

Liquidating an Encumbrance

Overview

Liquidating a Manual Encumbrance using the Void Methodology

MANUAL ENCUMBRANCE RELATED TO AN ITEM ALREADY PAID

(Examples: Payroll, Materiel Journal Entries)

 If you have created a manual encumbrance and it has already been paid, it **must** be liquidated.

1. Locate the previously created encumbrance journal entry and void the transaction. Be sure and use a current general ledger date regardless of the date the encumbrance was created. (Instructions below).
 - Add a text attachment to the journal entry to document the payable document number or journal entry document where the encumbrance was paid to provide an audit trail.

 For step-by-step instructions on how to add an attachment, please refer to the Working with Attachments work instructions in the System Basics Training Manual.

2. Approve and Post the voided encumbrance journal entry. This will release your encumbered authority.

MANUAL ENCUMBRANCE RELATED TO AN ITEM READY TO PAY, where the payment is equal to or greater than the original manual encumbrance.

If you have created a manual encumbrance and you are ready to create a payable to pay the transaction and the payment is for the same amount or a greater amount than the original encumbrance, liquidate the document by following these steps:

1. Create the payable using the Voucher Entry without PO menu. (Please refer to the NIS Accounts Payable Training Manual on the NIS Website).

Before approving and posting the payable, complete the following steps:

2. Leave room in the explanation to record the associated encumbrance document number.
3. Write down the document number of the payable on a piece of paper so you can record it on an attachment to the voided encumbrance transaction.
4. Locate the previously created encumbrance journal entry and void the transaction. Be sure and use a current general ledger date regardless of the date the encumbrance was created. (Instructions below).
 - Add a text attachment to the journal entry to document the payable document number or journal entry document where the encumbrance was paid to provide an audit trail.

 For step-by-step instructions on how to add an attachment, please refer to the Working with Attachments work instructions in the System Basics Training Manual.

5. Approve and Post the voided encumbrance journal entry. This will release your encumbered authority.
6. Edit the payable transaction to include the associated encumbrance document in the explanation field.
7. Approve and Post the payable.

Liquidating a Manual Encumbrance Using the Create/Add Negative Manual Encumbrance Methodology

MANUAL ENCUMBRANCE RELATED TO AN ITEM READY TO PAY, where the payment is less than the original manual encumbrance.

When a manually created encumbrance is paid at a lower amount than the original encumbrance, **the void methodology should not be used**. An agency should create a new manual encumbrance with a credit amount for the amount paid.

If you have created a manual encumbrance and you are ready to create a payable to pay the transaction **and the payment is for lower amount than the original encumbrance**, follow the instructions below:

Liquidate the document by creating a payable, following the steps below:

1. Create a payable using the Voucher Entry without PO menu. (Please refer to the NIS Accounts Payable Training Manual on the NIS Website). Prior to the approval or post, complete the following steps:
 - Leave room in the explanation to record the associated encumbrance document number.
 - Write down the document number of the payable on a piece of paper so you can record it on an attachment to the voided encumbrance transaction.
2. Before approving and posting the payable, complete the following steps:
 - Create a new manual encumbrance (Please see the Entering/Adjusting Manual Encumbrances work instructions in the NIS Budget Training Manual on the NIS Website)
 - If the original encumbrance was a J9 document type, be sure and change that field. If you are liquidating a current year encumbrance, then the document type would remain a JE.
 - Enter the Business Unit and the amount to be paid as a negative amount. This amount should agree with the invoice being used to create the payable.
 - Add a text attachment to the journal entry to document the payable document number to provide an audit trail.
 - Approve and Post the negative encumbrance journal entry. This will release your encumbered authority.
 - Edit the payable transaction to include the associated encumbrance document in the explanation field.
 - Approve and Post the payable.

By creating a new encumbrance with a credit amount, you are able to identify potential appropriations that should be lapsed. The difference between the original encumbrance and the payment is the appropriation that should be lapsed. To determine what that amount should be, you can run an inquiry on the PB (Manual Encumbrance) Ledger.

NIS Policies

The tasks in this documentation provide end users with the tools to enter data and collect data in NIS. It is the responsibility of the agencies to comply with State Statutes, Federal Rules and Regulations, and State policies. For further information concerning State Statutes and policies, please refer to both internal agency resources and the Department of Administrative Services website: <http://www.das.state.ne.us/>.

Navigation

Click Roles, Budget.

(Citrix users – right click on the menu, choose View by Role, choose Budget.)

