



## **Quick Guide to Balancing Encumbrances** *(Open Purchase Orders to General Ledger & Subsidiary Ledger)*

This document was created to assist users in comparing their Open Purchase Orders to the General Ledger Encumbrance accounts AND the Encumbrance Subsidiary Ledger.

Open purchase orders should match the State Mandated General Ledger Encumbrance account (3-0341/3-0358) and Subsidiary Ledger (Encumbrance Memo Entries) totals.

Users periodically call in and state that their encumbrances are out of balance. They normally notice this when printing the Budget Analysis report and noticing that the Encumbrance column does not match the Open Purchase Orders.

The Encumbrance column of this report shows the Encumbrance Subsidiary Ledger (memo entries) that are made to the purchasing general ledger account (normally *Expense*) every time a purchase order is added or changed in the system. Memo Entries are made and used for budget checking purposes. However the Budget Analysis report can be misleading because it only reports Revenue and Expense accounts. If a site has used any other type of account, the totals will not match. In this document, I will be using the GL Query to compare balances.

A user might also call in because they notice that their open purchase orders do not balance to the State Mandated encumbrance account (example – ClassFunction 3-0341) that prints on several state reports. These figures are actual dollars and a journal entry is made each time a Purchase Order is added or changed.

How do I verify these numbers? In this example, I am balancing April 2014 encumbrances.

### **Step 1 – Is my prior fiscal year marked closed?**

Check that prior years are closed or that your current year's beginning balances are correct. Go to the End of Year Close transaction located on the GL Year End Menu to check if the prior fiscal year is closed. If all of the check boxes in the End of Year Close Status are checked, then this year is marked 'closed' and your beg balances for FY 2014 should be correct, continue to Step 3. In the screen shot below, 2013 is marked closed (see next page for screen shot).

GL/EOYC: End of Year Close (v3.05)

Close Fiscal Year: 2013  
Close To Period: EOY Close

☐ Create Missing Accounts  
☐ Close Without Prompting

Balance Sheet  
Component: Fund Value:

End Of Year Close Status:  
☒ Periods Have Been Closed  
☒ GL Account Balances Validated  
☒ Prepare Journal Entry  
☒ EOY Journal Entry Posted  
☒ Updated Beginning Balances for New Year  
☒ Data Moved To History

Restart EOY Close from Beginning

☐ Bal Sheet Business Rules Changed

Close To Account: Unreserved Fund Balance  
Close To Component: ClassFunct  
Close To Value: 30350

Add Item Add For Missing Items

Balance...	Value	Close T...	Close T...	Close T...
Fund 11		Unreser...	ClassF...	30350
Fund 12		Unreser...	ClassF...	30350
Fund 13		Unreser...	ClassF...	30350
Fund 14		Unreser...	ClassF...	30350
Fund 15		Unreser...	ClassF...	30350
Fund 16		Unreser...	ClassF...	30350

Enter End of Year Close Criteria and Click Save to Begin Process

If the boxes are not checked, you need to drop down the Close Fiscal Year box and find the latest year that is marked closed. Once you determine the last year marked that was marked closed, you must recompute opening balances from that next year forward to the current year, continue to Step 2.

## Step 2 – Recompute Beginning Balances

In this example, my last fiscal year closed is 2007. Since 2008 was not marked closed, that means that I need to recompute opening balances for FY 2009, 2010, 2011, 2012, 2013 and 2014. If this situation exists at your site, **we highly recommend closing these years.**

GL/EOYC: End of Year Close (v3.05)

Close Fiscal Year: 2007  
Close To Period: EOY Close

☐ Create Missing Accounts  
☐ Close Without Prompting

Balance Sheet  
Component: Fund Value: 89

End Of Year Close Status:  
☒ Periods Have Been Closed  
☒ GL Account Balances Validated  
☒ Prepare Journal Entry  
☒ EOY Journal Entry Posted  
☒ Updated Beginning Balances for New Year  
☒ Data Moved To History

Restart EOY Close from Beginning

☐ Bal Sheet Business Rules Changed

Close To Account: Unreserved Fund Balance  
Close To Component: ClassFunct  
Close To Value: 30350

Add Item Add For Missing Items

Balance Sh...	Value	Close To Ac...	Close To Co...	Close To Va...
Fund 38		Unreserved ...	ClassFunct	30350
Fund 39		Unreserved ...	ClassFunct	30350
Fund 40		Unreserved ...	ClassFunct	30350
Fund 88		Unreserved ...	ClassFunct	30350
Fund 89		Unreserved ...	ClassFunct	30350

Enter End of Year Close Criteria and Click Save to Begin Process

To recompute opening balances, go to the Create New GL Year Tables transaction located on the GL End of Year Close menu. Check the 'Recompute Opening Balances' option, choose the earliest year that needs to be recomputed (in this example 2009) and Click Save. Do this for every year in order beginning with the earliest year.

