



Microsoft Dynamics® GP
Not For Profit Accounting

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Introduction

Not for Profit Accounting includes four modules: Grant Management, Interfund Management, Encumbrance Management, and Control Account Management. Interfund Management is registered when you register Intercompany Processing. Control Account Management is registered when you register Payables Management, but also requires that you use the Microsoft Dynamics® GP Analytical Accounting module. You can select to install one or more Not for Profit Accounting modules in the Microsoft Dynamics GP installation window.

This introduction is divided into the following sections:

- [*What's in this manual*](#)
- [*Symbols and conventions*](#)
- [*Resources available from the Help menu*](#)
- [*Send us your documentation comments*](#)

What's in this manual

This manual provides a single source of information for learning about procedures and features that are included in Not for Profit Accounting. The manual is divided into a separate part for each module.

[Part 1, Control Account Management](#) enables companies to operate one general ledger account while also to keeping track of payables per segment ID, where each segment is associated with a different department, fund, or program. Control Account Management can automatically redistribute payables control account balances based on the segment ID of each expense account.

[Part 2, Encumbrance Management](#) allows obligations for goods, materials, and services that have been ordered but not received can identified and identified as “encumbered.” This module helps prevent overspending by ensuring that total actual expenditures plus related encumbrances (ordered goods, materials, or services) do not exceed budgeted amounts. Purchase orders are “encumbered” if they are under budget or if they are over budget and authorized. Purchase orders that have not been encumbered cannot be printed or received.

[Part 3, Interfund Management](#) reconciles accounts that are in different companies or divisions. With Interfund Management, “due to” and “due from” transactions automatically are created to help you keep individual fund accounts in balance. When general ledger transactions are posted, they are analyzed to determine if the effects on each fund are balanced. If entries are needed to keep the fund accounts balanced, they automatically are generated. Interfund Management can designate any segment of a Microsoft Dynamics GP account number as the “fund” segment.

[Part 4, Grant Management](#) integrates with Analytical Accounting lets you track accounting transactions relating to a grant, helping to streamline the grant management process and keep a closer eye on daily transactions and expenditures. Integration with Analytical Accounting also lets you create budgets for grants and other transaction dimensions. For example, Grant Management ensures that a transaction is within a grant's start and end dates and the transaction is within budget.

Symbols and conventions

For definitions of unfamiliar terms, see the glossary in the manual or refer to the glossary in Help.

Symbol	Description
	The light bulb symbol indicates helpful tips, shortcuts and suggestions.
	The warning symbol indicates situations you should be especially aware of when completing tasks.
	The multicurrency symbol points out features or procedures that apply if you're using Multicurrency Management.

This manual uses the following conventions to refer to sections, navigation and other information.

Convention	Description
<i>Creating a batch</i>	Italicized type indicates the name of a section or procedure.
File >> Print or File > Print	The (>>) or (>) symbol indicates a sequence of actions, such as selecting items from a menu or toolbar, or pressing buttons in a window. This example directs you to go to the File menu and choose Print.
TAB or ENTER	All capital letters indicate a key or a key sequence.

Resources available from the Help menu

The Microsoft Dynamics GP Help menu gives you access to user assistance resources on your computer, as well as on the Web.

Contents

Opens the Help file for the active Microsoft Dynamics GP component, and displays the main “contents” topic. To browse a more detailed table of contents, click the Contents tab above the Help navigation pane. Items in the contents topic and tab are arranged by module. If the contents for the active component includes an “Additional Help files” topic, click the links to view separate Help files that describe additional components.

To find information in Help by using the index or full-text search, click the appropriate tab above the navigation pane, and type the keyword to find.

To save the link to a topic in the Help, select a topic and then select the Favorites tab. Click Add.

Index

Opens the Help file for the active Microsoft Dynamics GP component, with the Index tab active. To find information about a window that's not currently displayed, type the name of the window, and click Display.

About this window

Displays overview information about the current window. To view related topics and descriptions of the fields, buttons, and menus for the window, choose the appropriate link in the topic. You also can press F1 to display Help about the current window.

Lookup

Opens a lookup window, if a window that you are viewing has a lookup window. For example, if the Checkbook Maintenance window is open, you can choose this item to open the Checkbooks lookup window.

Show Required Fields

Highlights fields that are required to have entries. Required fields must contain information before you can save the record and close the window. You can change the font color and style used to highlight required fields. On the Microsoft Dynamics GP menu, choose User Preferences, and then choose Display.

Printable Manuals

Displays a list of manuals in Adobe Acrobat .pdf format, which you can print or view.

What's New

Provides information about enhancements that were added to Microsoft Dynamics GP since the last major release.

Microsoft Dynamics GP Online

Opens a Web page that provides links to a variety of Web-based user assistance resources. Access to some items requires registration for a paid support plan.

Customer feedback options

Provides information about how you can join the Customer Experience Improvement Program to improve the quality, reliability, and performance of Microsoft® software and services.

Send us your documentation comments

We welcome comments regarding the usefulness of the Microsoft Dynamics GP documentation. If you have specific suggestions or find any errors in this manual, send your comments by e-mail to the following address: bizdoc@microsoft.com.

To send comments about specific topics from within Help, click the Documentation Feedback link, which is located at the bottom of each Help topic.

Note: By offering any suggestions to Microsoft, you give Microsoft full permission to use them freely.

Part 1: Control Account Management

Control Account Management allows you to redistribute payables and receivables control account balances automatically based on the segment ID of each account. You can create reports that display the balances for each segment, as well as printing a summary report that shows payables and receivables information for respective cost centers. In addition, payables and receivables reports can be more accurate because receiving journals are generated that redistribute the control account balances to predetermined segments, thereby reflecting the activity of specific areas of your business.

This information is divided into the following chapters:

[Chapter 1, "Control account setup,"](#) provides information defining control accounts and the segments to which balances should be redistributed.

[Chapter 2, "Transactions and reports,"](#) describes the process of entering control account transactions and printing reports.

Chapter 1: Control account setup

Use the information in this part of the documentation to learn more about installing and setting up Control Account Management. Control Account Management automatically is registered if Payables Management or Receivables Management are registered for your company.

The following information is discussed:

- [*Overview of Control Account Management*](#)
- [*Setting up Control Account Management*](#)

Overview of Control Account Management

When you use Control Account Management, control accounts are redistributed based on the segment ID of each account. You can print reports and generate reversing entries that redistribute the control account balance to predetermined segments. Using Control Account Management makes it possible for you to print accurate month-end reports of payables and receivables based on account segments.

After your control accounts are set up, you can use Control Account Management to create reports that display the breakdown of your payables and receivables by fund, division, department, program, and so on—whatever cost center you decide to use as your account segment identifier.

Through Control Account Management, you can generate a reversing journal entry that distributes these amounts to your balance sheet using the transaction date that is specified in the Batch tab for this report. This journal entry breaks down your control account to give you an accurate snapshot of your company's payables and receivables. At the same time, these distributions are reversed using the reversing date that's specified in the Batch tab for this report, resetting the control account to its original state.

You can obtain accurate financial statements, including the redistributed control accounts, as often as you like—monthly, quarterly, or annually. You also can redistribute amounts from the default control account to the various cost centers in your company, eliminating the need to manually reconcile reporting segments.

Special accounting situations

The information in this document is based on using Control Account Management with full payments, where the control account balances are distributed to the segments you specify, leaving the original document with a zero balance. However, when you use Control Account Management with partial payments, the payment amount will be tracked by Control Account Management in the segment that relates to the Cash account.

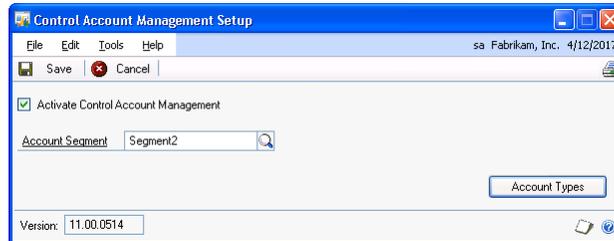
We recommend that you verify distributions before entering payments if you're using manual payments or entering and paying invoices at the same time. Accounting anomalies can occur if transactions are recorded without the proper distributions.

Setting up Control Account Management

You can use the Control Account Management Setup window to set up Control Account Management after you've installed it.

To set up Control Account Management:

1. Open the Control Account Management Setup window.
(Microsoft Dynamics GP menu >> Tools >> Setup >> Financial >> Control Account Management)

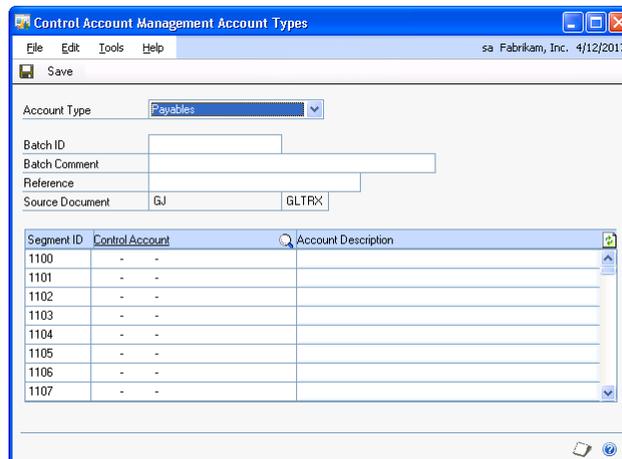


2. In the Control Account Management Setup window, enter or select an account segment—the segment ID to use to analyze payables and receivables information.
3. Mark Activate Control Account Management. No Control Account Management transactions can be generated until the option is marked.



You can clear the option even after distributions have been processed, but doing so will prevent any further Control Account Management entries from being created.

4. To define the control accounts and settings for payables and receivables, choose Account Types. The Control Account Management Account Types window opens.



5. Select an account type: Payables or Receivables.

6. In the scrolling window's Control Account column, enter or choose a control account to associate with the corresponding segment ID. The detail entered in the scrolling window applies to the specific account type that you have selected, either payables or receivables.

The Segment ID column displays the segment ID that corresponds to the account segment you chose in the Control Account Management Setup window. The Account Description column displays that segment's description. If no description exists, you can enter one.

7. To generate reversing journal entries, set up default batch information.

Batch ID This is the default batch ID for all your Control Account Management transactions.



You can save only one Control Account Management batch at a time. That batch must be posted using the batch entry or series posting windows before you can enter another Control Account Management batch.

Batch Comment This comment is included on the Control Account Management batch.

Reference The reference is included in the Control Account Management transactions.

8. Choose Save to save your changes. Close the Control Account Management Account Types window.
9. Choose Save.

Chapter 2: Transactions and reports

After you've set up Control Account Management by specifying your main account segment and the control account to be used for each account within that segment, you must create reports and generate reversing transactions to create your control account distributions for both receivables and payables.

