



November 15, 2002

MEMORANDUM TO: Agencies Currently Using the ENCE Document

FROM: Kevin Milstead
Administrator, State Accounting

A handwritten signature in black ink, appearing to read 'Kmm', positioned to the right of the typed name and title.

SUBJECT: **Processing the ENCE document**

State Accounting is updating the procedures for processing the ENCE document. ENCEs are used by approved agencies to encumber funds, primarily for capital expenditures, and less often for subsidies. The ENCE is used because the ENCE document does not designate a specific vendor at the time of entry. When agencies encumber for capital contingencies, for example, the amounts to be spent with each vendor are not known. It is because of the lack of a specific vendor designation that OBM approval of ENCEs is required. Since there are no specific vendors designated, CAS edits relating to dollar amounts per vendor are not encountered until the agency processes a voucher that references the ENCE. QVNDR10 (Selected Expenditures And Encumbrances By Posting FY By Vendor), is helpful in monitoring spending with a select vendor, however, because the inquiry is vendor driven, ENCEs are not reflected until they are referenced on a voucher. Identifying whether dollar amounts being spent with a vendor are within established limits, or, if they are amounts legally allowed to exceed those limits, can be a complicated process for both State Accounting and the agency processing the voucher.

The new procedures will enable State Accounting to thoroughly review and categorize the ENCE transaction at the time of entry, so that dollar amounts spent to vendors can be accurately tracked and vouchers referencing ENCEs can be processed more quickly and efficiently.

Beginning December 2, 2002, **all** agencies using the ENCE transaction will:

- Complete the ENCE
- Attach all necessary back up (Controlling Board, ORC...)
- Submit three copies of the ENCE to State Accounting

After review and approval by State Accounting, the document will be entered into CAS. After the document is accepted in CAS, State Accounting will return one copy of the ENCE to the agency.

Once the ENCE transaction has posted in CAS, the agency may reference that document on vouchers. If, when an agency is referencing the ENCE document, the agency receives a B7 error indicating that Controlling Board limits have been exceeded for a vendor, the agency should review the document and contact the State Accounting Help Desk (helpdesk@obm.state.oh.us) if further assistance is needed.

With the new procedures in place, State Accounting will be able to accurately and quickly determine if the ENCE being referenced is one that has prior legal authorization (e.g., controlling board approval) to exceed vendor dollar limits. If so, the Help Desk will perform the override

enabling the voucher to process. If the ENCE being referenced does not have appropriate legal authorization, the agency will be notified and no override will be performed.

These new procedures will allow for better tracking of vendor dollar amounts and greater efficiency in processing agency vouchers that reference ENCE documents. Please direct any questions to Sandy Allen (sandi.allen@obm.state.oh.us) or Chau Ha (chau.ha@obm.state.oh.us).