



How to Properly Liquidate Encumbrances in CAPPS

Modules used for liquidation – Requisition – Purchasing – Accounts Payable

June 25, 2020

Agenda

We will review:

- ❑ The definition of an encumbrance.

- ❑ Why, When, and different methods on How to liquidate an encumbrance balance
 - ❑ (Finalize, close and cancel processes)

- ❑ FAQs

Definition of an Encumbrance

What is an Encumbrance?

- ❑ Pre-encumbrance: Amount expected to spend, but for which there is no legal obligation to spend. A **requisition** is a typical pre-encumbrance transaction.
- ❑ Encumbrance: Amount for which there is a legal obligation to spend in the future. A **purchase order** is a typical encumbrance transaction.
 - Encumbrances allow agencies to recognize future commitments of resources prior to an actual expenditure.

Example of a Pre-Encumbrance

□ Example of a Pre-Encumbrance:

Confirmation

Your requisition has been submitted.

Requested For	[REDACTED]	Number of Lines	3
Requisition Name	Test Requisition	Total Amount	8,000.00 USD
Requisition ID	20R0046444	Pre-Encumbrance Balance	8000.00 USD
Business Un	[REDACTED]		
Status	Approved		
Priority	Medium		
Budget Status	Valid		

[View printable version](#) [Edit This Requisition](#)

[Create New Requisition](#) [Manage Requisitions](#)

When a requisition is budget checked, it moves funds from the budget to the requisition (**pre-encumbrance**).

Example of an Encumbrance

❑ Example of an Encumbrance:

The screenshot displays a web-based procurement system interface for adding or updating purchase orders. The header bar is red and contains the text "Add/Update POs". Below the header, the PO ID is 20P0025987, and the Budget Status is "Valid". The interface includes various input fields for PO details, a table for Universal Fields, and a summary section. The summary section shows the Total Amount as 2,000.00 USD and the Encumbrance Balance as 2,000.00 USD, with the latter highlighted in yellow.

Universal Field	Free form text	Carry-forward		
1			+	-

Amount Summary	
Merchandise	2,000.00
Freight/Tax/Misc.	0.00
Total Amount	2,000.00 USD
Encumbrance Balance	2,000.00 USD

When a purchase order is budget checked, it moves funds from the requisition (**pre-encumbrance**) to the purchase order (**Encumbrance**).

Why Do I need to Liquidate My Encumbrance?

Why Do I Need to Liquidate My Encumbrance Balance?

- The funds on the procurement document are no longer needed.
- To restore any remaining encumbrance balance back into your budget for future use.
- To use those remaining funds for a different Requisition or Purchase Order.

What are the types of Liquidations?

The types of Liquidation are:

Document to Document:

- Requisition to the PO liquidates the requisition.
- PO to Voucher liquidates the PO.

Finalize:

- Finalizing a PO will liquidate any remaining funds on the associated Requisition.
- Finalizing a Voucher will liquidate any funds on the associated PO.

Cancel:

- The document is no longer needed and has not been used.

Close :

- There are remaining funds on a document that is already in a cancelled or closed status.

How Do I Liquidate an Encumbrance? (example)

Example 1: How do I Liquidate a remaining balance on a PO by finalizing a voucher?

- ❑ Example 1: Purchase Order has been partially vouchered and now the PO has remaining encumbrance balance and we need to restore the funds back to the budget.
- ❑ Solution: Finalize the voucher that contains the PO's remaining balance for the line items.

Steps to Finalize a Voucher

❑ Steps to Finalize

1. Navigate to PO page to verify remaining Encumbrance Balance.
2. Search for Voucher tied to the remaining encumbrance balance
3. Budget Check the Voucher
4. Verify the Encumbrance Balance on PO

How Do I Liquidate an Encumbrance? (example)

- ❑ Step 1:
 - ❑ Navigate to PO page to verify remaining Encumbrance Balance.

