

Introduction to Manual Encumbrances

http://www.inside.sou.edu/bus_serv/

DEFINITION

Encumbrance

Accounting: contingent liability, contract, purchases order, payroll commitment, tax payable, or legal penalty that is chargeable to an appropriation account. It ceases to be an encumbrance when paid-out or when the actual liability amount is determined and recorded as an expense

Read more: <http://www.businessdictionary.com/definition/encumbrance.html#ixzz13ONogLud>

PURPOSE

To record an entry in Banner to set aside budget dollars for planned expenditures.

EXAMPLE

Travel to a conference scheduled
for Spring 2011

Cost estimated to be \$3,000

BENEFITS

Benefits include:

- The encumbrance entry is recorded in Banner and appears on the monthly financial statements effectively reducing the available budget balance.

BENEFITS

Benefits include:

- Planning is transparent.

BENEFITS

Benefits include:

- Provides the ability to track multiple commitments.

BENEFITS

Benefits include:

- Allows tracking of approved commitments prior to the time the invoice/travel documents are processed.

BENEFITS

Benefits include:

- Encumbrance amounts can be adjusted or liquidated as needed.

STEPS

What steps are used to enter and manage an encumbrance?

Step 1: Entry in Banner is similar to entering a Journal Voucher.

STEPS

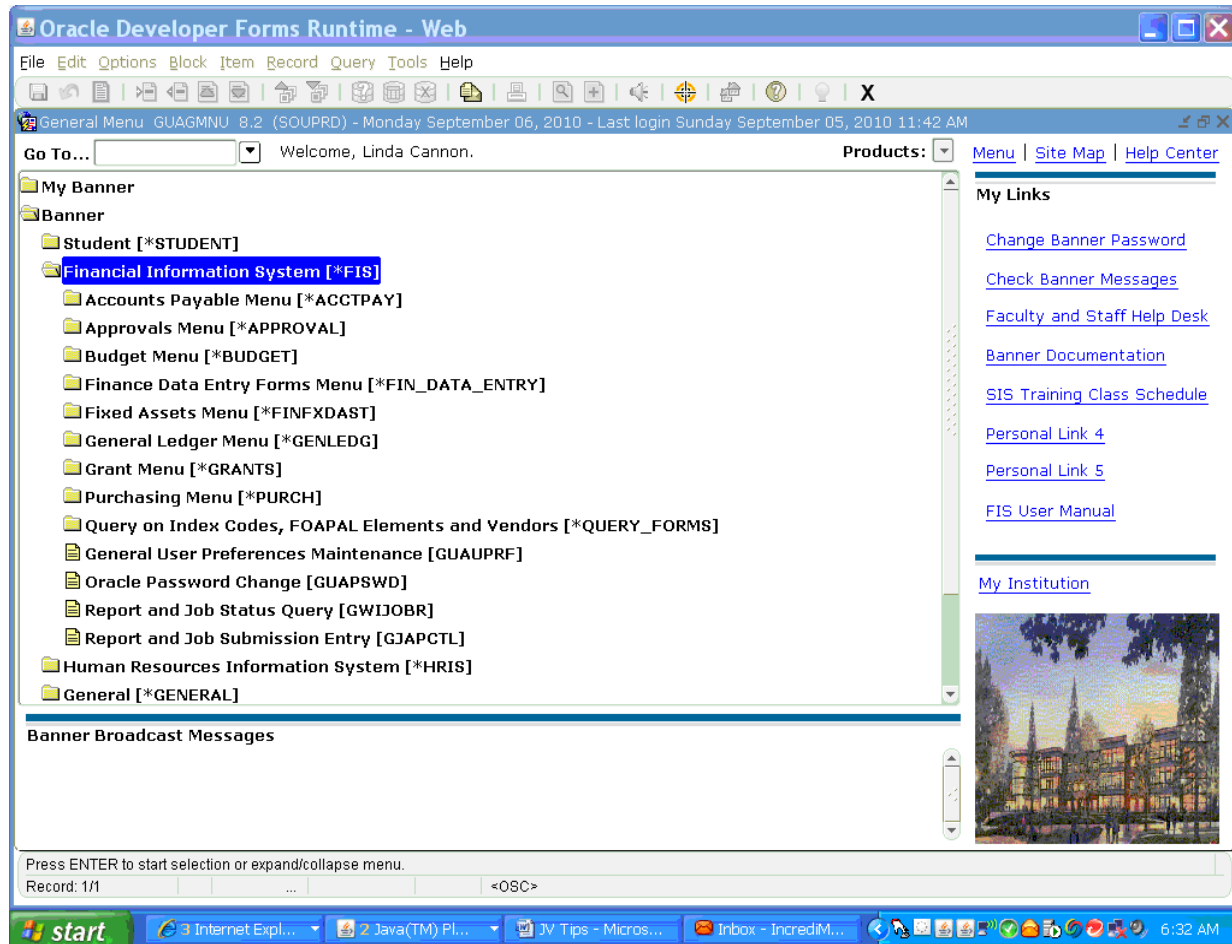
Step 2: Approval in Banner similar to a approval of a Journal Voucher.

