Sufficient Funds Checking

Sufficient Funds Checking (SFC) is a fiscal control option used to facilitate the planning and use of budgeted resources. It provides error messages to the initiator or warning messages to the reviewer when new expenses are being contemplated using accounts that do not have sufficient resources.

When sufficient funds checking is invoked, Kuali Financials will check for sufficient funds at various levels (account, object code, etc.). The type of document and the sub-fund of the account determine the level at which sufficient funds are checked. Checking at the account level or consolidated object level considers: budget less actual expense activity, encumbrances and pending transactions to determine sufficient funds. Cash balance checking considers: cash balance less encumbrances, liabilities and approved pending transactions.

Sufficient funds checking does not and cannot 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. For example – 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. Note: 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.)

For most document types that are checked for sufficient funds, detection of insufficient funds yields an error message. This stops the document from being submitted. The document can be saved and resubmitted using a different account or after adjusting the budget on the original account.

In the case of the PO document where insufficient funds are detected, there is a warning message issued; it does not stop the processing; the document will still route through workflow. The warning message appears in the Explanation field of the Document Overview tab of the document.

The warning message on the PO allows the purchasing process to cross fiscal or project years, that is, begin the process in one year and receive goods and pay for them in the next. This provides users the necessary flexibility to initiate orders before:
- the start of a new fiscal year on an account to ensure the goods are available when they are needed, or
- all the funds have been aggregated into an account for a project.

The workflow for Purchase Orders without sufficient funds (PO’s with a warning message) includes a route node to the Central Budget Office for the final approval or disapproval.

- If the PO is for the current fiscal year, all insufficient funds transactions as a general rule will be disapproved by the Budget Office. It is incumbent on the initiating department to correct insufficient fund issues when they are detected.
- If the PO is for the next fiscal year, contact the Budget Office as soon as the insufficient funds are suspected for review of the situation and explanation of the anticipated resolution.

On the pages that follow, this guide presents detailed information under the following sub-headings related to SFC (sufficient funds checking):

1. Document Types that utilize SFC
2. Determining SFC level by sub-fund of the account
3. Description of levels at which SFC is invoked
4. Insufficient funds error messages and resolution actions
5. Insufficient funds warning messages on PO’s
6. Flow charts detailing document routing and when SFC is invoked for DV’s and PO’s
1. Document Types that utilize (SFC) sufficient funds checking

The following chart shows by document type whether sufficient funds checking applies or does not apply.

<table>
<thead>
<tr>
<th>Document Type</th>
<th>Document 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>x</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>x</td>
</tr>
<tr>
<td>BT</td>
<td>Benefit Exp transfer</td>
<td>x</td>
</tr>
<tr>
<td>CR</td>
<td>Cash receipt</td>
<td>x</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>
## 2. Determining SFC level by sub-fund of the account

Sufficient Funds Checking at Stevens occurs at one of three levels: Consolidation, Account and Cash. (More on this on the next page)

The following chart shows the sub-fund the level at which sufficient funds are checked.

<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>Account or Consolidation (based on the agreement)</td>
</tr>
<tr>
<td>CFGEN</td>
<td>Current Funds-General</td>
<td>10</td>
<td>None</td>
</tr>
<tr>
<td>EFGEN</td>
<td>Endowment Funds-General</td>
<td>40</td>
<td>None</td>
</tr>
<tr>
<td>FFE</td>
<td>Funds Functioning as Endowment</td>
<td>41</td>
<td>None</td>
</tr>
<tr>
<td>TRUE</td>
<td>True Endowments</td>
<td>42</td>
<td>None</td>
</tr>
<tr>
<td>ALI</td>
<td>Annuity and Life Income Funds</td>
<td>48</td>
<td>None</td>
</tr>
<tr>
<td>PFGEN</td>
<td>Plant Funds-General</td>
<td>50</td>
<td>None</td>
</tr>
<tr>
<td>ROI</td>
<td>Retirement of Indebtedness</td>
<td>53</td>
<td>None</td>
</tr>
<tr>
<td>NIP</td>
<td>Net Investment in Plant</td>
<td>54</td>
<td>None</td>
</tr>
<tr>
<td>GELF</td>
<td>General Loan Funds</td>
<td>60</td>
<td>None</td>
</tr>
<tr>
<td>GOLF</td>
<td>Government Loan Funds</td>
<td>61</td>
<td>None</td>
</tr>
<tr>
<td>DOLF</td>
<td>Donated Loan Funds</td>
<td>62</td>
<td>None</td>
</tr>
</tbody>
</table>

- **Sufficient funds is determined at the account level**
- **Sufficient funds is determined by the cash balance of the account**
- **Sufficient funds is determined at the consolidation level of the object code of expense (ex. office supplies would roll up to General Expense)**
- **There is NO sufficient funds checking on these sub-fund types at Stevens**
3. Descriptions of levels at which (SFC) sufficient funds checking is invoked

Below is a chart showing the levels that compare budgeted expenses to actual expenses.

