4 Why do my balances go up and down throughout the month?

ConnectCarolina Financial Concepts
A series of documents to help you understand the financial information in ConnectCarolina and InfoPorte

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Connect CAROLINA

Your balances in InfoPorte can fluctuate a lot throughout the month. This document explains the reason for this and some key related concepts.

Key Concept ① **Commitment Control Ledgers**

It is helpful to understand the *Commitment Control* (KK) ledgers when looking at your balances.

Note: If you see a word in italics, it means the word is defined on the last page.

All your transactions eventually get budget checked in one of the Commitment Control ledgers. This happens either before or after approvals based on the type of transaction. There are multiple *Commitment Control ledgers* for both revenues and expenses that represent a certain stage of the commitment (our intention or obligation to pay). The Commitment Control ledgers for expenses are:

- *Budget* – this shows your budgeted expense amount
- *Pre-encumbrance* – this is for purchase requisitions, including ePro vendor catalog orders
- *Encumbrance* – this is for purchase orders and payroll encumbrances
- *Expense* – this is for vouchers, campus journals, and personnel transactions
  Note: Expenses are pulled from the GL Actuals ledger.

Key Concept ② **How Expenses Move Through the Commitment Control Ledgers**

Once a transaction passes budget checking, it hits one of your expense Commitment Control (KK) ledgers and shows in your available balance.
A transaction is only in one Commitment Control ledger at any given point in time. For example, a purchase requisition moves through the Commitment Control ledgers as follows:

- When a purchase requisition passes budget checking, it hits the pre-encumbrance ledger and reduces the budget balance.

- When a purchase order (PO) is generated from that requisition and passes budget checking, the amount hits the encumbrance ledger and is taken out of the pre-encumbrance ledger.

- When a voucher is generated from the PO and passes budget checking, the amount hits the expense ledger and is taken out of the encumbrance ledger.

See Illustration A for a graphic of this concept.

Not all transactions go through all the Commitment Control ledgers. Campus vouchers go to the Expense ledger directly, and never hit the pre-encumbrance or encumbrance ledger.

Why do my balances go up and down during the month?

The Ledger Rollup screen in InfoPorte is the place you go to view your balances. You can search for your available balance for any Trust, OSR, F&A, or State fund.

How to Read Your Balances on the Ledger Rollup screen

The numbers on the Ledger Rollup screen are **completely driven by the budgeting process in ConnectCarolina**. Every time a transaction is budget checked, it affects one of your Commitment Control (budget) ledgers and your available balance.

For example, after a purchase requisition is approved and passes budget checking, the transaction immediately hits your pre-encumbrance ledger in ConnectCarolina. After overnight processing, that transaction is reflected in your balance on the Ledger Rollup tab in InfoPorte. The transaction also appears on the Transactions tab. (See definitions for the difference between the Transactions and GL Transactions tabs.)

What This Means

There a couple of major implications of this. One is that transactions are still "in process" when they hit your balance. All transactions go through these steps:

1. Create a transaction and check for chartfield errors
2. Budget pre-check (ePro, purchase reqs, vouchers) **or** budget check (campus journals, budget journals, budget transfers). Budget pre-check doesn't affect the commitment control ledgers or change your balances.
3. Approvals and budget checking for ePro, purchase reqs and vouchers
4. Post a transaction

As you know, a lot can happen between budget checking and payment. You might change an amount, a chartfield, or delete the transaction altogether.

Because of these variables, your budget balances on the Ledger Rollup screen fluctuate a lot.

Let's look at an example.

Example

Imagine you have $500 in your budget. Your budget looks like this:

Budget	$500
— Pre-Encumbrance	0
— Encumbrance	0
— Expense	0
Budget Available	$500

Now you ask Jason in your department to order $50 worth of office supplies. Jason creates a purchase requisition, it gets approved, and passes budget checking. It has not been posted or paid.

Your budget balance now looks like this. **At the moment the purchase requisition passed budget checking,** the pre-encumbrance ledger balance was increased by $50, and the available budget went from $500 to $450.

Budget	$500
— Pre-Encumbrance	$50
— Encumbrance	0
— Expense	0
Budget Available	$450

Illustration A: How a purchase req moves through the KK Ledgers and affects your balance

Note: Campus vouchers don't go to the pre-encumbrance or encumbrance ledgers. They go directly to the expense ledger.

STARTING BALANCES

KK Ledgers		
Budget		$500
— Pre-Encumbrance		0
— Encumbrance		0
— Expense		0
Budget Available		$500

PURCHASE REQ for $50 is budget checked

KK Ledgers		
Budget	$500
— Pre-Encumbrance	$50
— Encumbrance	0
— Expense	0
Budget Available	$450

Purchase req shows in InfoPorte

PURCHASE ORDER for $50 is budget checked

KK Ledgers		
Budget	$500
— Pre-Encumbrance	0
— Encumbrance	$50
— Expense	0
Budget Available	$450

Purchase order shows in InfoPorte

VOUCHER for $50 is budget checked

KK Ledgers		
Budget	$500
— Pre-Encumbrance	0
— Encumbrance	0
— Expense	$50
Budget Available	$450

Voucher shows in InfoPorte (no check number yet)

VOUCHER for $50 is posted

KK Ledgers		
Budget	$500
— Pre-Encumbrance	0
— Encumbrance	0
— Expense	$50
Budget Available	$450

Commitment Control ("KK")	*Commitment Control,* or "KK" for short, is the part of ConnectCarolina that lets the University control what we spend against predefined budgets. KK lets us set budgets, define rules for how we want those budgets to behave, and then check transactions (such as purchases) against those budgets. We can also budget for the revenue we expect to receive.
KK Ledger	The *KK Ledgers* are a set of seven ledgers that track budget-related balances. Four KK ledgers track budget balances related to expenses (money going out), and three track budget balances related to revenue (money coming in). You can think of the KK Ledgers as tracking how we plan to use our funds, as opposed to the Actuals Ledger, which tracks how we actually use them. In InfoPorte, expenses and revenue come from the GL Actuals Ledger.
Budget	The total original amount available to spend. Budgets are set up by major fund type according to specific rules of that fund type.
Pre-encumbrance	A *pre-encumbrance* is an amount you expect to spend but do not have a legal obligation to spend. For example, a purchase requisition creates a pre-encumbrance because a purchase requisition does not commit us with the vendor to complete the purchase. In ConnectCarolina, the two things that create a pre-encumbrance are purchase requisitions and ePro vendor catalog orders.
Encumbrance	An *encumbrance* is an amount you have a legal obligation to spend in the future. For example, a purchase order creates a commitment with the vendor to complete the purchase, so purchase orders create encumbrances.
Expense	Money spent or costs incurred.
Transactions tab vs. the GL Transactions Tab	The transactions on the GL Transactions tab are not reflected in the balance on the Ledger Rollup. The Ledger Rollup balance is comprised of expense and revenue transactions, and the GL transactions tab only contains asset, liability, and fund balance transactions.