

Funds Verification and Encumbrance Control

Policy 501.4

1 Introduction

2 Scope

3 Definitions

4 Policy and Procedure Statements

4.1 Funds Verification and Encumbrance Control

4.1.1 All types of procurement requests are verified by the Controller's Office for the following requirements before obligation or payment of funds:

1. There are three or less correct account numbers.
2. Academic, auxiliary, trust, and non-state fund codes are not mixed.
3. There is enough unobligated money remaining in the appropriate account to pay the procurement.

4.1.2 Requests not meeting these requirements are returned to the originating department. The originating department may then wish to submit a request for budget revision, use another source of funds, if available or forego the purchase.

4.1.3 Approved procurement requests for which a purchase order will be issued are forwarded to the Purchasing Office for processing. (Detailed information on the purchasing process is available in the Purchasing Section of this manual.) When the purchase order is written, the amount of the order is automatically recorded in the accounting records for the appropriate budget account to show that funds have been obligated. The same is also true for change orders written. This process is called encumbering, and the amount recorded is referred to as an encumbrance. Such a system of encumbrance control reasonably assures the Controller that an account will not be over-expended.

4.1.4 Approved procurements written for the purpose of having a check drawn are not encumbered, but are placed in line for payment if they meet the three listed requirements.

5 Additional References

6 Authority

7 Contact Information

8 Original Effective Date

9 Revision Dates