June 15, 2015

TO: Chancellors and Systemwide Administrators

ATTENTION: Fiscal Administrators

FROM: Kalbert K. Young
Vice President for B&F/CFO

SUBJECT: QUARTERLY INTEREST RATE FOR LATE VENDOR PAYMENTS

Pursuant to Section 103-10 of the Hawaii Revised Statutes, the interest rate for obligations related to goods delivered or services performed remaining unpaid after 30 days is equal to the prime rate for each calendar quarter plus two percent. The interest rate is adjusted quarterly using the prime rate as posted in the Wall Street Journal on the first business day of the month preceding the calendar quarter.

The State Comptroller has informed the University that the rate beginning July 1, 2015 and ending September 30, 2015 will be 5.25% per annum. Interest due to vendors should be calculated if the payment is made in excess of 30 days from the Aging Start Date. The interest calculation is as follows:

Interest Due = (Daily Rate of Interest) x (Days in Excess of 30) x (Payment Amount)

Daily Rate of Interest = Current Interest Rate / 365 days

Days in Excess of 30 = Number of days starting from the day after the Aging Start Date up to and including the Date of the Check.

Should there be any questions regarding this change, please call the Disbursing Office at 956-6621.