Before you run your month-end reports, you must create your report using the Generate Control Account Management Transactions window and then generate the reversing journal entry to redistribute the total amount to the control accounts specified in the setup window. You have full control of the dates of both the journal entry and the reversing journal entry. This process generates a batch that you will need to post, just as other Microsoft Dynamics GP journal entries are posted.

The following information is discussed:

- [Printing a Control Account Management report](#)
- [Batches for Control Account Management](#)
- [Generating reversing journal entries](#)

Printing a Control Account Management report

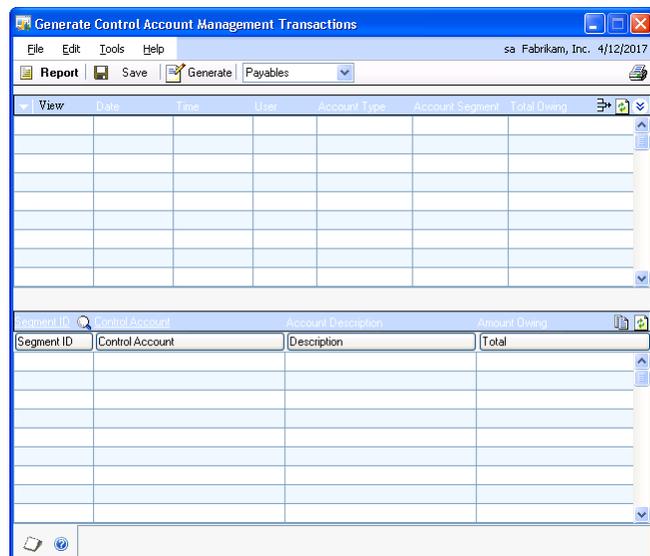
Use the Generate Control Account Management Transactions window to print summary or detail reports.



You also can use the window to generate reversing journal entries. See [Generating reversing journal entries](#) on page 12 for more information.

To a print a Control Account Management report:

1. Open the Generate Control Account Management Transactions window.
(Transactions >> Financial >> Control Account Management)



2. Choose Payables or Receivables.
3. Choose Report to generate a Control Account Management report.

4. To see more information that is included on the report, choose the Show Details button.
5. To print the report, choose Save, and then choose the Print icon.



You can't print reports that haven't been saved.

6. When you've finished, close the window.

Batches for Control Account Management

Batches that are generated when you use Control Account Management must be posted, just as other Microsoft Dynamics GP journal entries are posted.

When you set up Control Account Management, you specify a batch ID for Control Account Management. You can use that default batch ID each time you generate a Control Account Management journal entry, or you can use the Batch tab in the Generate Control Account Management Transactions window to modify the default information. Any information that you enter in the Batch tab will override the default batch information you entered during the setup procedure.

After a batch of transactions has been created, you can post it using batch entry or series posting windows.



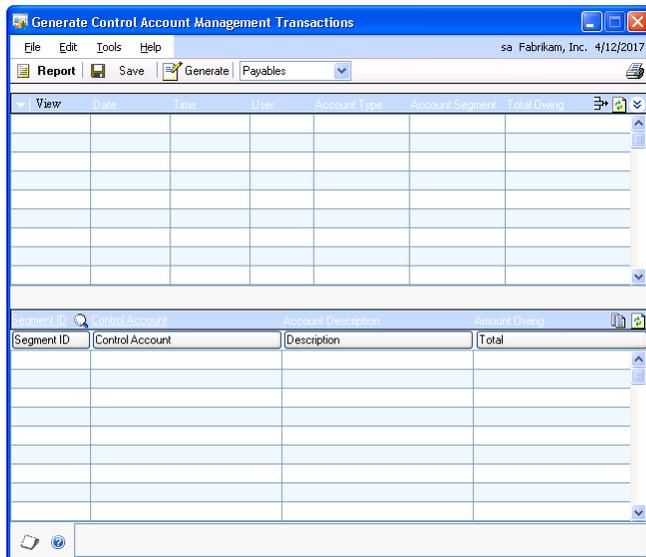
We recommend that you use the default batch ID each time you post, so only one Control Account Management batch is in use at any time. If you prefer, you can enter a new batch ID in the Batch tab for each report, and Control Account Management will create an additional batch for each report. However, if you enter multiple batch IDs, you must keep track of your Control Account Management batches to ensure that you do not post a batch containing the same information twice.

Generating reversing journal entries

The Generate Control Account Management Transactions window generates reversing journal entries for your transactions. You have full control of the dates of both the journal entry and the reversing journal entry. This process generates a batch that you will need to post.

To generate reversing journal entries:

1. Open the Generate Control Account Management Transactions window. (Transactions >> Financial >> Control Account Management)



2. Choose Payables or Receivables.
3. Choose Report to generate a Control Account Management report.
4. Choose the Show Details button. Supporting information for the report is displayed in each of the three tabs in the window.
5. Before you generate the journal entry, be sure to verify or change the transaction date and revision date, and other journal entry information.
6. Choose Generate to create a journal entry that redistributes the total default control account balance to the predetermined segments.

A reversing journal entry automatically will be created using the default batch ID from the Control Account Management Setup window, or from the Batch tab if you made modifications to the default information.



When you generate a journal entry, the report is saved automatically.

7. After the reversing journal entry is created, you must post it using the batch entry or series posting windows before you can save another Control Account Management batch.
8. When you've finished, close the window.

Part 2: Encumbrance Management

Encumbrance Management enables you to reserve funds from a budget when purchase orders are created. You can create encumbrances for standard, drop-ship, blanket, and drop-ship blanket orders. You can authorize multiple encumbrances at one time, and set up passwords that verify authorization to exceed budget amounts. In addition, you view inquiries and reports that show encumbrances against budget amounts as well as displaying information in detail or summary formats for actual versus budgeted amounts.

This information is divided into the following chapters:

[Chapter 3, "Encumbrance setup."](#) describes the steps you must complete to set up Encumbrance Management.

[Chapter 4, "Transactions."](#) describes the steps to complete for creating encumbrances, as well as explaining how encumbrances are affected by changes to purchase orders.

[Chapter 5, "Encumbrance Management maintenance."](#) describes the tables used to store encumbrance information, as well as the steps you should complete to maintain the accuracy and security of your data.

[Chapter 6, "Inquiries and reports."](#) explains how to print reports that show purchase order lines that are not valid, control blanket items, and actual versus budget amounts.

Chapter 3: Encumbrance setup

Use this part of the documentation to learn more about setting up Encumbrance Management. An encumbrance is a purchase that affects budgets because it is an obligation for goods, materials, and services that have been ordered but not received.

When you set up Encumbrance Management, any existing purchase order line items in Microsoft Dynamics GP are evaluated. Each valid purchase order line item is assigned a status of Encumbered. Subsequent purchase order line items will be evaluated when you enter them. The budget that's encumbered is the budget that includes the period of the required date for a purchase line item.

The following information is discussed:

- [Setting up Encumbrance Management](#)
- [Setting up or modifying the encumbrance password](#)
- [Encumbrance statuses](#)

Setting up Encumbrance Management

When you set up Encumbrance Management, you select the budget that will be encumbered for the amount of purchases. Any type of budget can be selected: General Ledger, Analytical Accounting, or Grant budgets.

You can enter a budget tolerance to limit the acceptable variance when a purchase transaction exceeds the available budget. You can set up a password to require authorization before the purchase order is sent to the vendor. Also, you can select what actions occur when a purchase order is approved.



We recommend that all other users log out of Microsoft Dynamics GP when you set up Encumbrance Management.

Before you can select budget IDs in the Encumbrance Setup window, you must complete the steps for setting up budgets in General Ledger, Analytical Accounting, or Grant Management.

Prerequisites for using General Ledger budgets

To use General Ledger budgets with Encumbrance Management, you must set up budgets in General Ledger for each period of each open year.

Prerequisites for using Analytical Accounting budgets

To use Analytical Accounting budgets with Encumbrance Management, you must complete the following steps to cover each period of each open year with a budget.

- Create one or more budget trees.
- Set up dimension codes and assign a dimension code tree to a budget tree.
- Create a budget and assign a budget tree to that budget (you can assign the same budget tree to multiple budgets).

Prerequisites for using Grant budgets

Grant Budgets are actually Analytical Accounting budgets that are linked to a grant. The steps for using Grant budgets for Encumbrance Management are similar to the steps for using Analytical Accounting budgets, with the following exception. You must use Grant Management to associate a grant with a dimension code in an Analytical Accounting budget.

After you save your changes in the Encumbrance Setup window, all existing purchase order line items are evaluated. An encumbrance amount is created using the required date on the purchase order line item, and receipts posted against that purchase order line item will have a liquidation that's created using the posting date of the receipt. See [Encumbrance statuses](#) on page 21 for more information.

To set up Encumbrance Management:

1. Open the Encumbrance Setup window.
(Microsoft Dynamics GP menu >> Tools >> Setup >> Purchasing >> Encumbrance Management)

2. Mark Enable Encumbrance Management. This option must be marked to use Encumbrance Management, and to make the other fields in the window available.
3. Select a budget type. Available budget types include General Ledger, Analytical Accounting, or Grant budgets. You can specify a budget tree when Analytical Accounting Budgets is the selected budget type. If you're using Fiscal Year as the tracking method, you must specify a budget tree.

If the selected budget type is Grant Budgets, purchase order line items will be encumbered when you enter transactions for the grant that's assigned to the corresponding budget in Grant Management.

4. Mark a tracking method for your encumbrances. The tracking method determines how the budget amounts and the purchase order amounts (plus actual amounts) are compared to each other.

Total Budget Purchases are compared to the total budget and total actual amounts for that budget.

Period Purchases are compared to the budget and actual amounts for the period of the purchase.

Budget-To-Date Purchases are compared to the budget and actual amounts in the range from the starting date for the budget to the end of the period of the required date on the purchase order.

Fiscal Year Purchases are compared to the total budget and total actual amounts for the fiscal year specified in the required date on the purchase order. If you are using Analytical Budgets and you select Fiscal Year as the tracking method, you must specify a budget tree to use in validating purchases.



If you use blanket purchase orders, we recommend that you use the Total Budget tracking method to help ensure that budgets are not unexpectedly exceeded.

5. To set up a password for authorizations of purchase order amounts that exceed the budget limits, choose Enter/Change Password to open the Encumbrance Password Setup window. See [Setting up or modifying the encumbrance password](#) on page 20 for more information.
6. Select a tolerance level type and enter an acceptable amount or percentage that a purchase may vary from the available budget before authorization is required.

You can enter either a positive or negative budget tolerance level—an amount or percentage that a purchase is allowed to deviate from a budget without requiring authorization. The following table describes how positive and negative amounts work with each tolerance level type.

