



# Encumbrance Records



## Encumbrance Subsidiary Ledger (6S)

An encumbrance is an accounting transaction used to record the commitment of funds, in order to help an agency manage its budget. When purchase agreements or purchase orders are issued, the Agency may choose to encumber the funds to prevent the available budget from being overspent.

The Encumbrance Subsidiary Ledger (6S) contains detailed transaction information for individual encumbrances. Encumbrance subsidiary records are created by a TR60 (Encumbrance) entry. Adjustments are recorded as a TR61 (Encumbrance Change) and liquidated using expenditure transactions TR70 (Encumbered Disbursement), TR81 (Encumbered Payable), or TR71 (Revolving Fund Encumbered Disbursement).

## Things to Consider

- The reports most often used by Agencies to manage and monitor encumbrances are the series of Schedule of Allotment Balance reports, (DMAR05X – by fund, and DMAR06X – by organization).
- Encumbrances that have multiple lines that net to zero may need to be deleted.
- Some records may reflect lingering balances due to final payments being processed without a Final Payment Indicator.
- Records with a prefix of E may be deleted or updated in FLAIR.
- Records with a prefix of A or B should be deleted or updated in MyFloridaMarketPlace (MFMP).
- If an MFMP encumbrance is updated in FLAIR, the adjustment will not be reflected in MFMP. See the Update Encumbrance eForm section of the [MFMP Buyer Manual](#) for more information.
- When reviewing reports, look for:
  - atypical balances,
  - records with unusually low balances,
  - negative amounts, or
  - records created in a previous fiscal year.
- Validate whether the subsidiary records match open orders and agreements.

## **TOOLS**

FLAIR Reports  
DENR03

IW Reports  
Encumbrance Balances  
Encumbrance Detail  
ENCUMBER Table

MFMP Secure Reports  
All Open Orders Current FY  
All Outstanding  
Encumbrances Current FY



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## Monitoring the Encumbrance Subsidiary Ledger (6S)

1. Using a report listed in the Tools box, identify existing encumbrance records and balances.
2. Use the following questions to determine if action is needed:

### Is the record valid?

- Are there records with atypical balances?
- Have you disbursed the funds and not released the encumbrance?

### Is the record complete?

- Are all the fields on the record complete?
- Is the description clearly recorded?

### Is the record accurate?

- Has the correct vendor been identified?
- Is the transaction recorded to the correct FLAIR account code?

3. If you answered no to any of the questions above, action needs to be taken. You may need to:
  - a. **Delete a record** – For invalid records, items should be deleted from the 6S File. This will create accounting entries that may require further correction. For guidance on how to delete 6S records, please see Section 202.5 of the FLAIR Procedures Manual.
  - b. **Update information** – For incomplete or inaccurate records, updates to the 6S File may be necessary. See Section 202.5 of the FLAIR Procedures Manual for instructions to update FLAIR encumbrance records. See the MFMP Buyer Manual and the Secure Reports Job Aid available on the MFMP training website at <http://www.dms.myflorida.com/mfmp/jobaids> for information on updating MFMP encumbrances.

For more information on how to manage Agency data, please see the Data Management Project website at <https://www.myfloridacfo.com/division/aa/state-agencies/data-management-project>