The screenshot displays the 'Add/Update POs' interface. At the top, there is a red navigation bar with 'All Request Options' and 'Add/Update POs'. Below this is a search bar and a table for 'Universal Fields'. The main content area is divided into several sections: 'Header' with fields for PO Date (06/18/2020), Supplier, and PO End Date; 'Amount Summary' which includes a table with the following data:

Category	Amount	Unit
Merchandise	2,000.00	
Freight/Tax/Misc.	0.00	
Total Amount	2,000.00	USD
Encumbrance Balance	1,500.00	USD

The 'Encumbrance Balance' row is highlighted in yellow. Other sections include 'Supplier Search', 'TINS Check', 'Backorder Status', 'Receipt Status', and 'Dispatch Method'. A 'Calculate' button is visible at the bottom right of the Amount Summary section.

How Do I Liquidate an Encumbrance?

- ❑ Step 2:
 - ❑ Search for Voucher tied to the remaining encumbrance balance: Click Finalize and Save

Invoice Total

Line Total	500.00
*Currency	USD
Miscellaneous	<input type="text"/>
Freight	<input type="text"/>
<hr/>	
Total	500.00
Difference	0.00

Non Merchandise Summary
Session Defaults
Comments(0)
Add DLT Comments
Attachments (0)
Template List
Supplier Hierarchy
Supplier 360

How Do I Liquidate an Encumbrance? (example)

□ Step 3:

- Budget Check the Voucher: Select Budget check and click Run to process budget check:

The screenshot displays a software interface for 'Regular Entry'. The top navigation bar is red and contains the text 'Invoice Information' and 'Regular Entry'. Below the navigation bar, there are several input fields: 'Location' with the value '000', '*Address' with the value '1', 'Payment Type' with the value 'RC', 'USAS Proc Stat' with the value 'Y', 'USAS Doc#' (blurred), 'USAS Proc Dt:', and 'Orig Pmt. Date:'. There are buttons for 'Save', 'Calc Remain PO Amts', 'Run', and 'Calculate'. The 'Action' dropdown menu is open, showing the following options: 'Budget Checking', 'Journal Generate', 'Match, Doc Tol, Bdgt' (highlighted in green), and 'Voucher Post'. A 'Copy From Source Document' link is also visible.

How Do I Liquidate an Encumbrance? (example)

- ❑ Step 4:
 - ❑ Verify the Encumbrance Balance on the PO

The screenshot displays a procurement system interface with the following elements:

- PO End Date:** A date selection field with a calendar icon.
- Doc Tol Status:** Valid
- Backorder Status:** Not Backordered
- Receipt Status:** Partial
- *Dispatch Method:** Print (dropdown menu)
- Buttons:** TINS Check, Create BackOrder, Dispatch, Calculate.
- Amount Summary Table:**

Amount Summary ?			
Merchandise	2,000.00		
Freight/Tax/Misc.	0.00		
Total Amount	2,000.00	USD	
Encumbrance Balance	0.00	USD	
- Navigation:** HUB Bid Details, HUB Subcontracting.

How Do I Liquidate an Encumbrance? (example 2)

Example 2: How do I Liquidate a remaining balance on a Req by finalizing the PO?

- ❑ Example 2: Requisition has been partially sourced to the PO and now the requisition has a remaining pre-encumbrance balance and we need to restore the funds back to the budget.
- ❑ Solution: Finalize the PO that contains the requisitions remaining balance for the line items.

Steps to Finalize a PO

❑ Steps to Finalize a PO

1. Navigate to Req to verify remaining Encumbrance Balance.
2. Click on the Finalize Button on the PO
3. Budget check the PO
4. Verify the Pre-Encumbrance Balance on Requisition

How Do I Liquidate an Encumbrance?

- ❑ Step 1:
 - ❑ Navigate to Req to verify remaining Pre-Encumbrance Balance.