	If you enter a positive value	If you enter a negative value
Amount	Purchases can exceed the budget amount by the currency amount you specify.	Purchases must be under the budget amount by the currency amount you specify.
Percentage	Purchases can exceed the budget amount by the percentage you specify.	Purchases must be under the budget amount by the percentage you specify.

7. If you're using General Ledger or Analytical Accounting budgets, in the scrolling window, enter or select the budget IDs that purchases should be compared to.

None of the periods within any of the budgets that you select may overlap. For example, if Budget A spans June 2016 through May 2017 and Budget B spans May 2017 through May 2018, you won't be able to select both budget A and B because they contain overlapping periods.

8. If you're using Analytical Accounting budgets, choose to validate budgets by account or node in a budget tree. Choosing Node causes the budgets to be validated by a combination of dimension codes from Analytical Accounting. Choosing Account causes the budgets to be validated by a combination of accounts and dimension codes.
9. If you are using Workflow or purchase order approvals in Purchase Order Enhancements, select an option for how approved purchase orders are encumbered.

Ask when over budget Encumbers any purchase order lines that are under budget. Displays a message for lines that are over budget with the option to encumber those lines or leave them pre-encumbered. Choose this option when

the person entering the purchase order has authority to both approve the purchase order and the budget.

Always pre-encumber Pre-encumbers all purchase order lines, regardless of their budget status. With this option, the Mass Encumbrance window is used to do all validations against the budget.

Pre-encumber when over budget Encumbers any purchase order lines that are under budget and pre-encumbers lines that are over budget. Choose this option when different people have authority to approve the purchase order and over-expenditures to the budget. In this scenario, the Mass Encumbrance window is used to approve the over-expenditures to the budget.

10. Choose OK to save your changes and close the Encumbrance Setup window.

If you have existing purchase orders or receipts in your system, all purchase order line items and receipts are verified. If the purchase order or receipt is valid, the purchase order is encumbered, even if it exceeds the budget amount.

The Encumbrance Exception Report automatically is generated. This report lists the purchase order line items that don't meet the requirements. See [Encumbrance statuses](#) on page 21 for more information.



To later generate a list of purchase order line items that aren't valid, refer to [Viewing purchase order line items that aren't valid](#) on page 35.

Setting up or modifying the encumbrance password

You can use the Encumbrance Password Setup window to set up or modify the password for authorizations of purchase order amounts that exceed the budget limits. If you set up a password, and the purchase amount exceeds the specified limits, users will need to enter a password before the purchase can be encumbered.

To set up or modify the encumbrance password:

1. Open the Encumbrance Setup window.
(Microsoft Dynamics GP menu >> Tools >> Setup >> Purchasing >> Encumbrance Management)
2. Choose the Enter/Change Password button to open the Encumbrance Password Setup window.

3. If you're setting up the password for the first time, enter and confirm the password.
4. If you're modifying the password, enter the existing password, and then enter and confirm the new password.

5. Choose OK to save your changes and return to the Encumbrance Setup window.
6. Choose OK to close the Encumbrance Setup window.

Encumbrance statuses

When you first set up Encumbrance Management, all existing purchase order line items are evaluated. An encumbrance amount will be created using the required date on the purchase order line item. Also, receipts posted against that purchase order line item will have a liquidation created using the posting date of the receipt. Subsequent purchase order line items are evaluated when you enter them.

The following table describes the Encumbrance Management statuses.

Status	Description
Encumbered	The purchase order line item is within the budget you set up (plus the tolerable range, if you've set up budget tolerances). Also, the status is encumbered if the budget has been exceeded, but the purchase has been authorized.
Pre-Encumbered	The purchase order line item is not within the budgeted amount (plus the tolerable range, if you've set up budget tolerances).
Pre-Budget	The purchase order has not been approved. This status allows encumbrance records to be created for the purchase order line item. Budgets aren't affected because the purchase order hasn't been approved. This status is used only if Workflow or purchase order approvals in Purchase Order Enhancements is being used. When the purchase order is approved and is within budget, the status will change from pre-budget to encumbered or pre-encumbered based on the settings you chose in the Encumbrance Setup window.
Invalid	The purchase order line item is missing information or information is not valid.
Limbo	The purchase order line item is not validated against the budget.

A purchase order line item is not considered valid under the following circumstances:

- The account number for the purchase order line item is a fixed or variable allocation account.
- The account number for the purchase order line item doesn't exist.
- The required date for the purchase order line item is in a fiscal year that has not been set up.
- The required date for the purchase order line item doesn't exist.
- No budget ID has been set up in Encumbrance Management for the fiscal year period the required date falls in.

If the purchase order line item meets the validation requirements and doesn't exceed the budgeted amounts, the status will be set to Encumbered. Otherwise, the status will be set to pre-encumbered. If you're using blanket or drop-ship blanket purchase orders, the control blanket line will have a status of Pre-Encumbered, regardless of the status amount.



If the control blanket line for a purchase order is not valid, you can't enter blanket line items for that purchase order.

A receipt for an existing purchase order is not considered valid under the following circumstances:

- A posted receipt exists for a purchase order line item, but a Budget ID has not been setup in Encumbrance Management for the fiscal year of the receipt line item required date.
- The receipt line item does not have an inventory account entered on it.
- The account on the receipt line item is an allocation account.
- The receipt line item required date is missing.

Chapter 4: Transactions

This part of the documentation describes how to work with encumbrances, including how to create them and how they're affected by purchase order changes. This information also explains how to authorize groups of pre-encumbrances, which are encumbrances that exceed the budget limits and haven't been authorized.

The following information is discussed:

- [Overview of encumbrances](#)
- [Calculating available budget amounts for dimension codes using budget trees](#)
- [Purchase order types and liquidation](#)
- [Control blanket line items and encumbrances](#)
- [Creating an encumbrance for a standard or drop-ship purchase order](#)
- [Creating an encumbrance for a blanket or drop-ship blanket purchase order](#)
- [How purchase order changes affect encumbrance amounts](#)
- [Encumbrance liquidations](#)
- [Authorizing pre-encumbrances for multiple purchase orders](#)
- [Transferring encumbrance amounts at year end](#)

Overview of encumbrances

When you create purchase orders using the Purchase Order Entry window, encumbrances automatically are created. They're authorized automatically if the purchase order line items fit the budget requirements, and can be authorized manually if they're outside budget requirements. To meet the budget requirements, the result of the following formula must be positive:

Budget Amount - Actual Amount - Encumbrance Amount

Purchases are associated with a budget based on the posting account on the purchase order line item, and the fiscal period that the required date on the purchase order falls within.

For example, if an annual budget is set at \$10,000 and a purchase order line item is created for \$2,000, the available budget amount would be reduced to \$8,000. A new purchase order line item for \$8,500 would exceed the budget and require authorization. (This assumes that no budget tolerances have been set up.)

The amount that is encumbered is calculated using the following formula:

(Quantity Ordered - Quantity Canceled - Quantity Shipped) * Unit Cost in the Functional Currency

When you receive a shipment, the encumbrance amount is reduced, or liquidated. However, the Actual amount is increased at the same time so that the available budget amount remains the same. If the quantity received is the same as or more than the quantity encumbered, the encumbered amount is liquidated to zero. Encumbrances are liquidated in the period of the posting date of the receipt.

Encumbrance amounts also are liquidated if you cancel a purchase order line item or close a purchase order. See [Encumbrance liquidations](#) on page 28 for more information about liquidations and their effects on encumbrance amounts and budgets.

Calculating available budget amounts for dimension codes using budget trees

Budget trees are used in Analytical Accounting; the calculations for available budget amounts described in this section do not apply if you're tracking encumbrance amounts against General Ledger budgets.

When a purchase order is posted, budget amounts are verified for each branch in the budget tree structure, for each purchase order line. If there are multiple branches on a purchase order line and one of the branches is over budget, the status for all the branches for that line will be set to Pre-encumbered. You must either approve the over-budget amount or adjust the budget. Items cannot be received against a purchase order unless it is encumbered.

Budget amounts for the top level of the budget tree are not validated because no dimension codes are associated with this level of the tree.

Purchase order line items are not validated against the budget and are instead given the special Encumbrance status Limbo. For the Analytical Account entry for the purchase order:

- You do not enter dimension codes.
- When using Grant budget validation, the dimension code that you enter is not linked to a grant.

For information about setting up analysis codes, dimension codes, and budget trees, see the Analytical Accounting documentation.

Purchase order types and liquidation

In addition to creating encumbrances for standard purchase orders, you also can create encumbrances for drop-ship, blanket, and drop-ship blanket purchase orders. The following table briefly describes each purchase order type and explains when the purchase orders are liquidated.

Type	Description	When liquidated
Standard	Lists items that will be shipped to your business to be received into your inventory.	The purchase is liquidated when a shipment or shipment/invoice receipt is posted.
Drop-ship	Used for items you purchase on behalf of a customer. The items are shipped to the customer without being physically received into your inventory. The vendor invoices your business and you invoice the customer.	The purchase is liquidated when an invoice is posted.
Blanket	Lists a single item and its quantities that will be delivered in a series of shipments, usually on specific dates. The item will be shipped to your business to be received into your inventory.	The control blanket line item is liquidated by creating blanket line items. The blanket line items are liquidated when a shipment or shipment/invoice receipt is posted.
Drop-ship blanket	Is a combination of drop-ship and blanket purchase orders; lists a single item and the quantities that will be delivered to the customer in a series of shipments, usually on specific dates.	The control blanket line item is liquidated by creating blanket line items. The blanket line items are liquidated when an invoice receipt is posted.

See the Purchase Order Processing documentation for more information about purchase orders.

Control blanket line items and encumbrances

The first line item entered for a blanket or drop-ship blanket purchase order is called the control blanket line item. This line item has a line number of 0 (zero) and is the line item that the blanket line items are based on. The control blanket line item is not affected by creating or posting receipts.

For example, you might enter a quantity of 5,000 for the control blanket line item and then enter five blanket line items with a quantity of 1,000 each. The control blanket line item isn't included in tax amounts or the purchase order's subtotal, nor is it printed on purchase orders.

When you use Encumbrance Management with blanket and drop-ship blanket purchase orders, the control blanket line item is always pre-encumbered, even if it doesn't exceed the budgeted amount. A message is displayed if this line item amount exceeds the budgeted amount. The line item amount is included in the budget validation calculations, and the funds for this line item are reserved in the budget.

The control blanket line item amount is reduced only when blanket line items are created. Blanket purchase orders can be controlled by either the quantity or the

value of the control blanket line item. The calculation of the reduction of the control blanket line item depends on this setting.

Quantity The reduction is for the quantity of the blanket line item, using the unit cost of the control blanket line item.

Value The reduction is for the value of the blanket line item.

