**Best Practices - Statewide Encumbrance Policy 10,300**

All orders for purchase of goods and services should be recorded on Purchase Orders and all direct purchases of goods and services should be made against previously approved Purchase Orders.

All planned in-state and out-of-state travel events should be recorded on Travel Authorizations.

Annual obligations, such as, rent, that require monthly or periodic payment, should be encumbered at the beginning of the fiscal year and then monthly payments are vouchered against a single Purchase Order encumbrance.

If all orders for purchase, all direct purchases, and all travel events were encumbered this would facilitate agency fiscal offices knowing all agency obligations as well as knowing the uncommitted balances of the agency appropriations and expenditure limitations authorized by the legislature at any point in time.

While strict adherence to the best practice of encumbering for all payments processed via SMART would provide the best management information about the fiscal situation of the agencies, we recognize this may not be practical for all State of Kansas agencies. Thus, the policy provides for certain exceptions.

At a minimum, quarterly review of outstanding encumbered balances is encouraged but monthly review is best practice. At fiscal yearend, any Purchase Order, Travel Authorization or GL Encumbrance with an outstanding encumbrance balance shall be reviewed and closed if no additional obligations remain for that encumbrance. In addition to the annual fiscal year close circular and month-end checklist, agencies may use, but are not limited to, the following queries for encumbrance management:

* KPO000007 Current Obligations Report
* KPO00008 KS PO Budgetary Activity Report
* KS\_GL\_ENCUMBRANCES
* KS\_GL\_ENCUMBRANCES\_BAL

SMART TRAINING Links –

[Purchasing | smartweb.ks.gov](https://smartweb.ks.gov/training/purchasing)

[Accounts Payable | smartweb.ks.gov](https://smartweb.ks.gov/training/accounts-payable)

[General Ledger | smartweb.ks.gov](https://smartweb.ks.gov/training/general-ledger)

[Month End Checklist | smartweb.ks.gov](https://smartweb.ks.gov/resources/month-end-checklist)