

## **Banner Encumbrances Frequently Asked Questions**

**Q: How is a memo encumbrance used?**

A: Memo encumbrances are not used at the University of Illinois.

**Q: Can I make a FOAPAL change on a general encumbrance?**

A: Once established, a general encumbrance cannot have its FOAPAL(s) changed. Its amount may be reduced or increased via an encumbrance adjustment using the **Journal Voucher Entry Form (FGAJVCD)**. However, if a different FOAPAL is required, it must be totally liquidated and another encumbrance established.

**Q: Can I transfer my purchase order encumbrance to another FOAPAL?**

A: If there are no invoices posted against the purchase order, then a change order can be done by the OBFS Purchasing Office. If there is even one invoice that has been posted against this PO, then the purchase order must be liquidated and a new one established.

**Q: Can I set up a single encumbrance that will distribute the amounts to two or more FOAPALS?**

A: Yes. **Banner** will assign a sequence number to each FOAPAL. You can adjust or liquidate each sequence as required. Each sequence must be totally liquidated before the encumbrance can be closed.

**Q: Can I set up an encumbrance for anticipated P-Card purchases?**

A: Yes, you can establish a general encumbrance. However, you must manually liquidate the encumbrance with a journal voucher as the P-Card purchases are made. P-Card transactions are unable to automatically liquidate encumbrances.

**Q: Do all encumbrances roll from one fiscal year to another?**

A: All open encumbrances roll from one fiscal year to another except for labor and fringe benefit encumbrances, which are liquidated as part of the University fiscal year closing processes.

**Q: Can I put an encumbrance “in process”?**

A: Yes. However, at some point, University Accounting & Financial Reporting will call to inquire as to your intent for the “in process” encumbrance.

**Q: Can a general encumbrance that is “completed” by a user subsequently be suspended through Cross-FOAPAL validation?**

A: Yes. Documents must pass the **Banner** edits as well as rules in a separate university developed system called Cross-FOAPAL before they will post.

**Q: What is the difference between “adjusting” an encumbrance and “liquidating” an encumbrance?**

A: You “adjust” an encumbrance when its total amount (or the amount of each sequence) needs to be increased or decreased. You “liquidate” the encumbrance amount (or the amount of each sequence) partially or totally as payments against it are made.

**Q: As I make payments against my encumbrance, I have been doing partial liquidations with rule code 504. I have used up the total amount but the encumbrance is still showing as “open.” How can I close it?**

A: A total liquidation rule code (such as 505) should be used with each of the encumbrance’s sequences so that the encumbrance shows a status of “closed.” To close an encumbrance with a balance of “0.00,” process a journal voucher with a total document amount of \$0.00 and a debit of \$0.00 for each open sequence using rule code 505.

**Q: On encumbrance documents, one can see “U” and “C” codes. Should I be concerned about these codes?**

A: No. The code on encumbrance documents will always show as “U” (Uncommitted).

**Q: Does the asterisk (\*) indicator shown for my general encumbrance in the Encumbrance List Form (FGIENCB) mean that there is a problem with it?**

A: The asterisk (\*) indicator means that the encumbrance has not been posted. If the asterisk continues to display after posting cycles have run, it indeed means that there is a problem with the encumbrance that must be corrected before it will post.

**Q: Will my encumbrance item number ever be other than “0”?**

A: General encumbrances always have a single item number of “0”.

**Q: Will a user with journal voucher rule group security automatically have the ability to use encumbrance rule codes?**

A: Yes, however, only certain types of encumbrances should be adjusted via journal vouchers. See information later in this document for more details.

**Q: How can I track labor expenses for a project across fiscal years?**

A: Users have the option of creating general encumbrances for labor charges related to future years. However, the balances of general encumbrances will not be automatically adjusted through any automated year end process. The general encumbrance will roll into the next fiscal year, and you will have to manually adjust this encumbrance balance with a journal voucher.

**Q: What is an example of a liquidation that can be done not using the same C-FOAPAL?**

A: An example is when the encumbrance has rolled to the next fiscal year and the Fund code has changed, e.g., a state Fund code.

