

SECTION 450: CLAIMS ENCUMBRANCE - GENERAL

1. General Description. This section describes the general accounting requirements as prescribed by the Comptroller for claims encumbrances (obligations) incurred by departments and agencies. Whereas the detail accounting for claims encumbrance is performed on a daily basis at the departmental level, the accounting transactions are entered in summary into the State's central accounting records only at quarter-end and year-end.
2. Purpose. The general purpose of accounting for encumbrances (claims and contracts) is to determine on an on-going basis the unencumbered allotment balance, which is that portion of an allotment that is not expended or encumbered. More specifically, the purpose for this information is to provide departments and agencies with financial information required in making expenditures and incurring obligations.
3. Recordkeeping. In addition to the requirements for the preparation of the PURCHASE ORDER, detail records of obligations and expenditures providing the current status of each allotment account must be maintained by departments and agencies. The types of accounting records established by departments and agencies necessarily differ between organizations due to differences in the size, complexity, and function of the organization. The common connecting-link between any department-level accounting records, however, is provided by the central accounting records maintained by DAGS Accounting Division for each appropriation and allotment account. The Comptroller, by means of the APPROPRIATION/ALLOTMENT LEDGER, enforces departmental compliance with the obligation and expenditure of allotments.
4. Quarter-End and Year-End Procedures. For the policies and procedures under which claims encumbrances are recorded in the central accounting records by DAGS Accounting Division, refer to Section 470, Encumbrance Policy and Procedure, of this volume.