Welcome to
Kuali for Stevens
Sufficient Funds Checking
Q and A
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Welcome and Introductions

Panel

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• Diana Roman, Buyer
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Agenda

Plans are to move quickly through 1 and 2 to be able to allow ample time for 3

1. Overview of Sufficient Funds Checking:
   How this tool supports expenditure planning and sound fiscal management

2. Review of functionality of Sufficient Funds Checking
   a. E-docs that utilize SFC
   b. SFC level determined by sub-fund
   c. Description of SFC levels and calculations that apply
   d. Insufficient funds error messages and resolution actions
   e. Insufficient Funds warning message on PO’s and resolution actions

3. Questions from Users
Today’s Objectives

1. Answer user questions on SFC
2. Review the fiscal control option of KFS: Sufficient Funds Checking
3. Review transactions are reviewed for sufficient funds
4. Review how SFC is applied and calculated based on sub-fund
5. Review the implications of insufficient funds in transaction processing
   a. Error message, hard stop e-doc does not route
   b. Warning message, e-doc routes, will be reviewed by the Budget Office
6. Review the courses of action when insufficient funds are detected
Sufficient Funds Checking (SFC) is a fiscal control option in KFS used to facilitate the planning and use of budgeted resources.

It will prevent the initiation of new expenses when there aren’t sufficient funds to cover them.

It will not prevent the posting of expenses that have already occurred and need to be recorded.
Sufficient Funds Checking: an introduction

Now that SFC is invoked, initiators or reviewers will receive a message when expenses being proposed involve accounts that do not have sufficient funds to cover the transaction.

Not all transactions are checked by KFS for sufficient funds.

Sufficient funds checking will not prevent incurred* costs from posting to accounts.

*If the University has received a service it has incurred a cost. Examples of incurred costs include: work done by physical plant, department charges at the bookstore, employee travel and payroll.
What about payroll expenses?

If an employee has worked they must be paid.

Payroll expenses (costs already incurred for services rendered by employees) will post to an account regardless of whether there are sufficient funds in the account.

Using both the actual compensation expenses and encumbrances of future payroll and benefit expenses, the system can be used to identify and address those accounts without sufficient funds to cover the salary commitments made to employees.
The SFC review by KFS is dependent on the type of e-doc and the sub-fund type of the account of the proposed expenditure.

The sub-fund in turn determines the level at which sufficient funds are checked.

The next few slides explain each of these dependencies.

We can start with the e-doc type...
## E-docs that use SFC

<table>
<thead>
<tr>
<th>E-doc</th>
<th>E-doc name</th>
<th>Does sufficient funds checking apply?</th>
</tr>
</thead>
<tbody>
<tr>
<td>BA</td>
<td>Budget Adjustment</td>
<td>x</td>
</tr>
<tr>
<td>DI</td>
<td>Distribution of Income and Expense</td>
<td>x</td>
</tr>
<tr>
<td>DV</td>
<td>Disbursement Voucher</td>
<td>x</td>
</tr>
<tr>
<td>GEC</td>
<td>General Error Correction</td>
<td></td>
</tr>
<tr>
<td>ICA</td>
<td>Indirect Cost Adjustment</td>
<td>x</td>
</tr>
<tr>
<td>PE</td>
<td>Pre-encumbrance</td>
<td>x</td>
</tr>
<tr>
<td>PO</td>
<td>Purchase Order</td>
<td>x</td>
</tr>
<tr>
<td>TF</td>
<td>Transfer funds</td>
<td>x</td>
</tr>
<tr>
<td>AD</td>
<td>Advance Deposit</td>
<td></td>
</tr>
<tr>
<td>BT</td>
<td>Benefit Exp transfer</td>
<td>x</td>
</tr>
<tr>
<td>CR</td>
<td>Cash receipt</td>
<td></td>
</tr>
<tr>
<td>IB</td>
<td>Internal Billing</td>
<td>x</td>
</tr>
<tr>
<td>JV</td>
<td>Journal Voucher</td>
<td>x</td>
</tr>
<tr>
<td>ND</td>
<td>Non Check Disbursement</td>
<td>x</td>
</tr>
<tr>
<td>SB</td>
<td>Service Billing</td>
<td>x</td>
</tr>
<tr>
<td>ST</td>
<td>Salary Transfer</td>
<td>x</td>
</tr>
</tbody>
</table>
If the e-doc type qualifies for SFC then...

Sufficient Funds Checking occurs at one of three levels:

1. Account
2. Consolidation
3. Cash

The level of checking is determined by sub-fund type.
<table>
<thead>
<tr>
<th>Sub-fund Code</th>
<th>Sub-fund name</th>
<th>Account number starts with</th>
<th>SFC level (details next page)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CENTA</td>
<td>Central Appropriations</td>
<td>11</td>
<td>Account</td>
</tr>
<tr>
<td>DESIG</td>
<td>Designated (non-student organizations)</td>
<td>12</td>
<td>Account</td>
</tr>
<tr>
<td>ENTPF</td>
<td>Enterprise funds</td>
<td>13</td>
<td>Account</td>
</tr>
<tr>
<td>ENDI</td>
<td>Endowment Income</td>
<td>22</td>
<td>Account</td>
</tr>
<tr>
<td>RESG</td>
<td>Restricted Gifts</td>
<td>23</td>
<td>Account</td>
</tr>
<tr>
<td>CIP</td>
<td>Construction in Progress</td>
<td>51</td>
<td>Account</td>
</tr>
<tr>
<td>DESIG</td>
<td>Designated (student organizations)</td>
<td>12</td>
<td>Cash</td>
</tr>
<tr>
<td>RRR</td>
<td>Reserves for Renewal and Replacements</td>
<td>52</td>
<td>Cash</td>
</tr>
<tr>
<td>AGNCY</td>
<td>Agency Funds</td>
<td>80</td>
<td>Cash</td>
</tr>
<tr>
<td>SPON</td>
<td>Sponsored</td>
<td>21</td>
<td>Consolidation</td>
</tr>
</tbody>
</table>
### SFC level and the account’s sub-fund: Formula for determining sufficient funds