**Q: How can I identify encumbrances for my unit? What are some of the relevant *Banner* forms and *View Direct* and *EDDIE* reports that are available?**

A: The table below lists *some* of the useful encumbrance forms/reports that are available.

System	Form/Report	Information Required	Information Available
<b>Banner</b>	Organizational Encumbrance List Form (FGIOENC)	Chart, Fund, and/or Organization	Shows all encumbrance balances, with descriptions by Chart, Fund, and Organization.
<b>Banner</b>	Detail Encumbrance Activity Form (FGIENCD)	Encumbrance Number	Shows the detailed information related to an encumbrance, including all transactions that affect the balance. Use the scroll bar to view each sequence.
<b>View Direct My-UI- Financials</b>	Payroll Encumbrance by Person – Month End (HRPAY00102)	Organization	Shows employee details for labor and fringe encumbrances.
<b>View Direct EDDIE My-UI- Financials</b>	FIGL Encumbrance Balances (FIGLENCUM)	Organization ( <b>View Direct</b> ) Chart and Fund and/or Organization ( <b>EDDIE</b> ) Chart, Fund, Organization, and Program ( <b>My-UI- Financials</b> )	Lists monthly details for encumbrances by C-FOP.

**Q: What are the different types of encumbrances and how do I identify them?**

A: Encumbrances can be identified by the first few characters of the encumbrance number itself. The table below summarizes the different types of encumbrances.

Encumbrance Number Starts With	Type of Encumbrance	Explanation of Encumbrance Type
E	General	General encumbrances are a financial tool that units can use to manage funds over the course of a fiscal year or project. Through the use of general encumbrances, units can set aside funding for major purchases and expenses.
IC	Indirect Cost	This type of encumbrance is created primarily on grant funds by applying the indirect cost percentage to outstanding encumbrance balances (if the encumbrances are on Account codes that are assessed indirect cost). This is the amount of indirect cost that will be incurred when those encumbrances are fulfilled.
R	Requisition	The requisition initiates the purchase order procurement process by creating a request to acquire good or services.
P	Purchase Order	A document that specifies goods or services ordered from a specific vendor, as well as the price, terms, and conditions of that order. Purchase orders are created from requisitions that have been requested by various departments, and includes accounting data that automatically creates encumbrances against departmental C-FOAPALS.
PR	Labor or Fringe	Amount of payroll and fringe benefit costs to be incurred in the future for the remainder of the fiscal year. This is calculated automatically based on employee information entered in <b>Banner</b> HR/Payroll.

**Q: I see a transaction on my Revenue/Expense/Transfer statement and the document begins with “EN”. The description field contains “Encumbrance Roll”. What is this and how do I verify the actual encumbrance number?**

A: The fiscal year closing processes include “rolling” encumbrances from one fiscal year to the new fiscal year. Once the encumbrances have been rolled into the new fiscal year, no more transactions are allowed on the prior year’s encumbrances. The transaction which posts to the Operating Ledger does not contain the number of the encumbrance it is rolling. To find the encumbrance number, use one of the forms or reports in **Banner**, **View Direct**, **EDDIE**, or **My-UI-Financials** which are explained elsewhere in this document.

**Q: I think my encumbrance balances are incorrect. How do I have the balances adjusted or liquidated?**

A: The type of encumbrance determines how the balances can be adjusted. The table below explains who to contact for these situations.

Encumbrance Number Starts With	Type of Encumbrance	Who adjusts / liquidates the balance?
E	General	All users with journal voucher authorization can make adjustments on general encumbrances. See the job aids located at: <a href="#">OBFS Home &gt; Training Center &gt; Job Aids &amp; Training Materials &gt; Accounting &amp; Financial Reporting &gt; General Encumbrances</a>
IC	Indirect Cost	The respective campus Grants and Contracts Office handles these adjustments and liquidations. Note the indirect cost encumbrance balance is directly related to all other encumbrance balances. Once the other encumbrances are adjusted, the balance of this indirect cost encumbrance should self-adjust.
R	Requisition	Your campus Purchasing Office
P	Purchase Order	Your campus Purchasing Office
PR	Labor or Fringe	Send e-mail with the relevant C-FOAP and personnel information to: <a href="mailto:UAS@uillinois.edu">UAS@uillinois.edu</a> .