STEPS

Step 3: Liquidating and maintaining the encumbrance is through the Invoice/Credit Memo Forms in Banner.

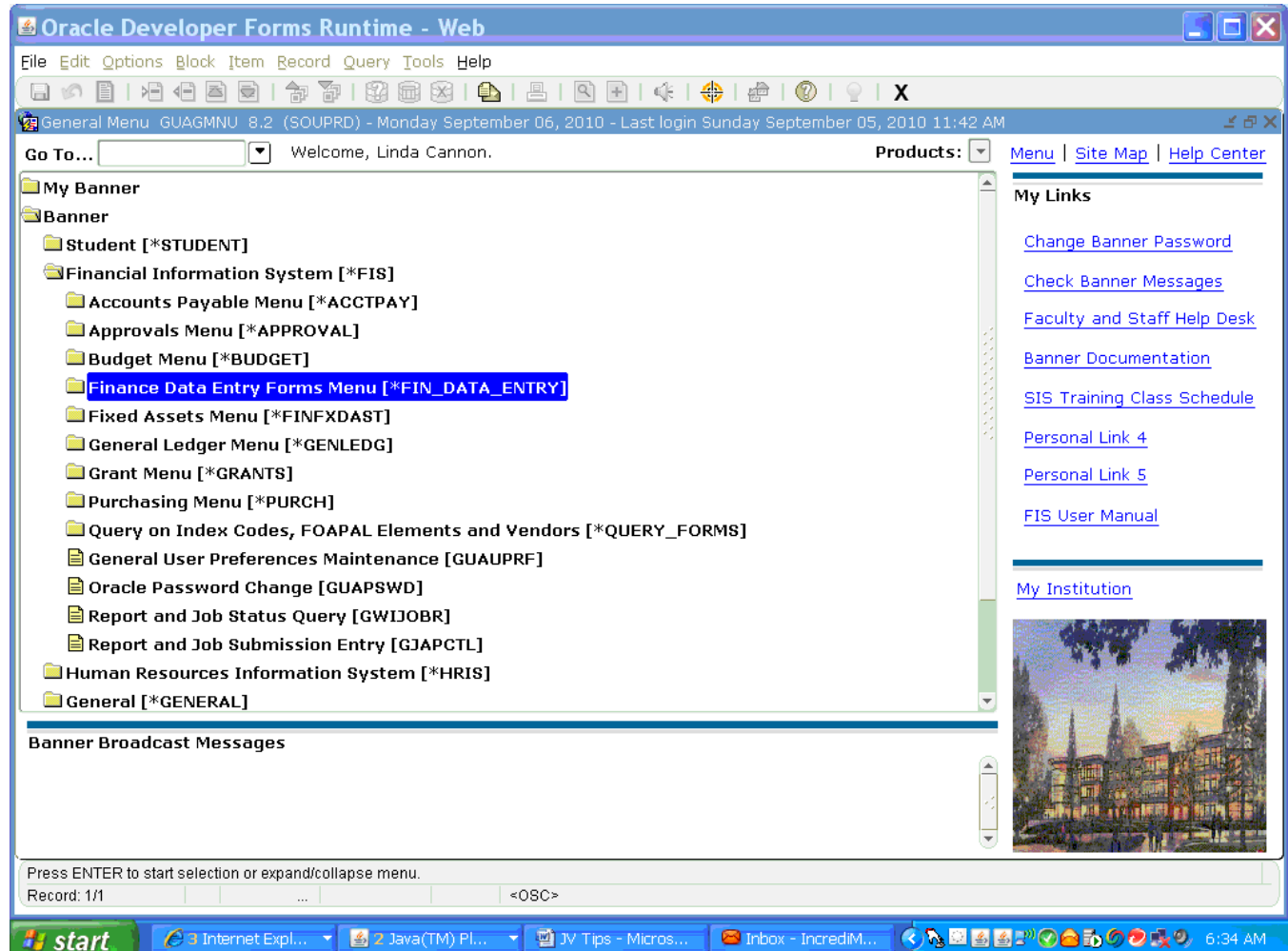
ENCUMBRANCE ENTRY

Step 1



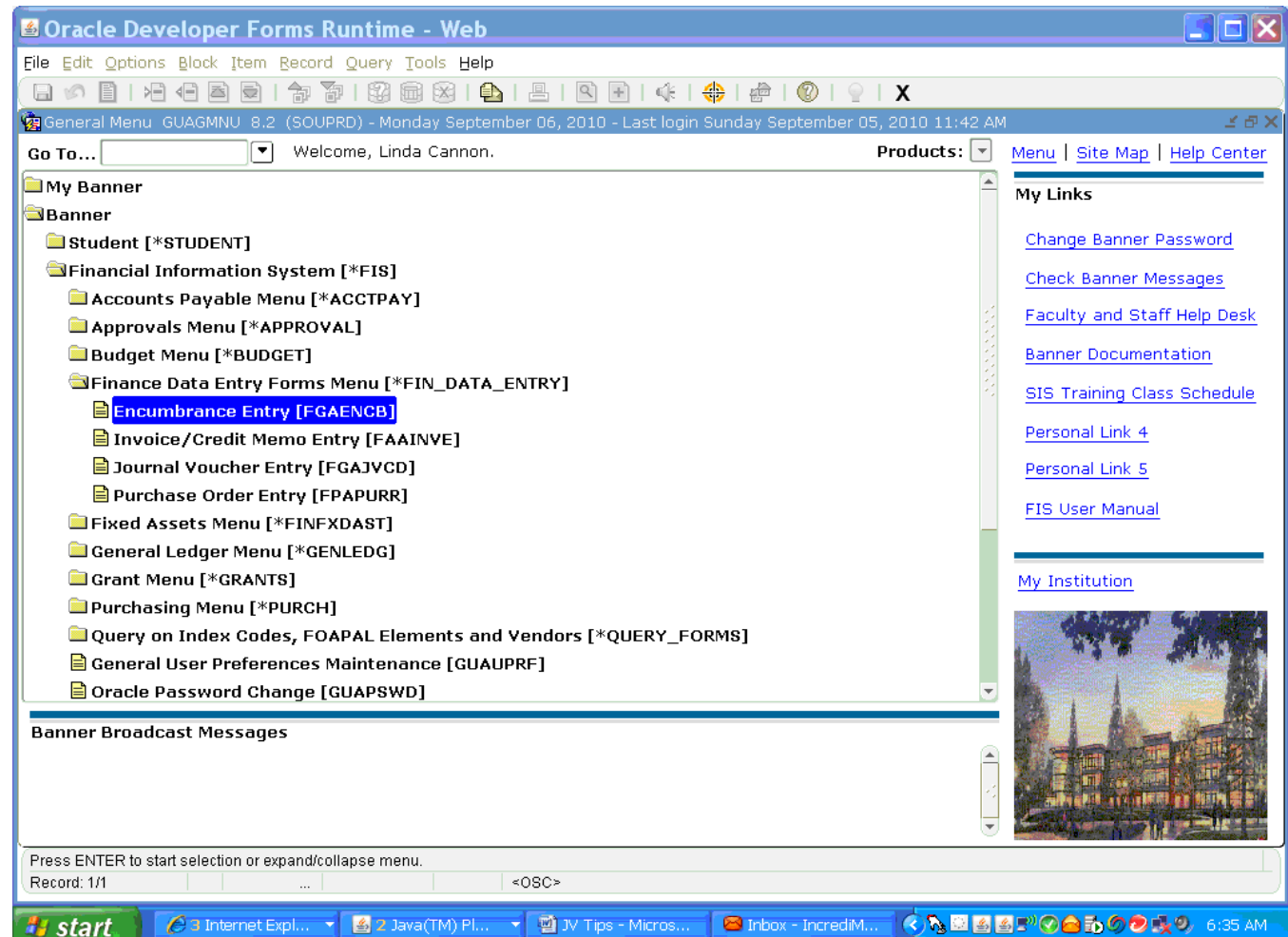
ENCUMBRANCE ENTRY

Step 2



ENCUMBRANCE ENTRY

Step 3



ENCUMBRANCE ENTRY

Step 4

Oracle Developer Forms Runtime - Web: Open > FGAENCB

File Edit Options Block Item Record Query Tools Help

General Encumbrance Maintenance FGAENCB 8.3 (SOUPRD)

Encumbrance Number: NEXT

Encumbrance Header

Encumbrance Description: Document Total: Transaction Date:

Encumbrance Type: ☐ Encumbrance ☐ Labor ☐ Memo

Vendor ID: Encumbrance Change: Title: Date Established: Document Reference:

☐ Distribution ☐ NSF Checking ☐ Deferred Editing ☒ Open Status ☐ Document Text Exists

Enter the Document Number; use 'NEXT' or leave field blank to generate number.

Record: 1/1 <OSC>

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ENCUMBRANCE ENTRY

Step 5

Oracle Developer Forms Runtime - Web: Open > FGAENCB