Agency Budget Menu > Enter/Adjust Manual Encumbrances > Enter/Adjust Manual Encumbrances

Steps

Start this instruction from the Enter/Adjust Manual Encumbrances - Work with Journal Entry window.

The screenshot shows the PeopleSoft interface for 'Enter/Adjust Manual Encumbrances - Work With Journal Entries'. At the top, there is a search bar with fields for 'Batch Number', 'Batch Type' (containing 'G'), and 'Document Type'. There is also a 'Models' checkbox. Below the search bar, a message states 'No records fetched.' Below this message is a table with the following columns: Document Type, Document Number, Doc Fd, G/L Date, P N, Explanation, Ledger Type, Reverse or Void, and Reference. The table is currently empty.

1. Enter the document number of the original encumbrance (found on the Allotment Status Encumbrance Detail Report).

2. Click **Find**.

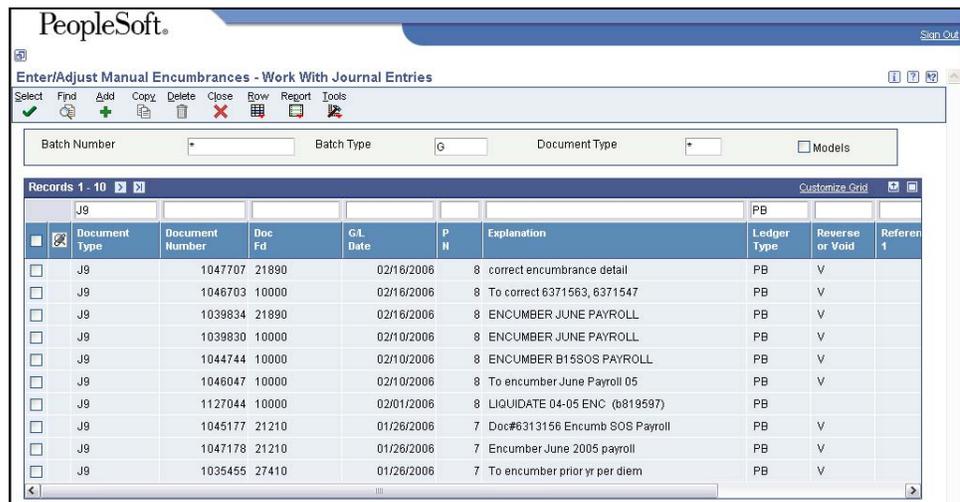
 To narrow the search, also enter J9 in the Document Type field and PB in the Ledger Type field.



- Choose the transaction to void by placing a checkmark to the left of the row.
- Click **Row, Void**. The Enter/Adjust Manual Encumbrances - Void Journal Entry window appears.

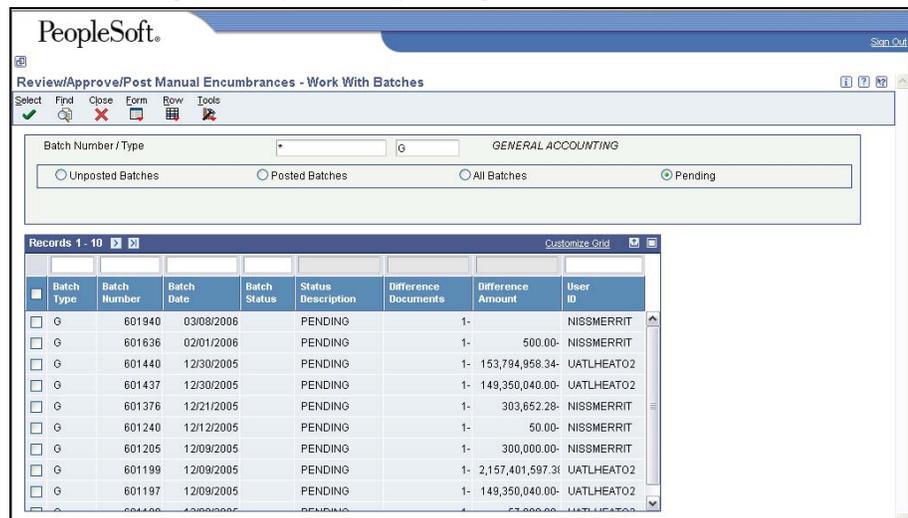


- Change the G/L Date to a current General Ledger Date (Today's Date).
- If the date is not changed to current date, the void will not post.
- Click **OK** to return to the Enter/Adjust Manual Encumbrances - Work with Journal Entry window.



Note that the voided record does not appear.