Creating an encumbrance for a standard or drop-ship purchase order

Use the Purchase Order Entry window to create and authorize encumbrances for standard and drop-ship purchase orders. A standard purchase order lists items that will be shipped to your business to be received into your inventory. A drop-ship purchase order lists items that will be shipped directly to the customer. See [Purchase order types and liquidation](#) on page 25 for more information.

To create an encumbrance for a standard or drop-ship purchase order:

1. Open the Purchase Order Entry window.
(Transactions >> Purchasing >> Purchase Order Entry)
2. Select Standard or Drop-Ship as the purchase order type.
3. Enter the purchase order. See the Purchase Order Processing documentation for more information.

If any line items exceed the available budgeted amount, a message will be displayed asking if you want to encumber the purchase. You must enter a password, if one was set up.

If you change the information in the Quantity Ordered, Quantity Canceled, or Unit Cost fields for a line item, the line is validated again. See [Encumbrance statuses](#) on page 21 for more information.

4. Choose Save and close the window. You will have the option to print an edit list.

You can choose File >> Print or the Print icon, or use the Print Purchasing Documents window, to print the purchase order if all lines have a status of Encumbered.

Creating an encumbrance for a blanket or drop-ship blanket purchase order

Use the Purchase Order Entry window to create and authorize encumbrances for blanket and drop-ship blanket purchase orders. A blanket purchase order lists a single item and the quantities that will be delivered in a series of shipments, usually on a specific date. A drop-ship blanket purchase order lists a single item and the quantities that will be delivered directly to the customer in a series of shipments, usually on multiple dates that are specified in advance. See [Purchase order types and liquidation](#) on page 25 for more information.

To create an encumbrance for a blanket or drop-ship blanket purchase order:

1. Open the Purchase Order Entry window.
(Transactions >> Purchasing >> Purchase Order Entry)
2. Select Blanket or Drop-Ship Blanket as the purchase order type.
3. Enter the purchase order. See the Purchase Order Processing documentation for more information.

If any line items exceed the available budgeted amount, a message will be displayed asking if you want to encumber the purchase. You must enter a password, if one was set up.

If you change the information in the Quantity Ordered, Quantity Canceled, or Unit Cost fields for a line item, the line is validated. You can't add item information to a purchase order if the control blanket line item has a status of Invalid. See [Encumbrance statuses](#) on page 21 for more information about invalid line items.



You can't change the unit of measure for the control blanket line item if you've already entered a blanket line item in the scrolling window. You must delete the line item before changing the unit of measure. However, you can change the unit of measure on the blanket line items.

4. You can choose Blanket to open the Purchasing Blanket Detail Entry window, where you can enter several blanket line items at once.
5. Mark a Control Blanket By option. This option affects how the control blanket line item is liquidated. See [Control blanket line items and encumbrances](#) on page 25 for more information.



You can't change the Control Blanket By option if you've already entered a blanket line item in the scrolling window. You must delete the line item before changing the option.

6. Enter the blanket line item information.
7. Choose OK to return to the Purchase Order Entry window.
8. Choose Save and close the window. You will have the option to print an edit list.

You can choose File >> Print or the Print icon, or use the Print Purchasing Documents window, to print the purchase order for all lines that have been released using the Purchasing Blanket Detail Entry window and have a status of Encumbered.

How purchase order changes affect encumbrance amounts

The following table describes how encumbrance amounts are affected when you modify, delete, or void purchase orders, or change the status of a purchase order.

Activity	How the encumbrance is affected
Modify a purchase order	The encumbrance amount is recalculated and re-evaluated against the budget.
Delete a line item/blanket line item	The current encumbrance information for that line item is removed. For the control blanket line item in blanket and drop-ship blanket purchase orders, the encumbrance amount for the control blanket line item is increased.
Delete a purchase order	The current encumbrance amount for all line items is removed.
Void a purchase order	The current encumbrance amount for all line items is removed.
Change the purchase order status to Closed, Received, or Canceled	Any pre-encumbered or encumbered amounts are removed. See Encumbrance liquidations for more information.
Change the purchase order status from Canceled to Change Order, New, or Released	The encumbrance amount is recalculated and re-evaluated against the budget.
Change the purchase order status from New to Released	The encumbrance amount doesn't change.

Encumbrance liquidations

Some actions reduce, or liquidate, encumbrances. A liquidation is a reduction in the encumbered amount due to posting a receipt, closing or canceling a purchase order or line item, or reducing the quantity ordered or unit cost of the purchase order line item.

Closed or canceled purchase orders

When you close or cancel a purchase order, encumbrance amounts for that purchase order also are updated:

- If you close a purchase order, the remaining encumbrance amount for all line items in the purchase order will be reduced to zero.
- If you cancel a purchase order line item, the encumbrance amount will be reduced by the amount canceled.

Receivings transactions

For standard and blanket purchase orders, when you post a shipment receipt or shipment/invoice receipt, the encumbered amount for the received goods is reduced by the quantity received using the posting date of the receipt. The posting date must be within a period of a budget selected in the Encumbrance Setup window. The liquidation uses the unit cost of the purchase order line item.

For drop-ship and drop-ship blanket purchase orders, when you post an invoice receipt, the encumbered amount for the invoiced goods is reduced by the quantity invoiced using the posting date of the invoice. The liquidation uses the unit cost of the purchase order line item.



When a shipment is posted, the actual amount is increased for the purchase orders for the general ledger account, the dimension code, or both. For this reason, the encumbrance on the general ledger account is liquidated when the goods are shipped, and not when the payment is made to the vendor.

If the quantity received is equal to or greater than the quantity encumbered for that line item, the encumbered amount will be reduced to zero.

If you're using blanket or drop-ship blanket purchase orders, the liquidation works the same except for the control blanket line item, which is reduced by entering blanket line items.



When you save a receivings transaction to a batch, encumbrances are not liquidated until the batch is posted.

Authorizing pre-encumbrances for multiple purchase orders

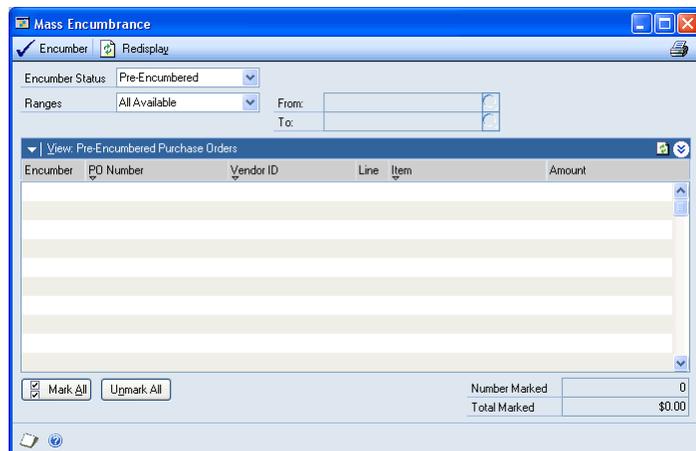
Use the Mass Encumbrance window to authorize pre-encumbrances for multiple purchases at one time. For example, suppose you supervise a user who doesn't have the authority to approve purchases that exceed the budget. You might use this window to review those pre-encumbrances and authorize them.

If you're using blanket or drop-ship blanket purchase orders, the control blanket line item won't be displayed with the pre-encumbered purchase orders because you can't encumber the control blanket line item.

You also can use the Mass Encumbrance window to view invalid purchase order line items, which must be modified before they can become encumbered. See [Viewing purchase order line items that aren't valid](#) on page 35 and [Viewing encumbrances for control blanket line items](#) on page 36 for more information.

To authorize pre-encumbrances for multiple purchase orders:

1. Open the Mass Encumbrance window.
(Transactions >> Purchasing >> Encumbrance Management >> Mass Encumbrance)



2. Select Pre-Encumbered as the encumber status.

3. Select a range of pre-encumbrances.
 - To encumber all available pre-encumbrances, set the range to All Available.
 - To restrict the range of pre-encumbrances, select a range restriction based on PO Number, Vendor ID, or Created By, and enter a range of purchase order numbers, vendors, or users in the From and To fields. Choose Redisplay. The applicable purchase order line items will be displayed in the scrolling window.
4. In the Encumber column, mark the purchase order line items to authorize. You can mark individual lines, or choose Mark All to mark all the lines displayed in the window.



If you change the Ranges field in this window after marking any purchase order line items, those lines will remain marked even though they are no longer visible in the window. You must redisplay your previous range to view those lines.

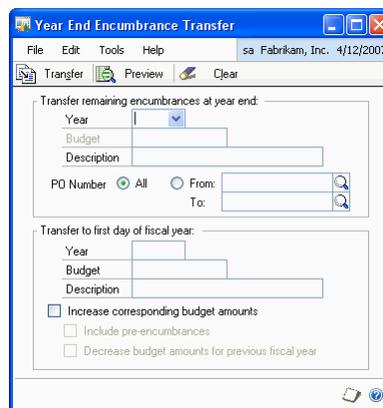
5. You can print an edit list by choosing File >> Print or the Print icon. An edit list itemizes the purchase order line items that will be encumbered.
6. Choose Encumber. A message is displayed asking if you want to continue. Choose Yes. You'll need to enter a password if one was set up.
7. Close the window. You will have the option to print the Encumbrance Audit Report showing the purchase order line items that have been encumbered.

Transferring encumbrance amounts at year end

Use the Year End Encumbrance Transfer window to transfer encumbrance amounts from a fiscal year that's ending to the next fiscal year.

To transfer encumbrance amounts at year end:

1. Open the Year End Encumbrance Transfer window:
(Microsoft Dynamics GP menu >> Tools >> Routines >> Purchasing >> Year End Encumbrance Transfer)



2. Enter or select the year that you're transferring encumbrance amounts from.
3. Enter a range of purchase order numbers to transfer encumbrance information for.

4. Select to increase budget amounts for the encumbrances that you're transferring. If the budget for the fiscal year that you're transferring encumbrance information to doesn't include the funding for items that were ordered and encumbered in the previous year, you can increase those budgets by the amount being transferred. If you choose to increase budget amounts, you also can increase budget amounts for pre-encumbered items.

When the budget ID is the same for both years (the year that you're transferring amounts from and the year that you're transferring amounts to) and the Increase corresponding budget amounts option is marked, increasing an amount for the new fiscal year results in an equal decrease for the year you're transferring from, as illustrated in the following table.

Budget ID	Year	Amount of increase	Amount of decrease
BUDGET1	2008	\$100.00	
BUDGET1	2007		\$100.00

5. Choose Preview to view a report that shows transfer information without actually changing budgets or account balances.

The encumbrance transfer updates the required date on each purchase order line item to the first day of the new fiscal year.

6. Choose Transfer to transfer encumbrance information to a new fiscal year.

Chapter 5: Encumbrance Management maintenance

This part of the documentation describes the data tables that are included with Encumbrance Management and explains how to verify and repair Encumbrance Management data inconsistencies.

