3.2.8.1 Account Must Have Funds Prior to Travel and Expenditure Approval

Policy Statement
Accounts Payable will not process purchase requisitions or check requests until the designated expending account has adequate funds to cover the expenditure. It is the department's responsibility to determine that sufficient funds are available in the designated accounts before submitting the purchase requisition or check request.

An over-drafted account is an account in which the encumbrances and expenditure exceed the amount budgeted. This is sometimes caused by a direct charge, journal voucher, or other entries which do not pass through the free balance check. Whenever an account becomes over-drafted, all subsequent encumbrances and expenditures will reject. The monthly account status report will indicate an over-drafted account, but departments should monitor the account balance with every purchase or check request they prepare.

When an account becomes over-drafted, immediate attention should be given to remedy the situation. Many of the overdrafts occurring for sponsored accounts are caused because the budgetary head does not properly budget the account at the beginning of each fiscal year. Proper review and budgeting of sponsored accounts at the beginning of each fiscal year and on a monthly basis as status reports are rendered will reduce the number of account overdrafts.

Reason for policy
This policy is to document the University of Georgia's requirement that adequate funding exist to support expenditures.

Procedures
Purchase requisitions and check requests both require departments to designate the object code. Expenditures are checked to the balance available for each major object of expenditure, e.g., travel, operating expense, equipment, etc. Annual estimates of expenditures in each major object should be budgeted as early as possible so that a budgeted balance will exist.

All purchase requisitions are subjected to computer edit checks to ensure that sufficient funds are available in the account to cover the expenditure before the request is forwarded for Procurement action. UGAMart will produce a warning found under the history tab alerting the purchaser that the designated account(s) does not have adequate funds. The Electronic Check Request System will alert the final unit approver in the “Select Action” section of the check request that funding does not exist to support the expenditure.
Departments should immediately process appropriate budget amendments to transfer adequate funds into the affected accounts upon notification by UGAMart or the Electronic Check Request System. An internal note should be added to the UGAMart requisition advising that a budget amendment has been submitted to resolve the funding issue.

Please see the policy on Encumbering Funds/Liabilities Against a Purchase Order for more details regarding the requirement to check that sufficient funds exist. A link to this policy, as well as to UGAMart and the Electronic Check Request System, can be found under Related Information.

Additional contacts
Policy definitions

**UGAMart**: The University of Georgia’s Procure to Pay system.

Responsibilities

**Responsible University Senior Administrator**: Vice President for Finance & Administration

**Responsible University Administrator**: Associate Vice President & Controller

**Policy Owner**: Accounts Payable

**Policy Contact**: Patricia Sims

**Phone Number**: (706) 542-2786

Record Retention

**Research Grant Records**

Number 0472-09-006

The records relate to funded research grant proposals and research activity associated with grant funded projects. Examples of records include: supporting statistics, demographic data, draft proposals, suggested revisions, final proposals, forms, protocols, applications, research/activity reports, progress reports, and summary reports.

Retention: Final research report is permanent. All other records: 7 years after the end of the grant period.

**Accounting Records**

Number 0472-03-001

This series includes bank statements, purchase requests, purchase orders, requisitions, financial reports, accounts payable and receivable records, write-off records, discrepancy, payment schedules, operating statements, year-end projections, reconciliation and expenditure reports, cancelled checks, check stubs, moving expense records, cost accounting reports, refund/disbursement request records, returned checks, deposit slips, travel records, credit voucher requisition records, cash balances and reconciliations, sales and cash reconciliation records, journal entries, outstanding obligations, refund/disbursement requests, receipts and invoices.

Retention: Monthly and quarterly reports: 1 year. All other records: 5 years.

Related information

**UGAMart**

**Electronic Check Request System**

**Policy 3.2.3: Encumbering Funds/Liabilities Against a Purchase Order**

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