Payroll Encumbering Process

Effective Date: January 4, 2016
Function: Labor Distribution
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Basis for Procedure

The payroll encumbrance process allows budgeted labor costs to be set aside from available project funds. By reserving funds from a budget for expenses committed but not expended, a more accurate available funds figure can be maintained.

Procedure Summary

This procedure describes the Research Foundation's payroll encumbering process.

RF Payroll Encumbering Process

The payroll encumbrance process allows budgeted labor costs to be set aside from available project funds. By reserving funds from a budget for expenses committed but not expended, a more accurate available funds figure can be maintained.

The payroll encumbrance process automatically encumbers salaries and fringe benefits for

- Salaried employees with a valid HR record, current or future pay element, and labor schedule with appropriate charging instructions; and
- Hourly employees with an hourly encumbering element. The amount entered for the hourly encumbering element will be used to encumber funds until it is changed or zeroed out

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The payroll encumbering process is run nightly at central office. The process encumbers full and partial pay periods for the life of Assignment/Labor Schedule/Award/Project/Task up to the 8 year, 3 month limitation (99 months).

Encumbrances will not be created under the following circumstances:

- If labor schedule lines do not exist for the time the assignment and earnings element are active, no calculation will occur.
- If the labor schedule lines that are available for the assignment and earnings element do not total 100%, the percentage missing will not have encumbrance calculated.
- If the award, project or task is not active during the entire labor schedule line effective dates, the time period where they are not active will not have encumbrance calculated.
- Labor schedules with invalid award, project and task combinations or an invalid award, project or task will not have encumbrance calculated.

Monitoring of incomplete labor schedules should be accomplished by using existing LD RF Projected Suspense Charges report.

Encumbrance Calculations

The payroll encumbrance calculation associated with each Project Task Award Organization Expenditure (PTAOE) is based on daily rate times the number of working days in the period being encumbered. The daily rate, which is the rate of encumbrance on a daily basis prorated by the labor schedule line, is based on rules associated with each earnings element.

i.e., A person is paid a biweekly rate of $2,000. The overall daily rate would be $200. If the person had three labor schedule lines LS1 50%, LS2 30% and LS3 20%; the daily rate associated with the PTAOE related to each would be LS1 $100, LS2 $60 and LS3 $40.

- Working days are defined as, the number of working days beginning with the encumbrance effective start date and ending with the encumbrance effective end date, the hours are based on the standard RF work week (Monday through Friday including holidays).
  - These dates are determined based on the effective start and end dates of current pay period, labor schedule, award, project, task, assignment and earnings element.
  - Start and end dates of encumbrances do not have to be based on pay period dates.
- An encumbrance's effective start date is determined by the latest begin/start date of associated source.
- An encumbrance's effective end date is determined by the earliest end date of associated source.

Encumbrance Changes

The following changes will cause the recalculation of encumbrance to occur the next time the encumbrance process is run (which is nightly):

- HR Assignment status changes between an active and inactive status;
- The Earnings Elements is changed – created, ended, rate changes;
- The start or end dates for award, project or task are changed;
- The Labor Schedule line for an individual is changed – created, ended, or percent changed; and
- When the PTAOE funds increase, through either budget increase or removing of other expenditures or encumbrances, and previously had an encumbrance shortage associated with it, the encumbrance shortage amount will clear with the available funds.

Encumbrance Exceptions and Encumbrance Shortages

Encumbrances are created for encumbrance exceptions or encumbrance shortages but are not posted to Grants.

Encumbrance Exceptions

Encumbrance exceptions occur when various conditions are present during the payroll encumbering process. If encumbrance exceptions are not addressed, actual expenditures may or may not be posted to Grants based on the Exception Reason. For a complete list of Exception Reasons, refer to "RF Payroll Shortage and Exception Report".

Encumbrance Shortages

Encumbrances will not be posted to Grants if there are insufficient funds available. If encumbrance shortages are not addressed, actual expenditures for payroll or grants batches (usage, miscellaneous transactions, or time card) will be charged to a project/task/award which may result in overexpended projects, tasks, and awards.

Monitoring

Frequent monitoring of encumbering exceptions and shortages should be done and corrective action taken.
For more information, refer to reports below.
Reports to Use
The following reports should run at least weekly to monitor payroll encumbering:

Report Name	Description
RF Projected Suspense Charges Report	Run this report to monitor future payroll dates and potential transactions to suspense resulting from incomplete/incorrect charging instructions or data/status issues with the project/task/award. These will also affect actual payroll charges, if not addressed timely.
RF Payroll Shortage and Exception Report	Run this report to monitor Shortages (previously known as Failed Funds transactions) - Identifies payroll encumbrance amounts that will not be posted as encumbrances due to budget limitations. Exceptions - Identifies transactions that will not be posted as encumbrances for the exception reason listed. For a description of the report and exception reason codes, refer to "RF Payroll Shortage and Exception Report" in EPSS under Grants Management, Reports/Queries, GM Oracle Reports.

Definitions
None

Related Information
None

Forms
None

Change History

Date	Summary of Change
February 28, 2024	Updated contact information and links
January 4, 2015	Removed the following sections: Element calculations, Determining Number of Working days and added Monitoring Payroll Encumbering reports because the guidance document is being eliminated.
January 30, 2004	New Document

Feedback
Was this document clear and easy to follow? Please send your feedback to webfeedback@rfsuny.org.