governor, department will send a copy to DAGS to extend the lapse dates in FAMIS and B&F (OFAM).
ATTACHMENTS:	Attach a copy of the federal award notice showing the start/end performance dates. Attach a copy of Form E-5 (Letter to Senate President & Speaker of the House)
ROUTING:	Check the applicable step in the routing process and enter the date that the form was transmitted.

(Date)

The Honorable Ronald D. Kouchi,
President and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki,
Speaker and Members of the House
of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Souki and Members of the Legislature:

Pursuant to Section 103 of Act 119, SLH 2015, the Department of _____ has requested approval to extend the appropriation account lapse dates for the federal award and matching non-general funds, as applicable, listed on Form E-4. The reasons for the request are noted on the form.

Attached is a copy of our department's request.

Sincerely,

(NAME OF DEPARTMENT HEAD)
(TITLE)

Attachment

c: Honorable Jill N. Tokuda
Honorable Sylvia Luke

bc: Honorable Wesley K. Machida