### Accounts Payable

### Accounting for Encumbrances (5.07.06)

**PURPOSE**

The purpose of this policy is to establish guidelines for accounting for encumbrances and reconciling the open commitment file.

**POLICY**

Encumbrances represent outstanding purchase orders, travel requisitions, and other commitments of budgeted funds for goods or services ordered but not received as of a particular date. Encumbrances are not reported as expenditures, but are included on the balance sheet as a reserve.

The University requires that all funds committed for purchases of goods and services be encumbered in the accounting system, except those items that may be authorized by debit voucher. Travel requisitions will be encumbered in the Office of the Vice President for Business and Finance and purchase orders will be encumbered by Procurement and Business Services.

**REFERENCES**

5.7.0.4 Payment Timeliness, Discounts, and Advances  
5.9.3 Approval to Travel  
9.01.1 Orders Past Delivery Date