File Edit Options Block Item Record Query Tools Help

General Encumbrance Maintenance FGAENCB 8.3 (SOUPRD)

Encumbrance Number: NEXT

Encumbrance Header

Encumbrance Description: Travel-Conference May 2011

Document Total: 3,000.00

Transaction Date: 06-SEP-2010

Encumbrance Type:

- ☒ Encumbrance
- ☐ Labor
- ☐ Memo

Vendor ID:

Encumbrance Change:

Title:

Date Established: 01-SEP-2010

Document Reference: EST

☐ Distribution

☐ NSF Checking

☐ Deferred Editing

☒ Open Status

☐ Document Text Exists

Check to distribute document total.

Record: 1/1

<OSC>

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ENCUMBRANCE ENTRY

Step 6

Oracle Developer Forms Runtime - Web: Open > FGAENCB

File Edit Options Block Item Record Query Tools Help

Transaction Detail FGAENCB 8.3 (SOUPRD)

Encumbrance Number: E0000037 Encumbrance Title: Travel-Conference May 2011 Document Total: 3,000.00

Status: ☐ Fiscal Year: ☐
Sequence: 1 Current Encumbrance Amount:
Journal Type: 2ENC Original Encumbrance
Project:

COA Index Fund Orgn Acct Prog Actv Locn Percent
F BSDPCS 001000 452100 39516 61030

☐ NSF Override Commit Type: Uncommitted Amount: 3,000.00

Check to override Available Balance editing or Uncheck to do editing.
Record: 1/1 <OSC>

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ENCUMBRANCE ENTRY

Step 7

Oracle Developer Forms Runtime - Web: Open > FGAENCB

File Edit Options Block Item Record Query Tools Help

Transaction Detail FGAENCB 8.3 (SOUPRD)

Encumbrance Number: E0000037 Encumbrance Title: Travel-Conference May 2011 Document Total: 3,000.00

Status: P Fiscal Year: 11
Sequence: 1 Current Encumbrance Amount:
Journal Type: 2ENC Original Encumbrance
Project:

COA F Index BSDPCS Fund 001000 Orgn 452100 Acct 39516 Prog 61030 Actv Locn Percent
NSF Override Commit Type: Uncommitted Amount: 3,000.00

Completion FGAENCB 8.3 (SOUPRD)

Complete: In Process: Net Amount: 3,000.00

Select to leave document "In Process"
Record: 1/1 <OSC>

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ENCUMBRANCE ENTRY

Where do I find the list of open encumbrances?