The following information is discussed:

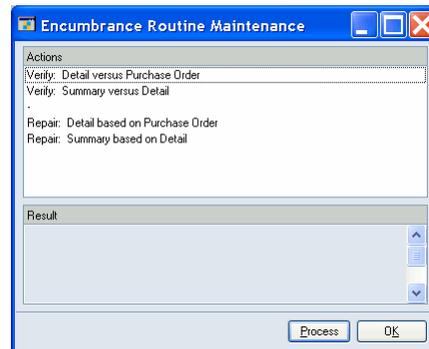
- [Performing routine maintenance for Encumbrance Management](#)
- [Data tables](#)

Performing routine maintenance for Encumbrance Management

You can use the Encumbrance Routine Maintenance window to verify and repair Encumbrance Management data inconsistencies.

To perform routine maintenance for Encumbrance Management:

1. Open the Encumbrance Routine Maintenance window.
(Microsoft Dynamics GP menu >> Maintenance >> Encumbrance Management >> Routine Maintenance)



2. Select an operation to complete.

Verify: Detail versus purchase order Compares the encumbrance totals in the Encumbrance Purchase Order Line and Encumbrance Purchase Order Line Changes tables to the encumbrance totals calculated using the purchase order table and posted receipts.

Verify: Summary versus Detail Compares the encumbrance totals in the Encumbrance Purchase Order Line Changes table to the encumbrances totals in the budget table (GL002001).

Repair: Detail based on Purchase Order If purchase orders in the Encumbrance Purchase Order Line and Encumbrance Purchase Order Line Changes tables do not equal the encumbrance totals calculated using the purchase order table and posting receipts, any existing records are deleted and recreated using the required date on the purchase order line and the posting date on the receipts.

Repair: Summary based on Detail If the encumbrance budget totals for an account where the encumbrance totals in the Encumbrance Purchase Order Line Changes encumbrance table does not match the encumbrances totals in the budget table (GL002001), the encumbrance budget record for that account is deleted and recalculated using the total for that account in the Encumbrance Purchase Order Line Changes table.

3. Choose Process. A message will be displayed when the verification or repair has been completed.
4. Choose OK to close the message window.
5. Choose OK to close the Encumbrance Routine Maintenance window.

Data tables

The following table describes the data tables that are created when you install Encumbrance Management.

Display name	Physical name	Descriptive name	Description
ENC_POLine	ENC10110	Encumbrance Purchase Order Line	Holds current purchase order line information, including encumbrance status, amount, and purchase order line status.
ENC_POLineChg	ENC10111	Encumbrance Purchase Order Line Changes	Holds any changes made to current purchase order line items, such as quantity, unit cost, and inventory amount.
ENC_POLineEntry	ENC10115	Encumbrance Management PO Line Entry	Activity tables hold information about encumbered purchase order line items for each user; used primarily for printing the Audit Report upon closing of the Purchase Order Entry window.
ENC_PORcptApply	ENC10500	Encumbrance Received Transactions	Tracks posted receipts (liquidations).
ENC_Setup	ENC40000	Encumbrance Setup	Holds encumbrance activation status, variance amount, type of validation (Annual, Period, Year-To-Date), and password.
ENC_SetupLine	ENC40100	Encumbrance Budget Setup	Holds budgets that have been set up in Encumbrance Management.

Chapter 6: Inquiries and reports

Encumbrance Management includes windows you can use to view invalid purchase order lines, encumbrances for control blanket line items, and summary or detailed encumbrance information. This information also describes how to print reports for Encumbrance Management.

The following information is discussed:

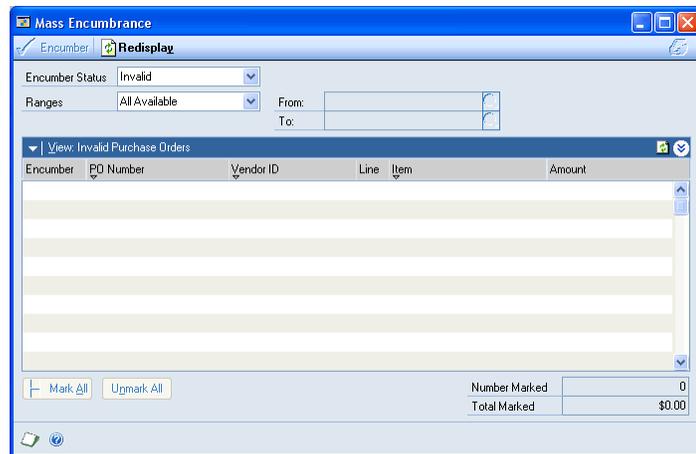
- [Viewing purchase order line items that aren't valid](#)
- [Viewing encumbrances for control blanket line items](#)
- [Viewing encumbrance summary information](#)
- [Viewing encumbrance detail information](#)
- [Viewing encumbrance status for purchase order line items](#)
- [Printing an Encumbrance Management report](#)

Viewing purchase order line items that aren't valid

Use the Mass Encumbrance window to display purchase order line items with a status of Invalid. See [Encumbrance statuses](#) on page 21 for more information about invalid purchase order line items.

To view purchase order line items that aren't valid:

1. Open the Mass Encumbrance window.
(Transactions >> Purchasing >> Encumbrance Management >> Mass Encumbrance)



2. Select Invalid as the encumber status.
3. Select a range of lines to display:
 - To display all invalid lines, select All Available as the range.
 - To restrict the range of lines, select a range restriction based on PO Number, Vendor ID, or Created By, and enter a range of purchase order numbers, vendors, or users in the From and To fields. Choose Redisplay. The applicable purchase order lines are displayed in the scrolling window.

- Review the list of purchase order lines and make any necessary changes to those purchase orders using the Purchase Order Entry window.

You can print a list of invalid purchase order lines by choosing File >> Print or the Print icon.

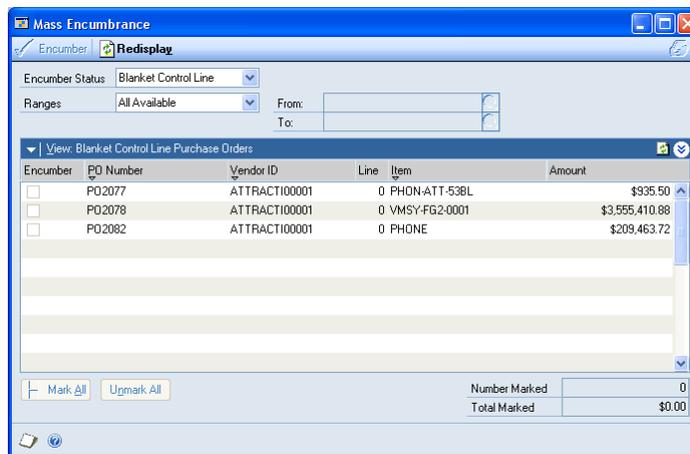
Viewing encumbrances for control blanket line items

If you're using blanket or drop-ship blanket purchase orders, use the Mass Encumbrance window to display the encumbered amount for control blanket line items.

Although the control blanket line items always have a status of Pre-Encumbered, they aren't displayed with the pre-encumbrances in this window because you can't encumber the control blanket line item.

To view encumbrances for control blanket line items:

- Open the Mass Encumbrance window.
(Transactions >> Purchasing >> Encumbrance Management >> Mass Encumbrance)



- Select Blanket Control Line as the encumber status.
- Select a range of lines to display:
 - To display all encumbrances for control blanket line items, select All Available as the range.
 - To restrict the range of encumbrances, select a range restriction based on PO Number, Vendor ID, or Created By, and enter a range of purchase order numbers, vendors, or users in the From and To fields. Choose Redisplay. The applicable purchase order lines are displayed in the scrolling window.
- Review the list of purchase order lines and make any necessary changes to those purchase orders using the Purchase Order Entry window.

Viewing encumbrance summary information

Use the Encumbrance Summary Inquiry window to view a summary of actual and encumbered expenditures for a specified account or range of accounts, and to compare these expenditures with the budget for those accounts. The differences between actual, encumbered, and budgeted expenditures by currency amounts and percentages are displayed. The actual amount that's displayed includes posted and unposted transactions.

To view detailed encumbrance information, refer to [Viewing encumbrance detail information](#) on page 38.

To view encumbrance summary information:

1. Open the Encumbrance Summary Inquiry window.
(Inquiry >> Purchasing >> Encumbrance Management >> Summary)

2. Choose to view encumbrance summary information by budget or year.
3. To view information by budget ID, enter or select a budget ID. To view information by year, enter or select the year or select to view information for all active budget years.
4. Select an account or range of accounts.
5. Choose how the information should be displayed.

Net Change The differences between periods for the selected accounts will be displayed.

Period Balances The totals of the selected accounts for each period will be displayed.

6. To view report totals that include only encumbered or pre-encumbered amounts, mark Exclude Pre-Budget from Total.
7. Choose Redisplay.

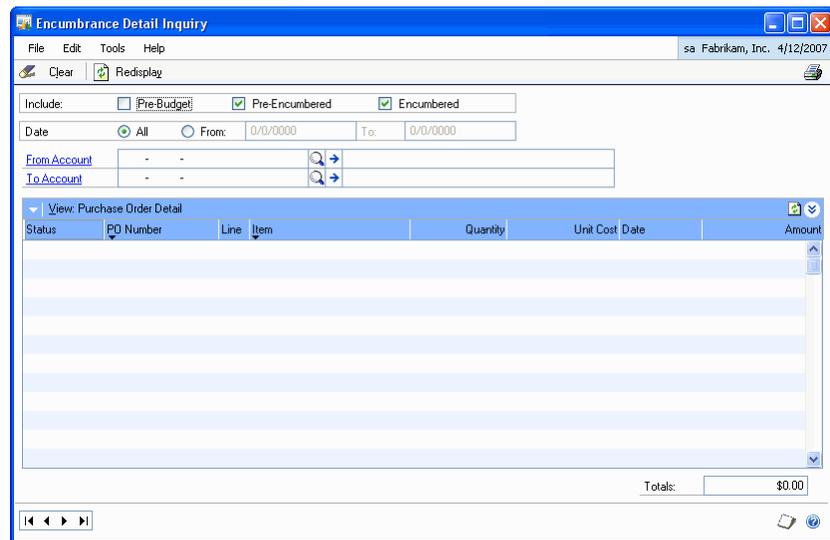
8. To view detailed information for a column displaying actual amounts or information for one of the Encumbrance statuses, select a line and click one of the links: Actual, Pre-Budget, Pre-Encumbered, or Encumbered.
9. To print the Encumbrance Summary Report, choose File >> Print or the Print icon.

