How do I read and interpret my PeopleSoft Financials Budget Overview? Using the example below, you see that the budget for this project is $262,000.00 and the remaining balance after subtracting both expenses and encumbrances is $76,687.43.

Account Code Definitions: If you see an account code that is not represented on the list below please contact your Post Award Administrator.

List of Account Codes represented on the example:
711 = Salaries (Benefit Eligible)  712 = Wages Non Benefit Eligible
713 = Student Wages  714 = Work Study
715 = Graduate Assistants  720 = ERE (Fringe Benefits)
730 = Operations  740 = Utilities
750 = Services (sub-awards/consultants)  760 = Domestic Travel
770 = Scholarships  799 = Indirect Costs
783 = Equipment  754 = Participant Expense (750)

List of Account Codes NOT represented on the example that could appear on an award.
764 = Foreign Travel

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SALARY ENCUMBRANCES, POSTITIVE AND NEGATIVE

The PeopleSoft Grants Module has built-in financial internal controls directed at fiscal compliance for sponsored projects. Recognizing that effort (directly associated with salaries) is an essential component of any research project, the PeopleSoft Financials system automatically encumbers the salary portion of the proposed salary budget at time of activation and/or receipt of incremental funding.

In the example above, the salary budget for this project is loaded on two salary budget lines (711 & 712) for a total salary budget of $179,908.00 ($152,459 + $27,449). The actual salary expense occurred on budget lines 712 & 713 for a total amount of $8,401.38 ($5,001.38 + $3,400.00). Netting the positive and negative encumbrances results in a remaining salary encumbrance of $171,506.62 for this project ($152,459.00 + $22,447.62 - $3,400.00). To validate this salary encumbrance, take the salary budget of $179,908.00 then subtract the salary expenditures of $8,401.38 resulting in $171,506.62. If the validation produces a different amount other than the amount produced by netting out the positive and negative encumbrances, please contact your Post Award Administrator.

Note that as actual payroll hits any of the salary budget lines that DO NOT have a salary budget, the associated encumbrance automatically is reduced by the payroll amount thus creating a negative encumbrance as shown on the budget line for 713 in the above example. This is the reason you need to look at all the salary budget categories when determining the remaining payroll encumbrance.

The rationale and usefulness for this functionality is that, if for any reason, a large portion of the salary budget were to be used for the purchases of goods or services, then that requisition would fail the budget checking process. The error would prompt further scrutiny by the institution to ensure that the scope of work is not being changed and to address the question of whether a budget modification is needed. Budget modifications may or may not require agency approval, depending on the award specific agency terms and conditions, or if the award is under the condition of expanded authority. To remove a system generated encumbrance increases the probability of being perceived by auditors as “side-stepping internal controls.”