# Encumbrance Quick Guide

What is 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/performs 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, and deducts that amount from the encumbered purchase order. 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, these are called "Trailing Encumbrances" or an "Encumbrance Roll".

Avoid Trailing Encumbrance Issues

❖ All invoices should be sent to **acctpay@gmu.edu**, referencing the EP/PO# to ensure prompt payment. When processing final payments, please indicate "Final Payment" on invoice

❖ Always be sure to electronically receive orders in eVA.
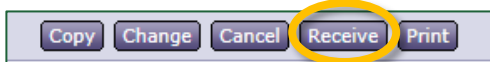
❖ A "Change Order" must be processed if the transaction total differs by 10% or $199 from the original.
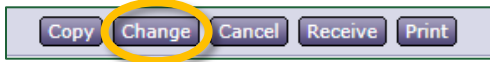
   a. Note: We encourage change orders even with minor variances to avoid small lingering encumbrances.

## Identifying the origin of a "Trailing Encumbrance"

Finding the original Purchasing Orders

When a Purchase Order is created, but not fully liquidated. At the end of the Fiscal Year, they will become an "Encumbrance Roll", these Trailing Encumbrances will show up in your reconciliation reports, and will suggest an impact on your Budget available balance. To assist with identifying and closing these "Encumbrance Rolls" a MicroStrategy Report has been created to locate these trailing encumbrances.

| Trxn Document ID	Trxn Desc	Trxn Date
ENRP2201	ENCUMBRANCE ROLL	07/01/2022
ENRP2202	ENCUMBRANCE ROLL	07/01/2022

MicroStrategy - PO Encumbrance Status Report

1. For "Trailing Encumbrances" (ENRP) that could be left over PO from previous fiscal years
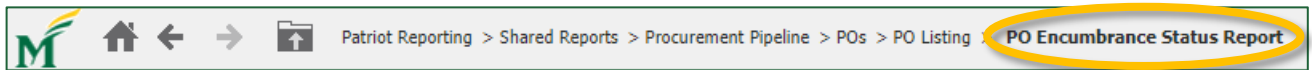

2. Login to MicroStrategy: reporting.gmu.edu.

3. Using the "Patriot Reporting" project, use the following breadcrumbs and select "PO Encumbrance Status Report"

4. Select the appropriate years:
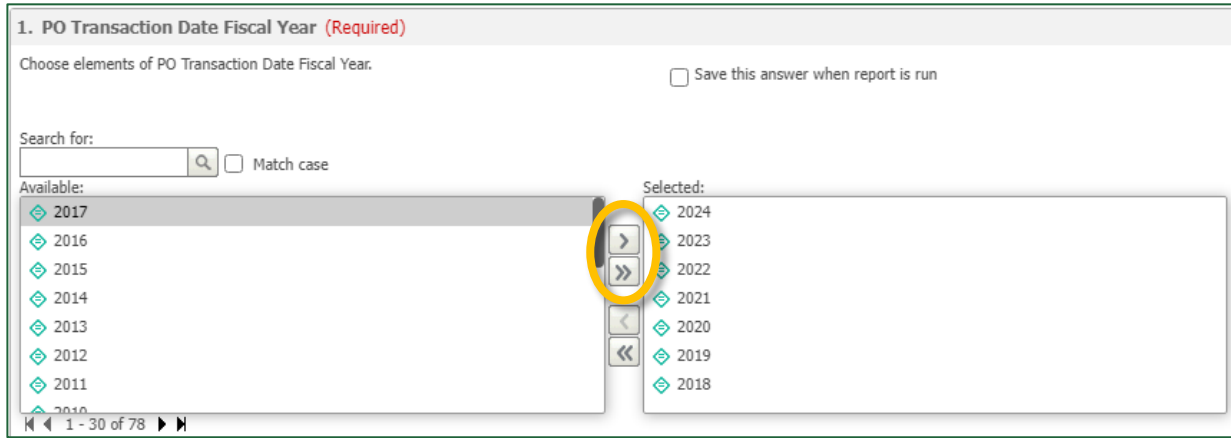
5. The remaining search elements are optional, please chose from the available elements as appropriate to the desired results. However, at minimum we encourage you to pull the "PO Org":
   a. Select "PO Org" by double clicking the appropriate hierarchy (L4, L5, L6A, L6B, etc.), select "Empty" and search number or title, select all appropriate and click "OK", repeat as necessary:
6. Select "Run Record" located at the bottom left to generate the report.
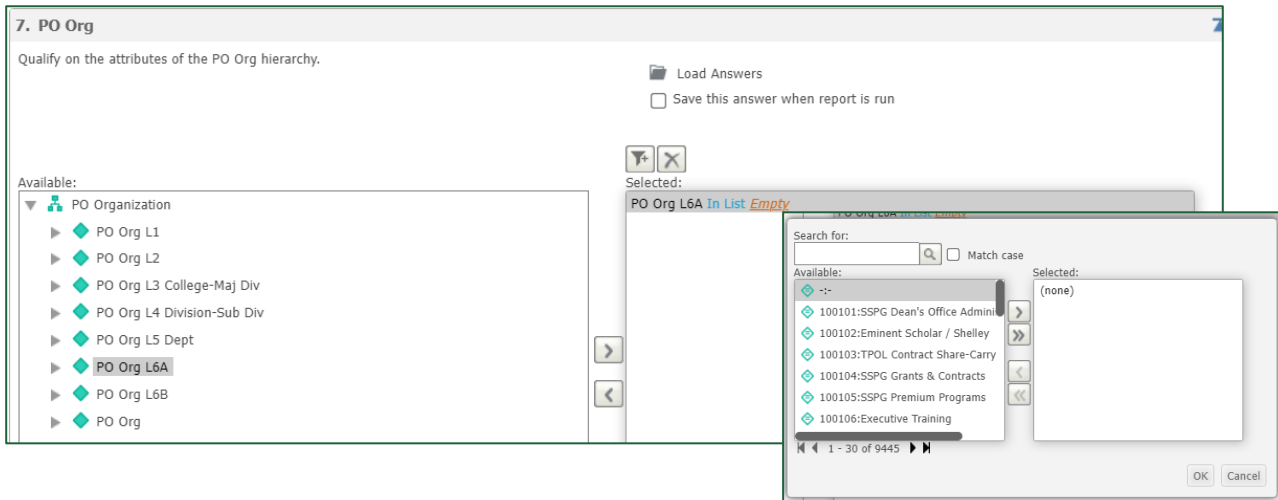
7. Review the report to identify the Purchase Order and/or research the purpose of the trailing encumbrances
8. Once the Purchase Order has been identified please e-mail enclose@gmu.edu to close the trailing encumbrance.

Close a Trailing Encumbrance

9. The following information must be included in the email to enclose@gmu.edu:
   a. The original eVA Purchase Order (PO Code) number(s)
   b. Remaining balance on the 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/emall/emall-receiving-guide.pdf.