Viewing encumbrance detail information

Use the Encumbrance Detail Inquiry window to view or print a complete detailed record of your encumbrance information, including encumbrance statuses, purchase order numbers, vendor IDs, line numbers, receipt numbers, items, dates, and amounts. To view summary encumbrance information, refer to [Viewing encumbrance summary information](#) on page 37.

To view encumbrance detail information:

1. Open the Encumbrance Detail Inquiry window.
(Inquiry >> Purchasing >> Encumbrance Management >> Detail)



2. To include purchases with specific encumbrance statuses, select Pre-budget, Pre-Encumbered, or Encumbered. For information about encumbrance statuses, see [Encumbrance statuses](#) on page 21.
3. To restrict the range of encumbrances to view, select a date range. All purchase order line items whose dates fall within the range you specify will be displayed.
4. Select an account or range of accounts.
5. Choose Redisplay to view the information.



To view detailed information for the purchase order number, select a line, choose the PO Number column heading, and choose Inquiry. To view detailed information for the Vendor ID or Item columns, select a line, choose the column heading, and choose Maintenance.

6. To print the Encumbrance Detail Report, choose File >> Print or the Print icon.

Viewing encumbrance status for purchase order line items

Use the Encumbrance PO Inquiry window to view the encumbrance status of each line item of a purchase order. You can view this information in summary or detail.

To view encumbrance status for purchase order line items:

1. Open the Encumbrance PO Inquiry window.
(Inquiries >> Purchasing >> Encumbrance Management >> PO Inquiry)

PO Line Summary		PO Summary	
Qty Ordered	Qty Remaining	PO Total	
Qty Canceled	Unit Cost	Liquidated Amount	
Qty Liquidated	Current Encumbrance	Current Encumbrance	

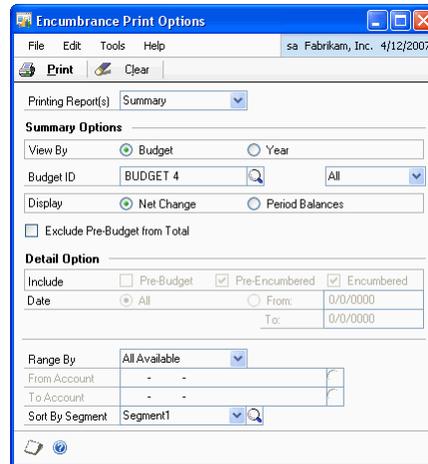
2. Enter a purchase order ID to view encumbrance information for.
3. Choose to display all purchase order line items or only those that are encumbered.
4. Use the tree view in left pane to display summary or detail information for each purchase order line item.
5. To view encumbrance status information for another purchase order, choose Clear and enter another purchase order ID.
6. Choose OK to close the window.

Printing an Encumbrance Management report

Although you can print encumbrance reports using the inquiry windows, you also can use the Encumbrance Print Options window to print summary and detail reports.

To print an Encumbrance Management report:

1. Open the Encumbrance Print Options window.
(Reports >> Purchasing >> Encumbrance Management >> Encumbrance Management Reports)



2. Select the report to print.

Summary And Detail This report prints both the detail and summary reports at the same time.

Summary This report summarizes encumbrance information for each account in the range by period, providing actual, encumbered, total (actual and encumbered), budget, variance, and variance percentage totals.

Detail This report provides a complete record of all your encumbrance information. It lists encumbrances by encumbrance status, purchase order number, receipt number, vendor ID, line number, item, date, and encumbrance amount for the selected account or accounts.

3. Select to include information on the report based on a year or budget ID.
4. If you're viewing information by budget, select the budget ID from which to include encumbrance information. If you're viewing information by year, select the year to view encumbrance information for, or choose to view information for all the years that have active budgets.

5. If you selected Summary or Summary And Detail, enter or select a budget ID and choose a method for displaying the actual, encumbrance, and budget information.

Net Change The differences between periods for the accounts will be displayed.

Period Balances The account balances for each period will be displayed.

6. To view report totals that include only encumbered or pre-encumbered amounts, mark Exclude Pre-Budget from Total.
7. If you selected Detail or Summary And Detail, select to include pre-budget, pre-encumbered, or encumbered information on the report.
8. Select a date range for the report:
 - Mark All if you want the report to include all pre-encumbrances and encumbrances, regardless of their dates.
 - Select a range of dates if you want the report to include pre-encumbrances and encumbrances whose dates fall within the dates entered in the From and To fields.
9. Select a range type and, if applicable, specify a range.
 - Select All Available if you want the report to include pre-encumbrances and encumbrances for all available account numbers.
 - Select Account and specify a range of account numbers if you want the report to include pre-encumbrances and encumbrances for the accounts within a specified range.
 - Select Vendor ID and specify a range of vendor IDs if you want the report to include pre-encumbrances and encumbrances for the vendors within a specified range. The Vendor ID option is available only for Detail reports.
10. To sort your report by segment ID, select the segment to sort by.
11. Choose Print to print the selected report or reports.

Part 3: Interfund Management

Interfund Management helps you reconcile accounts that are in different companies or divisions. With Interfund Management, “due to” and “due from” transactions are created automatically to help you keep individual fund accounts in balance. When general ledger transactions are posted, they are analyzed to determine if the effects on each fund are balanced. If entries are needed to keep the fund accounts balanced, they are generated automatically.

This information is divided into the following chapters:

[Chapter 7, “Interfund setup,”](#) describes the steps you must complete to designate an account segment as the fund segment.

[Chapter 8, “Inquiries,”](#) contains information about viewing interfund distributions.

Chapter 7: Interfund setup

Refer to this part of the documentation for information about setting up Interfund Management. Interfund Management automatically is registered if you've already registered Intercompany Processing.

The following information is discussed:

- [Interfund Management methods](#)
- [Setting up the Single Due to/Due from method](#)
- [Setting up the Clearing Fund/Central Treasury method](#)
- [Assigning currencies to accounts](#)
- [Data tables](#)

Interfund Management methods

When you set up Interfund Management, you can choose from the following methods for balancing funds.

Single Due to/Due from method

If you choose this method, additional offsetting entries are created when an identified interfund segment is used.

This method is the simplest to set up, and is best for companies that don't need to track activity between funds.

For information about how to set up Interfund Management using this method, refer to [Setting up the Single Due to/Due from method](#) on page 46. For an example of how this method affects transactions, refer to [Example: Single Due to/Due from method](#) on page 52.

Clearing fund/central treasury method

If you choose this method, you can view more detailed information about your company's current cash position. Information about how much each company or division owes to the central fund (also known as the clearing fund) is displayed. When you set up Interfund Management to use this method, you must specify separate clearing accounts for each due to and due from account that is used in each fund.

This method is best for companies that need to track interfund or intercompany activity on a regular basis.

When you use Intercompany Processing, interfund entries are created in the originating company. If the destination company has Interfund Management enabled when you post your financial batch, interfund entries also will be created for the destination company.

For more information about setting up Interfund Management using this method, refer to [Setting up the Clearing Fund/Central Treasury method](#) on page 47.

Setting up the Single Due to/Due from method

Use this procedure to choose the single due to and due from method, and then specify the accounts that will be used for the interfund transactions. For more information about using the Clearing Fund/Central Treasury method, refer to [Setting up the Clearing Fund/Central Treasury method](#) on page 47.



Once any interfund transaction has been processed, you cannot change your method selection easily. If you choose the wrong method and process an interfund transaction, you must balance your interfund accounts manually, then uninstall Interfund Management, reinstall it, and then select the correct method.

The accounts that you select when you're using the single due to and due from account method must meet the following requirements:

- The Due To/Due From accounts must be active balance sheet accounts.
- The fund number must match the fund segment for each Due To/Due From account.

For example, if the Fund Segment is Segment 1 and the Fund number in the scrolling window is 000, then the first segment of the Due To/Due From Account for that Fund number must be 000.



We recommend that the Due To/Due From account numbers be numbered the same across funds.

To set up the Single Due to/Due from method:

1. Open the Interfund Setup window.
(Microsoft Dynamics GP menu >> Tools >> Setup >> Financial >> Interfund Management)
2. For the Interfund Method, select Single Due to/Due from.

Fund	Due To / Due From Account	Clearing Fund Account
000	-	-
100	-	-
200	-	-
300	-	-
400	-	-
500	-	-
600	-	-
999	-	-

3. Enter or select the Fund Segment that you will use to transfer funds. In most cases, this is the first segment.

When you select the fund segment, the numbers that have been set up for that segment are displayed in the scrolling window.

4. For each segment number, enter or select the Due To/Due From account numbers.

If you enter an interfund account that does not exist, the Microsoft Dynamics GP Account Maintenance window will open for you to enter the new account.

5. Repeat step 4 until you have selected interfund accounts for each fund.
6. Mark the Activate Interfund Management check box to activate the interfund transaction process. No interfund transactions will take place until this box is marked.
7. Choose OK to save your changes.

Setting up the Clearing Fund/Central Treasury method

Use this procedure to choose the Clearing Fund/Central Treasury method, and then specify the accounts that will be used for the interfund transactions. For information about using the single due to and due from method, refer to [Setting up the Single Due to/Due from method](#) on page 46.



After any interfund transaction has been processed, you cannot change your method selection easily. If you choose the wrong method and process an interfund transaction, you must balance your interfund accounts manually, then uninstall Interfund Management, reinstall it, and then select the correct method.

The accounts that you select when you're using the Clearing Fund/Central Treasury method must meet the following requirements:

- The Due To/Due From accounts must be active balance sheet accounts.
- The fund number must match the fund segment for each Due To/Due From account.

For example, if the Fund Segment is Segment 1 and the Fund number in the scrolling window is 000, then the first segment of the Due To/Due From Account for that Fund number must be 000.



We recommend that the Due To/Due From account numbers be numbered the same across funds.

To set up the Clearing Fund/Central Treasury method:

1. Open the Interfund Setup window.
(Microsoft Dynamics GP menu >> Tools >> Setup >> Financial >> Interfund Management)

Fund	Due To / Due From Account	Clearing Fund Account
000	- -	- -
100	100 -1000 -00	000 -1100 -00
200	200 -2000 -00	000 -1120 -00
300	300 -3000 -00	000 -1130 -00
400	400 -4000 -00	000 -1140 -00
500	500 -5000 -00	000 -1190 -00
600	600 -6000 -00	000 -1220 -00
999	999 -9000 -00	000 -1110 -00

2. For the Interfund Method, select Clearing Fund/Central Treasury.
3. Enter or select the Fund Segment that you will use to transfer funds. In most cases, this will be the first segment.

When you select the fund segment, the numbers that have been set up for that segment are displayed in the scrolling window.



If Multicurrency Management is registered, you must use the same segment for both the multicurrency rounding account and the central fund segment. This helps ensure that the interfund segments remain in balance and transactions are posted correctly.