The screenshot displays the 'Edit Requisition - Review and Submit' interface. At the top, there is a red navigation bar with 'Manage Requisitions' and 'Edit Requisition - Review and Submit'. Below this, the 'Requisition Summary' section shows details for a requisition with ID 20R0046210, named 'TVs', with a total amount of 5,000.00 USD. The 'Cart Summary' section shows a total amount of 5,000.00 USD. The 'Requisition Lines' table lists one line item: 1 TV with a quantity of 10,000, a unit of measure of EACH, and a price of 500.0000, totaling 5,000.00. At the bottom right, a summary table shows a total amount of 5,000.00 USD and a pre-encumbrance balance of 1,000.00 USD, which is highlighted with a red box.

Line	Description	Item ID	Supplier	Quantity	UOM	Price	Total
1	TVs			10,000	EACH	500.0000	5,000.00

Total Amount	5,000.00 USD
Pre-Encumbrance Balance	1,000.00 USD

How Do I Liquidate an Encumbrance?

- ❑ Step 2:
 - ❑ Click on the Finalize Button on the PO

The screenshot shows a web application interface for managing purchase orders. The header bar is red and contains the text "Add/Update POs" and navigation icons. Below the header, there are several fields and buttons:

- Business Unit:** A dropdown menu.
- TxSmartBuy Purchase Order
- PO ID:** 20P0025742
- PO Status:** Approved
- Budget Status:** Valid
- Hold From Further Processing
- Copy From:** A dropdown menu.
- Summary Document Type:** A dropdown menu.

A red arrow points to a yellow button with a document icon, labeled "Finalize".

Below the main form, there is a table with the following columns:

Universal Field	Free form text	Carry-forward		
	<input type="text"/>	<input type="text"/>	<input type="button" value="+"/>	<input type="button" value="-"/>

How Do I Liquidate an Encumbrance?

- ❑ Step 3:
 - ❑ Budget check the PO

The screenshot shows the 'Add/Update POs' interface. At the top, there is a red navigation bar with 'All Request Options' and 'Add/Update POs'. Below this, the page title is 'Maintain Purchase Order' and 'Purchase Order'. The form includes fields for 'Business Unit', 'PO ID' (20P0025742), 'Copy From', and 'Summary Document Type'. The 'PO Status' is 'Approved' and the 'Budget Status' is 'Not Chk'd', which is highlighted in yellow. A red arrow points to a yellow speech bubble icon next to the 'Budget Status'. Below the form is a 'Universal Fields' section with a table and a 'Header' section.

PO Status Approved

Budget Status Not Chk'd

Hold From Further Processing

Universal Field	Free form text	Carry-forward		
1	<input type="text"/>	<input type="text"/>	+	-

How Do I Liquidate an Encumbrance?

- ❑ Step 4:
 - ❑ Verify the Pre-Encumbrance Balance on Requisition

Edit Requisition - Review and Submit

Requisition Summary

Business Unit: [Redacted] Requisition ID: 20R0046210 Requisition Name: TVs
Requester: [Redacted] *Origin: ONL Accounting Date: 06/14/2020 Currency: USD
Special/Priority Purchase Types: N/A Priority: Medium

Cart Summary: Total Amount 5,000.00 USD

Expand lines to review shipping and accounting details [View TxSmartBuy Cart](#) [Add More Items](#)

Requisition Lines

Line	Description	Item ID	Supplier	Quantity	UOM	Price	Total
1	TVs			10.0000	EACH	500.0000	5000.00

Select All / Deselect All **Select lines to:** [Add to Favorites](#) [Add to Template\(s\)](#) [Delete Selected](#) [Mass Change](#)

Total Amount 5,000.00 USD
Pre-Encumbrance Balance 0.000 USD

Shipping Summary

How to Cancel a Requisition Not Sourced to a PO

Example 3: How to cancel a Requisition that is not sourced to a Purchase Order?

