How to Close an Encumbrance

An encumbrance is a claim on budget funds. When an eVA purchase order is approved, an encumbrance is posted to the unit budget in Banner Finance to commit the funds for future payment. The vendor receives the purchase order, ships goods/performa services and then submits an invoice to Accounts Payable. When Accounts Payable receives the invoice(s), a payment is issued to the vendor and posted to the unit budget as an expense. If the invoice and purchase order are for the same dollar amount, the encumbrance is liquidated to $0. If the amount of the invoice(s) paid is less than the related eVA purchase order, an encumbrance for the difference sometimes remains reserved on the unit budget. These amounts will be rolled forward to subsequent fiscal periods until manually deleted.

Avoid Trailing Encumbrance Issues

1. For orders of $5,000 or more that are not electronically received in eVA, the unit should write “final payment” on the final vendor invoice related to the eVA order that is being paid.
2. For orders that are received electronically in eVA (non P-Card orders of $5,000 or less), the unit purchaser should select “Yes” under “Close Order.”

MicroStrategy - PO Encumbrance Status Report

3. Select “PO Encumbrance Status Report” then enter a fiscal year(s) and the fund/orgs you would like to search (all other fields may be blank).
4. Select Run Report on the bottom left to generate the report.
5. Review the report and research trailing encumbrances.

Close a Trailing Encumbrance

1. To remove a trailing encumbrance send an email to enclose@gmu.edu with the following information:
   a. eVA purchase order number(s)
   b. Remaining balance on purchase order
   c. Name of the Vendor

For assistance with deleting encumbrances, contact the Purchasing Office at 3-2580 or email enclose@gmu.edu. Additional instruction on receiving eVA purchases orders is available at, https://dgs.virginia.gov/globalassets/business-units/dps/documents/email/email-receiving-guide.pdf.