4. Enter or select the Clearing Fund Number—the account that you will use to clear funds. The account is sometimes known as the central treasury fund.
5. For each fund number *except* the central treasury fund number, enter or select the Due To/Due From account numbers.

If you enter an interfund account that does not exist, the Microsoft Dynamics GP Account Maintenance window will open for you to enter the new account.

6. For each fund number *except* the central treasury fund number, enter or select the Clearing Fund account numbers.

If you enter an interfund account that does not exist, the Microsoft Dynamics GP Account Maintenance window will open for you to enter the new account.



As you create new funds, you will need to set up the applicable interfund accounts.

7. Repeat steps 5 and 6 until you have set up interfund accounts for each fund.
8. Mark Activate Interfund Management to start the interfund transaction process. No interfund transactions will take place until this box is marked.

9. Choose OK to save the changes you've made in the Interfund Setup window.

Assigning currencies to accounts

If you're using Multicurrency Management, you must be sure that the currencies that are assigned to the funds also are assigned to the interfund accounts.



For more information about assigning currencies to accounts, refer to the Multicurrency Management documentation.

To assign currencies to accounts:

1. Open the Select Account Currencies window.
(Cards >> Financial >> Account Currencies)
2. Enter or select an interfund account.
3. Mark Revalue Account if you want to revalue the selected account when the revaluation procedure is performed. Then, select whether you want to revalue the account based on net change amounts or period balances. Also, select whether to post the result to the account or the financial offset. Posting to the account is more accurate.
4. Select the currencies you want to use when you post transactions to the selected account.

You can choose Mark All or Unmark All if you want to mark or unmark all the currencies shown in the scrolling window.

5. Choose File >> Print to verify your entries with a Multicurrency Accounts List.
6. Choose Save to save your entries.

Data tables

The following table lists the data tables that are created in Microsoft Dynamics GP for the Financial Series when Interfund Management is installed.

Display name	Technical name	Physical name	Description
IF_Method_Setup	IF_Method_Setup	IF000001	Method of IFM 1=Due To/Due From 2=Clearing Account
IF_Account_Setup	IF_Account Setup	IF000002	Accounts for Interfund
IF_Distribution_Process_TEMP	IF_Distribution_Process_TEMP	IF000003	ProcessHeader Distribution
IF_Distribution_Process_TEMP_TEMP	IF_Distribution_Process_TEMP_TEMP	IF000004	Process Line Distribution
IF_Error_Log	IF_Error_Log	IF000005	Errors Activity

Example: Single Due to/Due from method

If your company has had interfund activity and you're using the single due to/due from method, your distributions might look like the following illustration.

Note the two Due to/Due from entries that are created automatically.

The screenshot shows a 'Transaction Entry Zoom' window for Journal Entry 3,341. The transaction date is 12/04/2007. The reference is 'interfund'. The distribution table is as follows:

Account	Debit	Credit
100 - 1100 - 00	\$50.00	\$0.00
Due To/Due From		
100 - 6110 - 00	\$0.00	\$50.00
200 - 1100 - 00	\$0.00	\$50.00
Due To/Due From		
200 - 6530 - 00	\$50.00	\$0.00
Total	\$100.00	\$100.00
	Difference	\$0.00

Example: Clearing Fund/Central Treasury method

If your company has had interfund activity and you're using the central treasury method, your distributions might look like the following illustration.

Note the offsetting Clearing Fund/Central Treasury and Due to/Due from entries that are created automatically.

The screenshot shows a 'Transaction Entry Zoom' window for Journal Entry 3,342. The transaction date is 12/04/2007. The reference is 'ifm clearing fund'. The distribution table is as follows:

Account	Debit	Credit
000 - 1000 - 00	\$100.00	\$0.00
Offsetting CF/CT		
000 - 1020 - 00	\$0.00	\$100.00
Offsetting CF/CT		
100 - 1000 - 00	\$0.00	\$100.00
Due To/Due From		
100 - 5120 - 00	\$100.00	\$0.00
200 - 2000 - 00	\$100.00	\$0.00
Due To/Due From		
200 - 5100 - 00	\$0.00	\$100.00
Total	\$300.00	\$300.00
	Difference	\$0.00

Part 4: Grant Management

Grant Management's integration with Analytical Accounting lets you track accounting transactions relating to a grant, helping to streamline the grant management process and keep a closer eye on daily transactions and expenditures. Integration with Analytical Accounting also lets you create budgets for grants and other transaction dimensions. For example, Grant Management ensures a transaction is within a grant's start and end dates, and the transaction is within budget.

This information is divided into the following sections:

[Chapter 9, "Grant Management setup,"](#) describes the steps you must complete to set up Grant Management.

[Chapter 10, "Creating grants,"](#) how set up grant information using transaction dimension codes.

[Chapter 11, "Validation options,"](#) explains how to use Analytical Accounting, with Grant Management, to prepare, and to set up grant validation options within Grant Management.

Chapter 9: Grant Management setup

Use this part of the documentation to set up Grant Management.

The following information is discussed:

- [Activating Grant Management](#)
- [Setting up user-defined fields](#)
- [Entering values for each user-defined list](#)
- [Data tables](#)

Activating Grant Management

When you activate Grant Management, you gain access to the Grant Management windows and functionality within Analytical Accounting. If you inactivate Grant Management, you won't be able to access the windows and functionality.



If you inactivate Grant Management after you've entered grant transaction information, the existing transactions will not be affected.

To activate Grant Management:

1. Open the Grant Management Setup window.
(Microsoft Dynamics GP menu >> Tools >> Setup >> Company >> Grant Management)

2. Mark the Activate Grant Management check box.
3. You have the option to enter or select a transaction dimension. This transaction dimension will be the default transaction dimension when grants are created in the Grant Maintenance window. For more information, see [Transaction dimensions and transaction dimension codes](#) on page 62.
4. Choose OK.

Setting up user-defined fields

Use the Grant Management Setup window to enter names for up to 12 user-defined fields to further identify grants. Later, when you create grants, the names you enter in the Grant Management Setup window will appear in the Grant Maintenance window as labels for the information that is unique to the grant.

Use list fields to predefine options to track information that is specific to your organization. For example, if you received a grant to build a structure, the contractor can track three predefined phases: foundation, framing, and mechanical.

To set up user-defined fields:

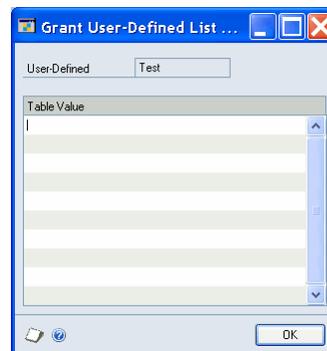
1. Open the Grant Management Setup window.
(Microsoft Dynamics GP menu >> Tools >> Setup >> Company >> Grant Management)
2. Enter the list field names that will appear as labels in the Grant Maintenance window. Choose the expansion button next to each list name you've entered. The Grant User-Defined List Setup window will appear. Use this window to enter values for each list. For more information, see [Entering values for each user-defined list](#) on page 56.
3. Enter the text field names.
4. Enter the date field names.
5. Enter the numeric field names.
6. Choose OK.

Entering values for each user-defined list

Use the Grant User-Defined List Setup window to enter values for each list name you entered in the Grant Management Setup window.

To enter values for each user-defined list:

1. Open the Grant Management Setup window.
(Microsoft Dynamics GP menu >> Tools >> Setup >> Company >> Grant Management)
2. Choose the expansion button next to each list name you've entered. The Grant User-Defined List Setup window will appear.



3. In the Table Value area, modify existing rows or add new rows.
4. Choose OK.

Data tables

The following table describes the data tables that are created when you use the Grant File Maintenance window to create the SQL Server[®] components.

Display name	Physical name	Descriptive name	Description
GTM_Grant_MSTR	GTM01100	Grant Master	Stores the identifying information for every Grant ID.
GTM_GrantUserDefined	GTM01101	Grants User-Defined	Stores grant user-defined values for every Grant ID.
GTM_GrantSponsor_MSTR	GTM01300	Grant Sponsor Master	Stores the sponsor(s) information for every Grant ID.
GTM_GrantType_MSTR	GTM01200	Grant Type Master	Stores the grant type(s).
GTM_UserDefined_Setup	GTM41400	Grants User-Defined List Setup	Stores the user-defined names.
GTM_Grant_SETUP	GTM41000	Grant Management Setup	Stores setup information about Grant Management.

Chapter 10: Creating grants

This part of the documentation describes how you can set up grant information using both Grant Management and Analytical Accounting. Analytical Accounting reports on activity throughout an organization by using transaction dimension codes. For Grant Management, each grant corresponds to a transaction dimension code.



Because Grant Management is integrated with Analytical Accounting, you must install Analytical Accounting before you create a grant.

When you create a grant and attach it to an Analytical Accounting transaction, you'll automatically track accounting transactions to a specific grant and monitor daily expenditures. In addition, when a grant budget or the grant revenue is exceeded, errors or warnings will be generated automatically.

You can enter analysis information for accounting in General Ledger, Quick Journal, Bank Reconciliation, Payables Management, Receivables Management, Sales Order Processing, Purchase Order Processing, and Inventory. For more information about entering analysis information for transactions in Microsoft Dynamics GP, see the Analytical Accounting documentation.

The following information is discussed:

- [Setting up a grant](#)
- [Setting up grant types](#)
- [Assigning an action to a grant status](#)
- [Transaction dimensions and transaction dimension codes](#)
- [Setting up grant sponsors](#)
- [Printing grant details](#)

Setting up a grant

Before you can start allocating transactions within Analytical Accounting to a specific grant, you must use the Grant Maintenance window to set up the grant.

Because the grant is linked to a default dimension code in Analytical Accounting, the dimension code must meet all the rules of Analytical Accounting, such as being active. For more information about linking a grant to a default dimension code, see [Transaction dimensions and transaction dimension codes](#) on page 62.

To set up a grant:

1. Open the Grant Maintenance window.
(Cards >> Financial >> Grant Management >> Grant Maintenance)

2. Enter or select a grant ID.
3. Enter a description.
4. Enter or select a grant type for this grant ID. See [Setting up grant types](#) on page 61 for more information.
5. Enter or select a grant status for this grant ID. See [Assigning an action to a grant status](#) on page 61 for more information.
6. Enter the starting date and the ending date for the grant. These dates can extend for more than one fiscal year.
7. Enter or select a transaction dimension, or accept the default dimension. See [Transaction dimensions and transaction dimension codes](#) on page 62 for more information.



You can set up a default transaction dimension in the Grant Setup window.

The transaction dimension code will have the same name as the grant ID and will be a part of the transaction dimension. See [Transaction dimensions and transaction dimension codes](#) on page 62 for more information.

