# Closing Encumbrances

It is each department's responsibility to close their encumbrances since department staff is familiar with the purpose and circumstances of the encumbrance. In order to ensure that encumbrances are closed in a timely manner, each department should run and review the Open Encumbrance Report monthly, note those that need to be closed, and then follow the steps below. ORSP will also be reviewing the Open Encumbrance Report to confirm that encumbrances are being closed as instructed. It is imperative that departments follow this process to maintain the integrity of Banner data and ensure a smooth fiscal year-end close.

The following steps are necessary in order to perform a monthly review of open encumbrances and close out those that have a zero balance or are past the award project end date:

1. Run the Open Encumbrances Report (FGROPNE) in Banner
   a. In the Parameter Values section enter 'F' in number 01, Report Layout
   b. Go down to fields 05 and 06, From Organization Code and To Organization Code, and enter an appropriate organization code for your department.
   c. Scroll down to number 15, Sort Order, and enter 'F'
   d. Leave all other fields blank and submit the report
2. On the printed FGROPNE report, review each encumbrance, looking for those that have a remaining balance of zero.
3. Also check the fund of each encumbrance in FRAGRNT to determine whether the project end date has been exceeded.
4. Look up each encumbrance that needs to be closed in FGIENCD in Banner and print out the screen for each item/sequence number for that encumbrance.

Each encumbrance that carries a zero balance or the project end date has passed should be closed via journal entry.

1. Open FGAJVCD in Banner
2. Enter NEXT into Document Number field, next block
3. Enter 0.00 in Document Total field, next block
4. Enter 1 in the sequence number field
5. Enter ERED (encumbrance reduction) in the Journal Type field
6. Enter the appropriate FOAP for the item/sequence of the encumbrance you are closing
7. In the Amount field, enter the remaining balance for that particular FOAP.
8. In the Debit/Credit field, enter – Minus
9. In the Description field, enter 'close zero balance encumbrances' if the remaining balance is zero, 'close encumbrance' if there is still a balance but the project end date has passed
10. In the Encumbrance Number field, enter the number of the encumbrance you are closing.
11. In the Item Number and Sequence fields, enter those for the FOAP in the encumbrance.
12. In the Action field, enter choose Total and Complete
13. Repeat for each FOAP in the encumbrances that need to be closed.