KFS Pre-Encumbrance
A Procedural Guide for
Kuali Financial Systems PE eDocs
Office of the Controller

2016
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Pre-Encumbrance (PE)

• A one-sided entry to earmark funds for which unofficial commitments have already been made.

• Set aside future expenses that are not encumbered with a Purchase Order.

• Pre-encumbered amounts will be included in the “Encumbrance Amount” column on General Ledger Balance Inquiries.

• Example: The Department Head will be traveling to a conference in 4 months. You can pre-encumber the expected travel expenses now to reduce the Expense Available Balance in the account. Reverse the pre-encumbrance when the actual costs get charged to the account 4 months from now.

• All pre-encumbrances need to be disencumbered, either automatically or manually. See examples 1 and 2.

• If the manual disencumbrance is chosen, the pre-encumbrance may be partially reversed (until fully reversed) using more than one disencumbrance.

• Only expense object codes may be used on a Pre-Encumbrance eDoc.

• Both the Balance Type and the Document Type are “PE” for a pre-encumbrance.
**Example 1:** Pre-encumbrance with an automatic reversal date. Use this if you are certain of when the actual expense will occur.

Enter a reversal date here, and the pre-encumbrance will automatically reverse on this date. Complete the Encumbrance line, and leave the Disencumbrance line blank.
Example 2: Pre-encumbrance and separate disencumbrance. Use this when you do now know when the actual expense will be charged to the account.

Step 1: Leave the reversal date blank, and make note of the eDoc number – you will need it later to disencumber the funds. This Pre-Encumbrance is 2063524. Complete the Encumbrance line, and leave the Disencumbrance line blank.
Step 2: When the actual expense gets charged to the account, initiate a new Pre-Encumbrance eDoc, and complete the disencumbrance line. Use the original Pre-encumbrance eDoc number in the Reference Number Field.
Available Balances Lookup Example:

The pre-encumbrance amount is included in the Encumbrance Amount column, and reduces the Expense Available Balance.
Open Encumbrance Lookup Example:

Leave the Balance Type Blank, or enter “PE.” The pre-encumbrance amount will be listed as an encumbrance on the account. After the Disencumbrance is done, the $1,850 will show in the Closed Amount column.
Questions?

Use the help menu function from within e-docs by clicking on the question mark.

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