8. To use Grant Management's budget or revenue validation capabilities, mark the Activate Validations check box and click the Validation Options button. For more information, see [Setting up grant validation options](#) on page 66.
9. Click the Award Amount expansion button to open the Grant Sponsor Maintenance window. For more information see [Assigning an action to a grant status](#) on page 61.
10. Enter or select user-defined information to further define information related to the grant. See [Setting up user-defined fields](#) on page 55 for more information on how to set up lists and assign label values for these fields.
11. Choose Save.



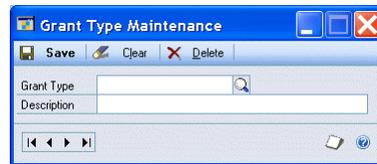
To delete a grant, choose Delete. If the grant is not used in any transactions, the grant will be deleted.

Setting up grant types

Use the Grant Type Maintenance window to identify different types of grants. For example, you can identify grants provided by federal government or state government. Or, you can identify types of grants such as Capital, Operational, or Master. You can create a report of the information entered for Grant Types by using customized reports.

To set up grant types:

1. Open the Grant Type Maintenance window.
(Cards >> Financial >> Grant Management >> Grant Type Maintenance)



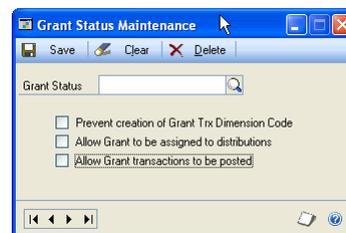
2. Enter or select a grant type.
3. Enter a description for the grant type.
4. Choose Save.

Assigning an action to a grant status

Use the Grant Status Maintenance window to assign actions that can be taken or prevented through the life cycle of a grant. For example, if your organization has applied for a grant that it has received in prior years and expects to be awarded again, you can define a status, such as "Pre-award," in the Grant Maintenance window, then use the Grant Status Maintenance to prevent dimension codes from being created for any grant with the status of "Pre-award."

To assign an action to a grant status:

1. Open the Grant Status Maintenance window:
(Cards >> Financial >> Grant Management >> Grant Status Maintenance)



2. Enter or select a grant status.

3. Mark the option that corresponds to the action to be enabled or prevented for the grant status. The options available include:

- Prevent creation of grant transaction dimension code
- Allow grant to be assigned to distributions
- Allow grant transactions to be posted

If you select a grant status for which one or more transaction dimension codes have been created, you won't be able to mark the Prevent creation of grant transaction dimension codes option.

4. Choose Save.

Transaction dimensions and transaction dimension codes

Grant Management works closely with Analytical Accounting, a tool that helps you to analyze, interpret, and create reports based on your company's chart of accounts.

With Analytical Accounting, you can enter analysis information for a group of analysis dimensions, and set up unlimited analysis dimensions. Analysis dimensions include the transaction dimension and also transaction dimension codes.

Transaction dimension The transaction dimension is any transaction criterion that you can classify, report, and analyze for a period.

You can specify a transaction dimension in the Grant Management Setup window. When you specify the transaction dimension, you'll use the Transaction Dimension Maintenance window in Analytical Accounting to create default transaction dimensions to be used with Grant Management.



You must select Alphanumeric from the Data Type list in the Transaction Dimension Maintenance window. For more information, see the Analytical Accounting documentation.

Transaction dimension codes The transaction dimension code is the defined value of a transaction dimension that you enter during transaction entry. Analysis information is entered using codes, and this information displays the analytical information for transaction dimensions.

A transaction dimension can be labeled Grant, and the transaction dimension code is Grant A. You would normally have multiple transaction dimension codes created for each transaction dimension (Grant A and Grant B). For example, a not-for-profit organization receives a grant in Q2 to promote education in rural areas. The organization uses the grant money to establish secondary schools in small towns. The project is completed in Q2. In Q3, the organization receives another grant for the construction of school buildings. They decide to allocate the grant received in Q3 against the project completed in Q2 and use the first grant for other activities relating to education. The transaction dimension codes of the first grant must be replaced with those of the second grant on all relevant journal entries.

Use the Transaction Dimension Code Maintenance window in Analytical Accounting to enter transaction dimension codes.



When you define a transaction dimension in the Transaction Dimension Maintenance window or a transaction dimension code in the Transaction Dimension Code Maintenance window, you'll want to make sure the Inactive check box is unmarked. You cannot delete a transaction dimension code if it has been used in a transaction.

Setting up grant sponsors

Use the Grant Sponsor Maintenance window to identify existing grant sponsors and keep a record of the award amount given by each sponsor. You can also add new sponsors.

To set up grant sponsors:

1. Open the Grant Sponsor Maintenance window.
(Cards >> Financial >> Grant Management >> Grant Maintenance)
2. Enter the grant ID and all information necessary to set up the grant. For more information, see [Setting up a grant](#) on page 59.
3. Click the Award Amount expansion button to open the Grant Sponsor Maintenance window.

Sponsor ID	Name	Award Amount
		\$0.00
Total Award Amount		\$0.00

4. Enter a sponsor ID.

If the grant sponsor is not set up as a customer, the Customer Maintenance window will open for you to set up the sponsor.

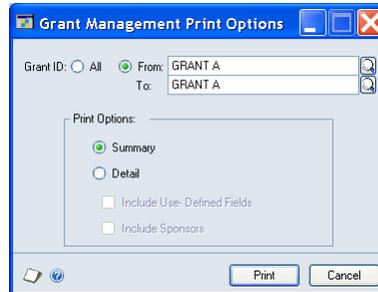
5. Enter an award amount.
6. Enter sponsors and award amounts until you set up all sponsors for this grant. The Total Award Amount field will display the total of the award amounts in the scrolling window.
7. Choose OK.

Printing grant details

Use the Grant Management Print Options window to print details about grants.

To print grant details:

1. Open the Grant Maintenance window.
(Cards >> Financial >> Grant Management >> Grant Maintenance)
2. Choose the Print button to open the Grant Management Print Options window.



3. Select All or From.



The Grant Management Print Options window opens with the grant ID you selected from the Grant Maintenance window. If you did not select a grant ID, the grant range is All.

4. Select either Summary or Detail.

Summary Prints the Grant ID, Start and End Date, Grant Status, Grant Type, Trx Dimension, Budget ID, Award Amount, and Activate Validation (Yes/No).

Detail Prints the Grant ID, Start and End Date, Grant Status, Grant Type, Trx Dimension, Trx Dimension Code, Award Amount Total, Activate Validation (Yes/No), Budget ID, and Active Validation Options.

5. If you've marked the Detail print option, click Include User Defined Fields if you want to also print the 12 user defined fields.
6. If you've marked the Detail print option, click Include Sponsors if you want to also print sponsor information, including the sponsor ID, sponsor name, and award amount.
7. Choose Print.

Chapter 11: Validation options

As a not-for-profit organization, it's vital to establish realistic budget objectives for the coming months or years, and then monitor these whether your organization is meeting its objectives. The following documentation provides an overview of how you can use Analytical Accounting, along with Grant Management, to prepare and monitor budgets. It also shows you how to set up grant validation options within Grant Management.

The following information is discussed:

- [About creating budgets](#)
- [Setting up grant validation options](#)

About creating budgets

Much of your budget setup is accomplished in Analytical Accounting. In Analytical Accounting you'll set up a budget tree using the alphanumeric grant transaction dimensions codes. In Analytical Accounting, you can:

- Record amounts against each node of the budget tree and allocate the amounts to various accounts for each node.
- Export the budget to Microsoft Excel® where you can modify it if required, before importing it back into Analytical Accounting.
- Compare actual versus budgeted amounts and find the variance.
- Compare budget amounts for different years.

There are several concepts that are important to understand when creating budgets for grants in Analytical Accounting. These include:

- In Analytical Accounting you'll attach dimension codes to distributions. In Grant Management you'll link a grant with a specific dimension code. For more information about dimension codes, see [Transaction dimensions and transaction dimension codes](#) on page 62.
- You must attach the budget ID to the grant and assign the dimension code to the budget tree.
- You can assign multiple transaction dimension codes to a budget ID. When calculating the budget total for the grant, you'll only use the budget amounts that are attached to the transaction dimension and the grant transaction dimension code.
- If your grant spans multiple fiscal years, and you want to perform grant budget validations, you will need to create a budget for each fiscal year, with each year having the same Budget ID. For example, grant ABC spans from May 1, 2002 to July 31, 2005, with BudgetABC assigned as the budget ID. You would create the following budget IDs: BudgetABC for 2003, BudgetABC for 2004, and BudgetABC for 2005.



For information on how to set up grant budgets in Analytical Accounting, see *Budgets in the Analytical Accounting documentation*.

Setting up grant validation options

Although you set up grant budgets in Analytical Accounting, use the Grant Management Validation Options window to set grant budget and grant revenue options.

Before you set up grant validation options, you must select the Activate Validations check box in the Grant Maintenance window. You can select all, one, or none of the validation options. In addition, the following conditions must be met before the grant budget or grant revenue validation options are completed:

- The distribution amount is a debit.
- The distribution General Ledger account has a typical balance of debit.
- The distribution General Ledger account is a posting account (not a unit, variable, or fixed account).



If you select *Period Budget Validation*, *Grant-To-Date Budget Validation*, or *Grant Life Budget Validation*, you must first set up a grant budget in Analytical Accounting before assigning grant budget options. In Analytical Accounting, you'll set up a budget tree using the transaction dimensions and transaction dimension codes that you've created in Grant Management. For more information on how to set up budgets in Analytical Accounting, see the *Analytical Accounting documentation*.

To set up grant validation options:

1. Open the Grant Maintenance window.
(Cards >> Financial >> Grant Management >> Grant Maintenance)
2. Enter the grant ID.
3. Mark the Activate Validations check box.
4. Click the Validation Options button to open the Grant Management Validation Options window.

5. Enter or select a budget ID. If a budget ID doesn't exist, choose Budget ID to open the Analytical Accounting Budget Maintenance window, where you can add a budget ID. For more information on how to set up budgets in Analytical Accounting, see Budgets in the Analytical Accounting documentation.
6. Select whether to validate by Account or Node.
7. Select a budget validation method. The following options are available.

Period budget Validation is based on the budget and actual amounts for the period of the transaction date.

Grant-to-date Validation is based on the grant-to-date budget and actual amounts up to the period of the transaction date.

Grant life Validation is based on the total budget and actual amounts for the life grant.

Grant profit and loss validation Validation is based on a comparison of the expenses and the grant revenue.

8. Select Warn or Prevent Posting for each budget validation method.
9. If you want to validate your expenses against the grant revenue, mark the Grant Total Profit and Loss Validation option. Select Warn or Prevent Posting.



The Grant Total Profit and Loss Validation is calculated by taking all transactions for the grant that are assigned to a General Ledger account that are marked as Profit and Loss. Balance sheet accounts are not considered. The validation will fail if the total debits exceed the total credit.

10. Choose OK.

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