- Example 3: Requisition has been created and no longer needed to source to a PO.
- Solution: Cancel the requisition

Steps to Cancel a Requisition not sourced to a PO

Steps to Cancel Requisition not sourced

□ Steps

1. Navigate to Eprocurement Manage Reqs Screen and search for the Req to be cancelled.
2. Choose Cancel in the Action Drop Down and click Go
3. Click on Cancel Requisition
4. Click Budget Check from Action Drop Down and click Go
5. Verify the Pre-Encumbrance Balance on Requisition

How to Cancel Requisition Not Sourced

❑ Step 1:

Navigate to Eprocurement Manage Reqs Screen and search for the Req to be cancelled.

Manage Requisitions

▼ Search Requisitions

To locate requisitions, edit the criteria below and click the Search button.

Business Unit <input type="text"/>	Requisition Name <input type="text"/>	
Requisition ID <input type="text" value="20R0046368"/>	Request State <input type="text" value="v"/>	Budget Status <input type="text" value="v"/>
Date From <input type="text"/>	Date To <input type="text"/>	Origin <input type="text"/>
Requester <input type="text"/>	Entered By <input type="text"/>	PO ID <input type="text"/>

[Show Advanced Search](#)

How to Cancel Requisition Not Sourced

□ Step 2:

Choose Cancel in the Action Drop Down and click Go.

Manage Requisitions

Search Requisitions

To locate requisitions, edit the criteria below and click the Search button.

Business Unit Requisition Name

Requisition ID Request State Budget Status

Date From Date To Origin

Requester Entered By PO ID

[Show Advanced Search](#)

Requisitions

To view the lifespan and line items for a requisition, click the Expand triangle icon.
To edit or perform another action on a requisition, make a selection from the Action dropdown list and click Go.

Req ID	Requisition Name	BU	Date	Request State	Budget	Total		
▶ 20R0046368	Test Req		06/17/2020	Approved	Valid	5,000.00 USD	<input type="text" value="[Select Action]"/>	<input type="button" value="Go"/>
▶ 20R0046367	Test Requisition		06/17/2020	Approved	Not Chk'd	13,000.00 USD	<input type="text" value="Cancel"/>	<input type="button" value="Go"/>

[Create New Requisition](#) [Review Change Request](#) [Review Change Tracking](#) [Manage Receipts](#)

How to Cancel Requisition Not Sourced

- ❑ Step 3:
 - ❑ Click on Cancel Requisition

Business Unit ██████████ Date 06/17/2020
Requisition ID 20R0046368 Status Approved
Requisition Name Test Req Total 5,000.00 USD

Line Details						
Line	Item Description	Status	Price		Qty	Total
1	TVs	Approved	500.00000	EACH	10.0000	5000.00

[Return to Manage Requisitions](#)

Cancel Requisition

How Do I Liquidate an Encumbrance?

- ❑ Step 4:
 - ❑ Click Budget Check from Action Drop Down and click Go

Manage Requisitions

▼ **Search Requisitions**

To locate requisitions, edit the criteria below and click the Search button.

Business Unit	Requestion Name	Budget Status
Requisition ID	Request State: All but Complete	Origin
Date From: 06/10/2020	Date To: 06/17/2020	PO ID
Requester	Entered By	

Search Clear Show Advanced Search

Requisitions ?

To view the lifespan and line items for a requisition, click the Expand triangle icon.
To edit or perform another action on a requisition, make a selection from the Action dropdown list and click Go.

Req ID	Requisition Name	BU	Date	Request State	Budget	Total	
▶ 20R0046368	Test Req		06/17/2020	Canceled	Not Chk'd	0.00 USD	[Select Action] Go
▶ 20R0046368	Test Req		06/17/2020	Canceled	Not Chk'd	0.00 USD	Check Budget Go

How Do I Liquidate an Encumbrance?