- Use the encumbrance list form (FGIENCB)

Encumbrance List FGIENCB 8.0.0.1 (SOUPRD)

Encumbrance Number	Type	Description	Current Balance	FY	*	Status	Establish Date	Last Activity Date
E0000037	E	Travel-Conference May 2011	3,000.00	11		O	01-OCT-2010	23-OCT-2010

- The current example is shown for training purposes only

ENCUMBRANCE ENTRY

The following is a snapshot of the index before posting the manual encumbrance:

Organization Budget Status Form: FWIBDST 8.0.0.1.a (SOUPRD)

Chart: F
Fiscal Year: 11
Fiscal Period:
Index: BSDPCS
☐ Query Specific Account
☒ Include Revenue Accounts
Commit Type: Both

Organization: 452100 Departmental Services Operations
Fund: 001000 General Fund Operations
Program: 61030 General Institution Management
Account:
Account Type:
Activity:
Location:

Account	Type	Title	Adjusted Budget	YTD Activity	Commitments	Available Balance
23513	E	Software Maintenance Cont	0.00	24.00	0.00	-24.00
23599	E	Miscellaneous Maintenance	0.00	55.15	0.00	-55.15
24151	E	Building Rentals	0.00	415.36	0.00	-415.36
24201	E	Equipment Leases	0.00	140.00	0.00	-140.00
24520	E	Security Service	520.00	130.35	0.00	389.65
24999	E	Miscellaneous Fees & Servic	0.00	461.00	0.00	-461.00
28611	E	Refreshments & Food - Dep	0.00	415.36	0.00	-415.36
28901	E	Dues & Memberships -Progr	0.00	100.00	0.00	-100.00
28995	E	Procurement Card Purchas	0.00	0.00	0.00	0.00
28999	E	Miscellaneous Services & Si	0.00	9.19	0.00	-9.19
39000	E	Travel	1,500.00	0.00	0.00	1,500.00
39415	E	In-St Empl Program Travel	0.00	189.17	0.00	-189.17
Net Total:			-424,923.00	-98,456.18	311,281.53	-15,185.29 **

** Available balance before manual encumbrance posts.

ENCUMBRANCE ENTRY

The following is a snapshot after posting the manual encumbrance:

Organization Budget Status Form FWIBDST 8.0.0.1.a (SOUPRO)

Chart: F
Fiscal Year: 11
Fiscal Period:
Index: BSDPCS
☐ Query Specific Account
☒ Include Revenue Accounts
Commit Type: Both

Organization: 452100 Departmental Services Operations
Fund: 001000 General Fund Operations
Program: 61030 General Institution Management
Account:
Account Type:
Activity:
Location:

