Attachment for

Informational Circular 17-A-004 &

Policy Manual (PM) Filing 10,300 - Statewide Encumbrance Policy

(10/2016)

**Best Practices - Statewide Encumbrance Policy**

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 any and 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 proposed policy provides for certain exceptions.