- ❑ Step 5:
 - ❑ Verify the Pre-Encumbrance Balance on Requisition

[Manage Requisitions](#) Manage Requisitions

Requisition Details

Requisition Summary

Business Unit		Requisition Name	Test Req
Date	06/17/2020	Requisition ID	20R0046368
Request State	Canceled	Total Amount	0.00 USD
Requested For		Pre-Encumbrance Balance	0.00 USD

Expand lines to review shipping and accounting details

Requisition Lines

Line	Item Description	Source Status	Amount Only	Quantity	Price	Status	Total
▶ 1	TVs	Not Source	No	10.0000 EACH	500.000000USD	Canceled	5,000.00

How to Close a PO and Requisition

Example 4: How do I close my PO and Requisition with multiple lines?

Example 3: If the buyer uses only one line of the requisition, the pre-encumbrance balance needs to be liquidated.

- ❑ Solution: Close the PO and Requisition and then cancel other open req lines.

Steps to Close a PO and Requisition

□ Steps

1. Run the Close Process for the PO
2. Verify Pre-Encumbrance balance
3. Run the Close Process for the Req line 1
4. Cancel other req lines (1 and 2)
5. Budget Check the Req
6. Verify Pre-Encumbrance balance and Req status

How to Close a PO and Requisition

- ❑ Step 1:
 1. Run the Close Process

Close Purchase Orders

Run Control ID: Close PO

Report Manager Process Monitor Run

Process Request Parameters

PO Post Run Option 1 Document

Business Unit

PO Number

ChartField Criteria Personalize Find View All First 1 of 1 Last

How to Close a PO and Requisition

- ❑ Step 2:
 - ❑ Verify Pre-encumbrance Balance:

Requisitions

Req Inquiry

Personalize | Find | View All | First | 1 of 1 | Last

Requisition Details

Business Unit [Redacted] Req ID 20R0046371

Requester [Redacted]

Requisition Date 06/17/2020 Merchandise Amount 8,000.00 USD

Req Status Approved Pre-Encumbrance Balance 3,000.00USD

Requisition Details

Personalize | Find | View All | First | 1-3 of 3 | Last

Line	Status	Item ID	Description	Supplier ID	Sup ID Num	Supplier	Req Qty	UOM	Merchandise Amt	Amount Only
3	Approved		Yearly Maintenance Fees				1.0000	LOT	1,000.00 USD	<input type="checkbox"/>
2	Approved		Wall Mounts				10.0000	EACH	2,000.00 USD	<input type="checkbox"/>
1	Approved		TVs				10.0000	EACH	5,000.00 USD	<input type="checkbox"/>

Return

How to Close a PO and Requisition

- Step 3:
Run the Close Process for line 1.

Requesters Workbench

Requester's Workbench
Processing Results

Business Unit [redacted] WorkBench ID WRKBNCH
Description To Close

Select Reqs for Further Processing

Accounting Date for Action 06/17/2020

Update Budget Date Equal to Accounting Date

Not Qualified		
Requisition ID	Log	
<input type="checkbox"/> 20R0046371		

Qualified			
Requisition ID	Line	Sched	Distrib Line
20R0046371	1		

Select All Clear All

Proceed: [Return to Requester's Workbench](#)

How to Close a PO and Requisition

- ❑ Step 4:
 - ❑ Cancel Lines 2 and 3

Requesters Workbench

Requester's Workbench

Processing Results

Business Unit WorkBench ID WRKBNCH

Description To Cancel

Select Reqs for Further Processing

Accounting Date for Action 06/17/2020

Update Budget Date Equal to Accounting Date

Not Qualified		Qualified	
Requisition ID	Log	Requisition ID	Line
20R0046371		20R0046371	2
		20R0046371	3

Proceed: [Return to Requester's Workbench](#)