<table>
<thead>
<tr>
<th>SFC Level Name</th>
<th>SFC Level Code</th>
<th>SFC Level Description</th>
<th>Comparison made to determine sufficient funds</th>
</tr>
</thead>
</table>
| Account        | A             | The budget balances of all expense object codes on the account are added up and checked to see whether sufficient budget exists. Account level checking combines the activity of all object codes. | [Comparison of budget to actual activity](#) 
Sufficient Funds exist IF: 

\[
\text{Budget} - \text{Actual} - \text{Encumbrances^*} +/- \text{Pending Ledger Entries} - \text{transaction is greater than or equal to zero.}
\] |
| Cash           | H             | The cash balance of the account is checked to see whether sufficient cash exists. | Sufficient funds exist if: 

\[
\text{Cash Balance} - \text{Liabilities} - \text{Encumbrances^*} +/- \text{Approved Pending Ledger Entries} - \text{this transaction is greater than or equal to zero.}
\] |
| Consolidation  | C             | The consolidation level with which the expense object code is associated is checked to see whether sufficient budget exists. Consolidation combines all of the object codes which report to a specific consolidation. | [Comparison of budget to actual activity](#) 
Sufficient Funds exist IF: 

\[
\text{Budget} - \text{Actual} - \text{Encumbrances^*} +/- \text{Pending Ledger Entries} - \text{this transaction is greater than or equal to zero.}
\] |
An error message is received when the initiator attempts to submit an e-doc and insufficient funds are detected.

The specific e-docs this pertains to are:
- Budget Adjustment (BA)
- Distribution of Income and Expense (DI)
- Disbursement Voucher (DV)
- General Error Correction (GEC)
- Indirect Cost Adjustment (ICA)
- Pre-encumbrance (PE)
- Transfer of Funds (TF)

This is a hard stop that will not allow the e-doc to be submitted until the condition is addressed.
This message means:
Insufficient funds were detected for account 1100273. The formula used is based on the SFC level code determined by the sub-fund code of the account.

The specific object code of the insufficient funds is non-applicable. At Stevens we are not invoking checking at the object code level.

This message contains generic KFS language of who to call for assistance. At Stevens, this would be either your school/college/organization Budget Coordinator or the Budget Office at the Howe Center.
Resolving Insufficient Funds Conditions

The University has an obligation to pay vendors for goods and services provided.

It is not appropriate to delay payment if the goods or services have been received, even if the funds aren’t available to pay for the item/service.

The initiator can take the actions presented on the next slide to resolve the condition and proceed with the payment to the vendor or other financial processing transaction.
1. Save the e-doc with the error message.

Please note some of the actions to be taken involve the submission of other e-docs in the resolution of insufficient funds. After other e-docs route to resolve the insufficient funds situation the original saved e-doc can be accessed from the initiator’s action list completed and submitted.

2. Change the account number to an account that has sufficient funds,

3. Add an account number to share the expense,

4. Cancel any encumbrances affecting the account that are no longer valid,

5. Submit a Distribution of Income and Expense (DI) to move income or expense that may belong in another account
6. Request a General Error Correction (GEC) to correct account activity that is incorrectly affecting your account.

7. Submit a Budget Adjustment (BA) e-doc to move Budget to the account from another account.

8. Contact the Budget Coordinator in your college/school/unit for additional assistance.

9. For Sponsored accounts contact the post award specialist assigned to the account.
Sufficient Funds Checking on a PO (Purchase Order) happens at the step just before it routes to the Fiscal Officer.

If insufficient funds are detected, a warning is entered into the Explanation: field of the Document Overview tab as shown here:

The Fiscal Officer is the first node on the route that will see this message.

The PO will route as usual, however, a route node is added to the routing, the Budget Office.

The PO will not proceed to a vendor without the approval of the Budget Office. The Budget Office will require sufficient funds be identified before they will approve the PO.
Resolving Insufficient Funds Warning Messages: PO’s

On the PO, the fiscal officer cannot change or add an account number.

The fiscal officer can take or direct the following actions to resolve the error:

1. Cancel any encumbrances that affect the account that are no longer valid

2. Submit a Distribution of Income and Expense (DI) to move income or expense that may belong in another account

3. Request a General Error Correction (GEC) to correct account activity that is incorrectly affecting your account
4. Submit a Budget Adjustment (BA) e-doc to move Budget to the account from another account.

5. Contact the Budget Coordinator in your college/school/unit for additional assistance.

6. For Sponsored accounts contact the post award specialist assigned to the account.

Once you have taken the actions stated above in 1 through 6 (as they apply), contact the Budget Office for situations that may require an exception.
Process Flow for a Disbursement Voucher

- ../..\KFS Project Site\Sufficient Funds Checking Guide\DV flowchart-letter.pdf
Process Flow for a Requisition/Purchase Order

- \..\..\KFS Project Site\Sufficient Funds Checking Guide\PO flowchart.pdf
• Account reviews – any issues or questions regarding transactions, e-docs to use, etc.?  
• Any DV’s stopped yet? Questions on how to remediate the insufficient funds condition?  
• Requisitions/PO’s – questions on looking up the status?  
• Additional communications – are we reaching everyone who needs to know?