The **SFC Level code** of an account determines the level at which sufficient funds is checked.

<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:*  
*Budget - Actual - Encumbrances* *- Pending Ledger Entries* *- this 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:*  
*Cash Balance - Liabilities - Encumbrances* *- Approved Pending Ledger Entries* *- 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:*  
*Budget - Actual - Encumbrances* *- Pending Ledger Entries* *- this transaction is greater than or equal to zero.* |

*Encumbrances* include pre-encumbrances, payroll related encumbrances and encumbrances to external parties.

**Only the pending ledger entries that decrease the account balance are considered. Pending entries to increase balances are NOT considered in the calculation.**
4. Insufficient funds error messages and resolution actions

The document types this section 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)

An error message is received when the initiator attempts to submit a document listed above and insufficient funds are detected. This is a hard stop that will not allow the document to be submitted until the error is addressed.

A sample error message is shown:

Decoded, this message means:

1. **Insufficient funds for Account SI-1100273** 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. Find this information on the charts on pages 3 and 4 of this document.

2. **SF Object N/A** means the specific object code of the insufficient funds in non-applicable. At Stevens we are not invoking checking at the object code level.

3. **Please contact your campus budget office** is a note about who to call for assistance. This message contains generic Kuali Financials language. At Stevens, this would be either your school/college/organization Budget Coordinator or the Budget Office at the Howe Center.

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, because the funds aren’t available to pay for the item/service.

The initiator can take the following actions to resolve the condition and proceed with the payment to the vendor:

- a. Save the document with the error message.
  - Please note some of the actions below involve the submission of other documents in the resolution of insufficient funds. After other documents route to resolve the insufficient funds situation the original saved document can be accessed from the initiator’s action list completed and submitted.
- b. Change the account number to an account that has sufficient funds,
- c. Add an account number to share the expense,
- d. Cancel any encumbrances affecting the account that are no longer valid,
- e. Submit a Distribution of Income and Expense (DI) to move income or expense that may belong in another account
f. Request a General Error Correction (GEC) to correct account activity that is incorrectly affecting your account

g. Submit a Budget Adjustment (BA) document to move Budget to the account from another account

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

i. For Sponsored accounts contact, please contact the Post Award Specialist assigned to your account.

5. Insufficient Funds warning message on PO’s and resolution actions

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. A warning is entered into the Explanation: field of the Document Overview tab as shown here:

![Document Overview](image)

The fiscal officer is the first node on the route that will see this message once insufficient funds are detected.

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

c. 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.

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

a. Perform a balance inquiry on the account to see what transactions may be causing the unexpected insufficient funds message to appear,

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

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

d. Request a General Error Correction (GEC) to correct account activity that is incorrectly affecting your account

e. Submit a Budget Adjustment (BA) document to move Budget to the account from another account

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

g. For Sponsored accounts contact, please contact the Post Award Specialist assigned to your account.

h. Once you have taken the actions described in a-g above (as they apply), contact the Budget Office for situations that may require an exception.
Requisition/Purchase Order Process with Sufficient Funds Checking

Initiator (College/Unit/Department)
- Initiate Requisition

Organization Administrator/Reviewer
- Populates or reviews accounting lines - Approve Requisition

Account Approver (FO or Delegate)
- Approve Requisition
- Items restricted by regulation or policy?
  - Yes
  - No

Responsible Area
- Review & Approve
- Less Than $5,000?
  - Yes
  - No

Org. Reviewer
- Org Reviewer #1
- Org Reviewer #2
- Greater than $20,000?
  - Yes
  - No

OSP
- Contract or grant account?
  - Yes
  - No

Purchasing
- Meets criteria for Automatic Purchase Order (APO)?
  - Yes
  - No

KFS
- APO Created
  - Yes
  - No

Budget Office

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