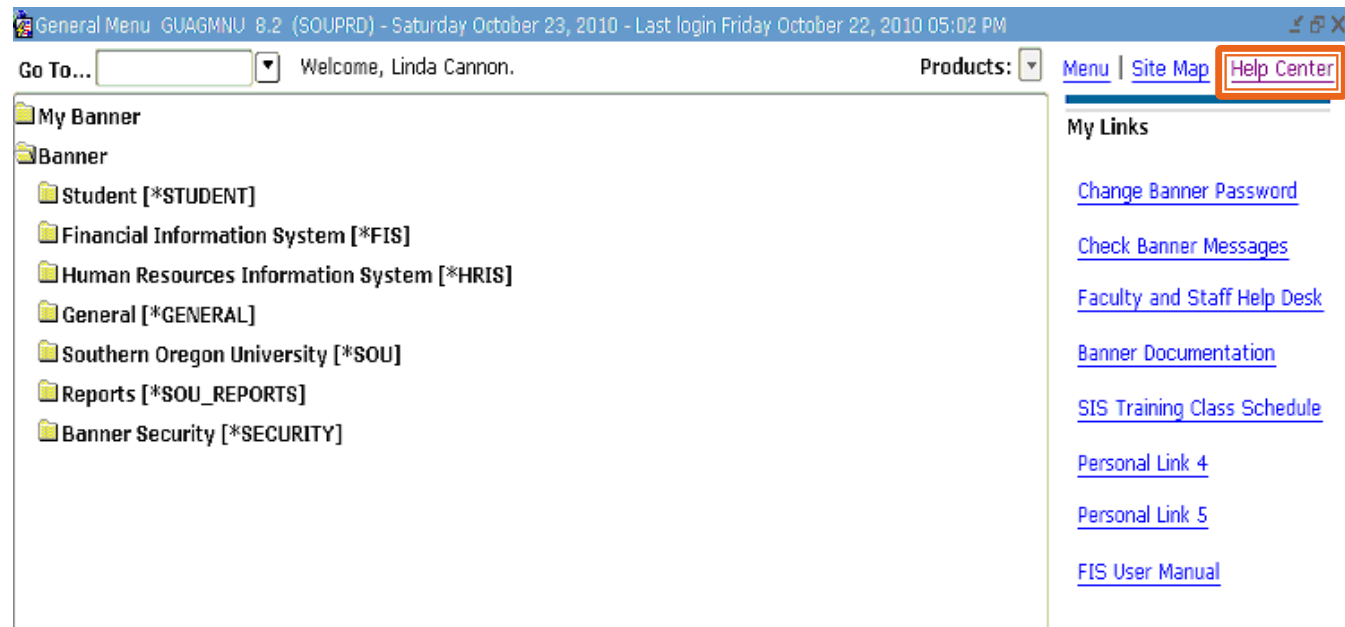
Account	Type	Title	Adjusted Budget	YTD Activity	Commitments	Available Balance
23599	E	Miscellaneous Maintenance	0.00	55.15	0.00	-55.15
24151	E	Building Rentals	0.00	415.36	0.00	-415.36
24201	E	Equipment Leases	0.00	140.00	0.00	-140.00
24520	E	Security Service	520.00	130.35	0.00	389.65
24999	E	Miscellaneous Fees & Service	0.00	461.00	0.00	-461.00
28611	E	Refreshments & Food - Dep	0.00	415.36	0.00	-415.36
28901	E	Dues & Memberships - Progi	0.00	100.00	0.00	-100.00
28995	E	Procurement Card Purchase	0.00	0.00	0.00	0.00
28999	E	Miscellaneous Services & St	0.00	9.19	0.00	-9.19
39000	E	Travel	1,500.00	0.00	0.00	1,500.00
39415	E	In-St Empl Program Travel	0.00	189.17	0.00	-189.17
39516	E	Out-St Empl Training Trave	0.00	0.00	3,000.00	-3,000.00 **
Net Total:			-424,923.00	-98,456.18	314,281.53	-12,185.29 *

- * Note the change in the available budget balance.
- ** Note the new commitment exceeds the travel budget and will prompt additional planning and discussion.

MORE INSTRUCTION

Where do I find more detailed instruction on encumbrances?

- Banner has an on-line help center
- See Link highlighted in Red below



MORE INSTRUCTION

Once in the Help Center – Search for Encumbrances

The screenshot displays the Banner Help Center interface. On the left is a navigation menu with tabs for 'Contents', 'Index', and 'Search'. Below these are alphabetical indices (Numerics, A-Z, P-Q, R-S, T-V, Y) and a list of topics including e-Procurement, Employees, Encumbrances, Equipment, External entity codes, External report codes, and External report translation codes. The 'Encumbrances' topic is selected. The main content area is titled 'Banner Help Center' and shows the search results for 'Encumbrances'. It includes a link to 'Send us your documentation comments ...' and 'Release 8.3'. The search results are organized into sections: 'General Encumbrance Maintenance Form (FGAENCB)', 'Encumbrances and Purchase Orders', 'Encumbrances and Invoices', 'Document Indicators Window', 'Transaction Detail Window', and 'Completion Window'. Each section contains detailed instructions and notes related to the topic.

Contents **Index** **Search**

Numerics **A** **B** **C** **D** **E** **F** **G** **H** **I** **J** **K** **L** **M** **N** **O**
P **Q** **R** **S** **T** **U** **V** **Y**

e-Procurement
PPAEPRC E-Procurement Interface Preferences

Employees
classification codes
establishing classes
wages

Encumbrances
and invoices
and purchase orders
approving documents
list
overrides
querying archived transactions
querying transactions
querying
reserving funds

Equipment
maintenance codes
monitoring usage
External entity codes
External rate codes
External report codes
creating
querying
External report translation codes

Banner Help Center

[Send us your documentation comments ...](#)
Release 8.3

Finance Forms : General Encumbrance Maintenance Form (FGAENCB)

General Encumbrance Maintenance Form (FGAENCB)

Use the Encumbrance/Reservations Maintenance Form to encumber or reserve funds for future commitments. Use the Detail Encumbrance Activity Form (FGIENCD) to query existing encumbrances.