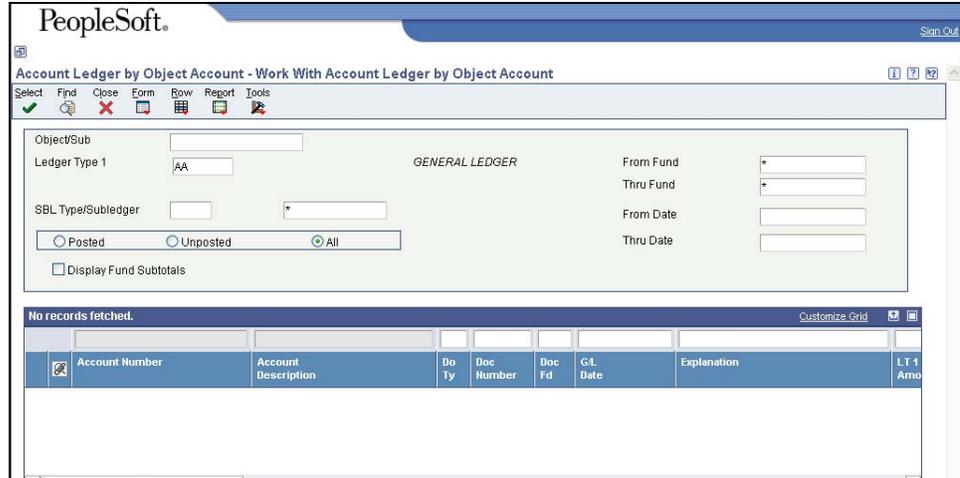
7. Click **Find** to view both the original encumbrance and the voided encumbrance. The void transaction will have a “V” in the Reverse/Void Column.
-  Both the original encumbrance and the voided encumbrance will have the same Document Number. The G/L Date on the voided transaction will be a current date. The period of the transaction appears in the PN field.
8. Follow your agency's normal approval routing to approve and post the void. (Please see the Review/Approve/Post Manual Encumbrances section of the Enter/Adjust Manual Encumbrances work instructions on the NIS Website.)
-  Write down the original batch for review and post.
-  The batch number will also be the original number. When you look at the “Review/Approve/Post Manual Encumbrance” screen, it will show that the batch as changed from posted to pending.



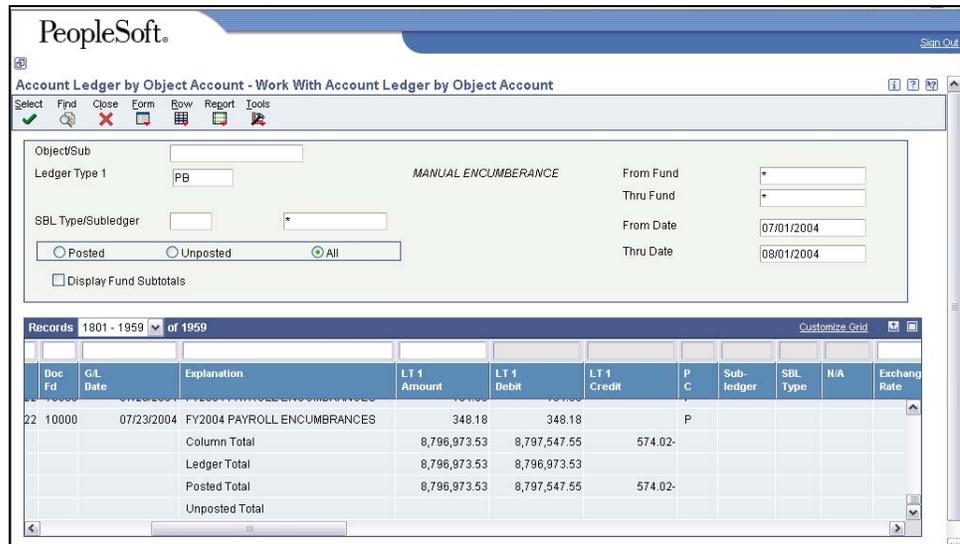
Inquire on the PB (Manual Encumbrance) Ledger

Navigation: General Accounting - Agencies > Inquiries and Reports > Accounting Inquiries > Account Ledger Inquiries > Account Ledger by Object Account Code

Start this instruction from the Account Ledger by Object Account window.



1. Enter "PB" in the Ledger Type field.
2. Click **Find**.
3. Scroll to the end of the documents to see an outstanding balance.



4. When you know the amount of the appropriation that should be lapsed, send the following information to your Budget Analyst in State Budget. State Budget will appropriately reduce the Appropriation by that amount.
 - Amount to lapse
 - Original Encumbrance
 - New 'credit' Encumbrance