GL/NEWY: Create New GL Year Tables (v3.06)

Run Options

☐ Create New Year

☐ Rerun the Last Created Year

☒ Recompute Opening Balances Only (For the Selected Year)

Fiscal Year

Click Save To Process This New Year

### Step 3 – Running Reports for Comparison

In this example I am balancing encumbrances for April 2014. **Please note** that if users are still inputting purchases into April, then I will be trying to balance a moving target. Make sure your users are finished inputting purchases into the month in question before balancing.

- 1) Run the POs As of Date report located on the PO Reports menu for the month/year you are balancing. If this is an Alabama central office, run this by Sfund. If you balance CNP by cost center, you may need to run Sfund 5101 by cost center in order to balance each cost center individually.
- 2) Run the Trial Balance report located on the General Ledger reports menu. Run this for ClassFunction 3-0341 by Sfund excluding LSA sources. Again, if balancing Sfund 5101 by cost center, you may need to add 5101 by Sfund/CCTR.

Enter Account Selection Criteria

Accept Selection Criteria

Beginning Fiscal Year  Beginning Fiscal Period

Ending Fiscal Year  Ending Fiscal Period

Component Name  Sort Order  Beginning Value  Ending Value

Component Contains: SFnd

Sort Order Must Be Major to Minor (0 Sort Order = Selection Criteria only - Do Not Sort or Total)

Component Name	Sort Order	From Value	To Value
ClassFunct	1	30341	30341
SFund	2	0000	7100
SFund	2	7102	7500
SFund	2	7502	9999

- 3) Compare the SFund subtotals on Trial Balance to the SFund subtotals on the POs As of Date report. If these totals match, your Open Purchase Orders are in balance to your General Ledger Encumbrance accounts.
- 4) Run the GL Query located on the General Ledger Reports and Queries menu. Run this query by the 'Encumbrance' and 'Display YTD Only' options. Run this by Sfund excluding LSA sources. Again, if balancing Sfund 5101 by cost center, you may need to add 5101 by Sfund/CCTR.

The screenshot displays the 'GL/QUERY: GL Query (v3.02)' application. The 'Enter Account Selection Criteria' dialog box is open, showing the following settings:

- Display:** ☒ Actuals, ☒ Encumbrance, ☐ Requisition, ☒ Hide Zero \$\$\$
- Budget:** ☐ Budget Variance, ☐ Budget Current, ☐ Budget YTD, ☐ Budget EOY
- Variance:** ☐ Variance \$, ☐ Variance %, ☐ Budget: Original, ☐ Budget: Amended, ☐ Budget: Adjustment
- Include:** ☐ Include Expenses, ☐ Include Revenue, ☐ Include Equity
- Group Code:** All
- Percent of Budget:** ☐
- Show Current, YTD and/or EOY:** Display YTD Only
- Beginning Fiscal Year:** 2014, **Beginning Fiscal Period:** Beginning Balance
- Ending Fiscal Year:** 2014, **Ending Fiscal Period:** April
- Component Name:** SFund, **Sort Order:** 1
- Beginning Value:** 7502, **Ending Value:** 9999
- Component Contains:** SFnd
- Sort Order Must Be Major to Minor (0 Sort Order = Selection Criteria only - Do Not Sort or Total)**

The main query results window shows the following data:

F.Y.	Period	SFnd	Encumbrance...
2014	YTD	0000	0.00
2014	YTD	1001	0.00
2014	YTD	1110	45,660.50
2014	YTD	1120	0.00
2014	YTD	1130	0.00
2014	YTD	1210	0.00

- 5) If your General Ledger encumbrance accounts are in balance with your Open Purchase Orders, then compare the Sfund subtotals on the GL Query. If all these totals agree, then your system Subsidiary Ledger is in balance with your General Ledger. Open purchase orders agree with both General Ledger and Subsidiary Ledger.

#### **Step 4 – What If My Balances Do Not Agree**

If you are not in balance, log a call to Harris helpdesk, we will investigate first and try to find the outage and what may have caused the error. According to what we find, we may do an encumbrance rebuild or have the user manually adjust via journal entry or Memo Entry Fix program.