Access the General Encumbrance Maintenance Form (FGAENCB) from the General Accounting Transactions Menu (*FINGENLA).

Encumbrances and Purchase Orders

The system automatically generates encumbrances within the Purchasing and Procurement module. However, you may create an encumbrance that is unrelated to a purchase order. For example, a consulting contract may exist as opposed to a purchase order for services. Use FGAENCB to reserve or encumber the funds for the contract. It is important to remember that if you issue a purchase order after the encumbrance exists, it is necessary to liquidate the existing encumbrance to avoid overstating reserved funds.

Note: General encumbrances created through FGAENCB place a time stamp on the established date.

Encumbrances and Invoices

Use the Invoice/Credit Memo Form (FAAIVNE) to liquidate an existing encumbrance. Unlike purchase orders, you create these invoice encumbrances without commodity items. When you enter encumbrances into FAAIVNE, the system automatically creates an item when you navigate to any other window in the form.

For this reason, an invoice that is liquidating an encumbrance created in FGAENCB must be a commodity level accounting document. An encumbrance created in FGAENCB is referred to as a General Accounting Encumbrance.

Complete all necessary information for the encumbrance. Select Document Indicators from the Options menu to open the Document Indicators window. Select Document Text from the Options menu to open the General Text Entry Form (FOATEXT).

Note: You can cancel a General Ledger change that has been initiated, but will not be completed. If you select Cancel Change from the Options menu, new sequences never posted are deleted, posted records with a new pending amount are set back to null, and the available balance reservations are reversed. Header status and approval indicators are then reset to C and Y.

Document Indicators Window

Select the **Distribution** box to have the system use no reservations. **NSF Checking** appears selected if you are using the Non-Sufficient Funds flagging feature. Select the **Deferred Editing** box to postpone verification until after posting.

Transaction Detail Window

Enter the accounting information for the encumbrance. Enter the rule class in the **Journal Type** field associated with the type of encumbrance. Enter the transaction accounting information in the appropriate fields. When you save the accounting record, the system updates the **Status** indicator.

Completion Window

To send this encumbrance document to the posting or approvals process, select Complete. To save data without sending it to the posting or approvals process, select In Process. The Complete and In Process buttons are navigable.

After you complete this form, it becomes query-only, and you may not make any changes.

MORE INSTRUCTION

- Use the following pages from the on-line help center for reference
 - Additional Training Sessions for manual encumbrances are being planned.
- Please notify Business Services if you are interested in the additional training.
 - Linda Cannon 541-552-6065

ON-LINE HELP PAGES

To Begin Entering an Encumbrance use:
FGAENCB.

Finance Forms : General Encumbrance Maintenance Form (FGAENCB)

General Encumbrance Maintenance Form (FGAENCB)

Use the Encumbrance/Reservations Maintenance Form to encumber or reserve funds for future commitments.
Use the Detail Encumbrance Activity Form (FGIENCD) to query existing encumbrances.

Access the General Encumbrance Maintenance Form (FGAENCB) from the General Accounting Transactions Menu (*FINGENLA).

ON-LINE HELP PAGES

The manual encumbrance is also referred to as a General Encumbrance.

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Note: General encumbrances created through FGAENCB place a time stamp on the established date.

ON-LINE HELP PAGES

Maintaining and liquidating encumbrances are processed using the Invoice/Credit Memo Form (FAAINVE).

Encumbrances and Invoices

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ON-LINE HELP PAGES

Encumbrances and Invoices (continued)

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ON-LINE HELP PAGES

Encumbrances and Additional Information (continued)

Document Indicators Window

Select the **Distribution** box to have the system use no reservations. **NSF Checking** appears selected if you are using the Non-Sufficient Funds flagging feature. Select the **Deferred Editing** box to postpone verification until after posting.

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Contacts

For additional Information contact:

- ▶ Accounting Manager, Business Services
<https://inside.sou.edu/bus-serv/staff.html>
552-6065

or

- ▶ Director of Business Services
<https://inside.sou.edu/bus-serv/staff.html>
552-6594