How to Close a PO and Requisition

- ❑ Step 5:
 - ❑ Budget Check the Req

The screenshot shows the 'Budget Check' interface within the 'Requester's Workbench'. The page has a red header with the title 'Budget Check'. Below the header, there is a navigation bar with 'Requester's Workbench' (with a back arrow), 'Report Manager', 'Process Monitor', and a yellow 'Run' button. The main content area is titled 'Budget Check' and includes a 'Run Control ID: budgetcheck' label. Below this, there are 'Process Request' and 'Process Options' sections. The 'Process Request' section has a 'Process Frequency' dropdown with radio buttons for 'Process Once', 'Always Process' (selected), and 'Don't Run'. It also shows 'Request Number 1' and '*Description budget check'. The 'Process Options' section contains several dropdown menus: '*Business Unit Value', 'Req ID Value', 'Req Date All', 'Actg Date All', 'Requester ID All Requester ID's', 'Origin All Origins', and 'REQ Status All'. To the right of these dropdowns, there is a 'Business Unit' search field with a magnifying glass icon, and a yellow highlighted search field containing 'Req ID 20R0046371' with a magnifying glass icon. At the bottom of the page, there are buttons for 'Save', 'Notify', 'Add', and 'Update/Display'.

How to Close a PO and Requisition

- ❑ Step 6:
 - ❑ Verify Pre-encumbrance Balance:

The screenshot displays the 'Requisitions' system interface. At the top, there is a navigation bar with 'Process List' and 'Requisitions' tabs. Below this, the 'Requisition Details' window is open, showing the following information:

- Business Unit: [Redacted]
- Req ID: 20R0046371
- Requester: [Redacted]
- Requisition Date: 05/17/2020
- Merchandise Amount: 5,000.00 USD
- Req Status: Complete
- Pre-Encumbrance Balance: 0.00 USD (highlighted in yellow)

Below the details, there is a table with columns: Line, Status, Item ID, Description, Supplier ID, Sup ID Num, Supplier, Req Qty, UOM, Merchandise Amt, and Amount Only. The table contains three rows:

Line	Status	Item ID	Description	Supplier ID	Sup ID Num	Supplier	Req Qty	UOM	Merchandise Amt	Amount Only
3	Canceled		Yearly Maintenance Fees				1.0000	LOT	1,000.00 USD	<input type="checkbox"/>
2	Canceled		Wall Mounts				10.0000	EACH	2,000.00 USD	<input type="checkbox"/>
1	Closed		TVs				10.0000	EACH	5,000.00 USD	<input type="checkbox"/>

A 'Return' button is located at the bottom left of the table area.

Document Status

To view other documents for PO:

Document Status

Business Unit [REDACTED] PO ID [20P0025194](#)
 Document Date 06/01/2020 Status Dispatched
 Currency USD Document Type Purchase Order
 Buyer [REDACTED] Original Amount 631.00
 Current Amount 631.00
 Budget Status Valid

[Requisitions\(1\)](#)
[Sourcing Events](#)
[Procurement Contracts\(1\)](#)
[Purchase Orders](#)
[Service Work Orders](#)
[Receipts\(1\)](#)
[Returns](#)
[Vouchers](#)
[Payments](#)

[Show All](#)

Associated Document Personalize | Find | View All | [Grid] [List] First 1-3 of 3 Last

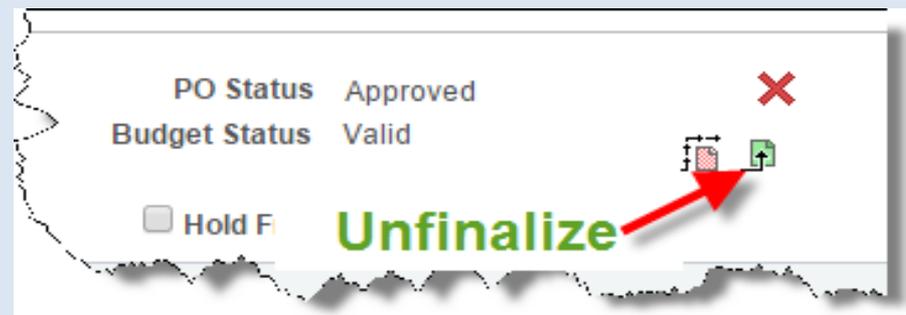
Actions	SetID	Business Unit	Document Type	DOC ID	Status	Document Date	Supplier ID	Location	
▼ Actions	[REDACTED]	[REDACTED]	Contract	0000000000000000000000000291	Approved	02/05/2019	[REDACTED]		
▼ Actions	[REDACTED]	[REDACTED]	Requisition	20R0045206	Approved	05/27/2020	[REDACTED]		
▼ Actions	[REDACTED]	[REDACTED]	Receipt	0000044411	Received	06/12/2020	[REDACTED]	001	

