

From: Kelly-Scholle, Janet
Sent: Thursday, October 02, 2014 3:54 PM
To: UNC Dept. Business Managers
Subject: [business_managers] Salary Encumbrance Update

To: MOU Leads
Finance and HR TIPS
University Business Managers
HR Officers and Secondary Contacts
Research Administrators Support Group

From: Kevin Seitz, Associate Vice Chancellor for Finance

Re: Salary Encumbrance Update

During final testing before go-live, the project team identified a bug in the system that will adversely affect salary encumbrances. To prevent inaccurate encumbrances on reports until a solution is in place, the team made the decision to discontinue running the processes to calculate and assign salary and benefit encumbrances. As a result, reports will NOT show labor encumbrances, so "budget balance available" in the system may be inaccurate. In no way will this affect actual pay. Please note the following example to explain the bug and its impact:

- An employee receives an established salary (and benefits) for a full fiscal year and is paid off of multiple funding sources,
- One of the sources expires during the year (a grant, for example),
- With respect to the salary encumbrance for the remainder of the year on this expiring funding source, the intended process is for this remaining encumbrance to be transferred to a departmental default account.
- However, due to the bug, this remaining encumbrance is re-allocated to the other established funding sources that are covering the other portion of the salary and benefits for this position (on top of the existing encumbrances already on these sources).
- The impact of this bug is that the encumbrances on the remaining funding sources are overstated, if left unchanged.
- This issue pertains solely to encumbrances, but the actual charging of sources is unaffected.

The identified solution to this problem will take 4-6 weeks to develop and implement. Once the solution is in place, we will be in a position to reinstate salary and benefits encumbrances in the system, which is currently estimated to be in November. For now, campus schools/units will need to manage budget positions through manual calculations, or estimates, of salary and benefit encumbrances.

If you have any questions on this issue, please contact Dennis Press, dennis_press@unc.edu, or Robin Burke, robin_burke@unc.edu. I recognize that this short-term suspension of salary and benefits encumbrances will be an inconvenience, but we hope to have a solution in place shortly. Thank you for your understanding, patience, and support.