[Return to Search](#)
[Previous in List](#)
[Next in List](#)

□ What if you

- reduce a \$20 Req Line to \$18 on the PO
- finalize, which sends the unneeded \$2 back to the budget
- then later realize you need the full \$20 on the PO
Afterall?

Answer...click the Unfinalized button on the PO and re-budget check. This restores the released funds back to the requisition, making them available again to the PO.



FAQ's

What if the buyer only reduces one line on the PO below the Req amount?

Then you only need to finalize that one line, not the entire PO.

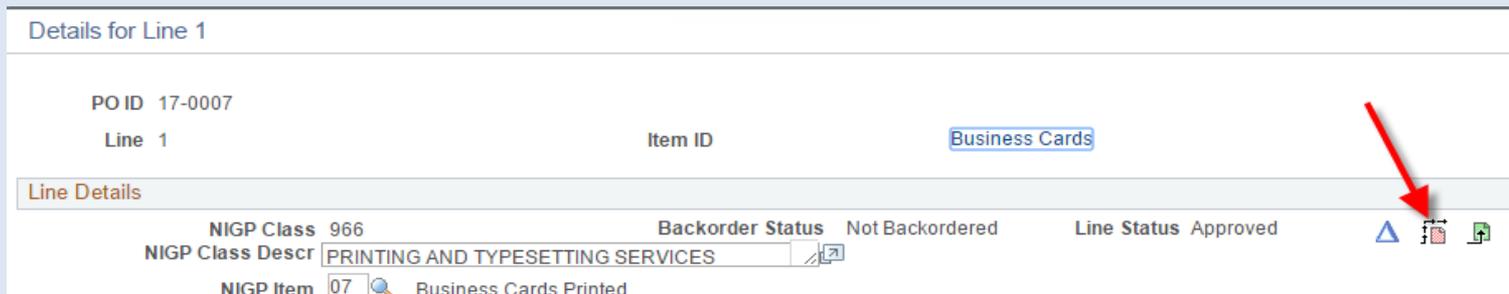
To finalize one line, go to the Line Details page using the button to the left of the line.



The screenshot shows a table titled 'Lines' with a help icon. The table has columns for 'Line', 'Item', and 'Description'. There are three rows, all with 'Business Cards' in the description. A red box highlights the 'Finalize' button (represented by a document icon with a checkmark) for the first line. Below the table is a link for 'View Printable Version'.

Line	Item	Description
1		Business Cards
2		Business Cards
3		Business Cards

Finalize button for an individual line:



The screenshot shows the 'Details for Line 1' page. It displays PO ID 17-0007, Line 1, and Item ID Business Cards. Below this, there is a 'Line Details' section with fields for NIGP Class (966), Backorder Status (Not Backordered), Line Status (Approved), and NIGP Class Descr (PRINTING AND TYPESETTING SERVICES). At the bottom, there is a 'Finalize' button (document icon with a checkmark) highlighted by a red arrow.

PO ID	17-0007
Line	1
Item ID	Business Cards
Line Details	
NIGP Class	966
Backorder Status	Not Backordered
Line Status	Approved
NIGP Class Descr	PRINTING AND TYPESETTING SERVICES
NIGP Item	07 Business Cards Printed

Questions?

Questions?



Centralized Accounting and Payroll/Personnel System



Thank you!

CAPPs Production Support

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<https://fm.x.cpa.texas.gov/fmx/capps/>