FIS Training – Understanding Earmarked Funds (Manual Reserves)

Learning Objectives

o Understand what are Earmarked Funds and how they can help you manage your budget

o Create Earmarked Funds

o Process transactions against funds reserved in Earmarked Funds

o Change and release Earmarked Funds

o Generate reports to track the status of Earmarked Funds

Link to Workshop Material

What is are Earmarked Funds?

Earmarked Funds are FIS documents that departments can create to **reserve** available budget dollars for future expenses.

Earmarked Funds are also known as **Manual Reserves**, **Funds Commitments** and **Encumbrances**.

They are a form of **Commitment** that you will encounter in FIS, similar to **Purchase Orders**, **Purchase Requisitions** and **Payroll Reserves**.

Why should I use Earmarked Funds?

Similar to a savings account, Earmarked Funds enable departments to put aside money for expenses that will occur in the future, particularly if your department is not sure how much the total cost will be.

For example: if your department is planning on replacing all of laptops for staff in the next 6 months, they may create an Earmarked Fund to set aside money based on an estimate of what the laptops may cost.

Earmarked Funds are deducted from the Funds Available in a Funds Center or Funds Center/Fund account.

Pros & Cons of Earmarked Funds

PROs	CONs
Opportunity to "protect" available budget dollars for future expenditures (e.g., building renovations, written agreements)	Need to have Earmarked Fund document number to "spend" as part of an A/P or journal entry posting
Will appear on Funds Management reports as a Commitment	Not available for use on some FIS transactions (e.g. ERDD on the Web, Mastercard)
Enables FIS users to "spend" the reserve amount through A/P or Journal Entry postings for values less than $9,999.99	
Provides change history detail on activity posted to reserve	
Carried forward at end of fiscal year; stays in the system until changed by user	

Creating Earmarked Funds

SAP Easy Access University

- Favorites
- SAP Menu
  - Office
  - Logistics
  - Accounting
    - Financial Accounting
    - Controlling
    - Enterprise Controlling
    - Funds Management
      - Master Data
      - Budgeting
      - Posting
        - Earmarked Funds
          - Funds Commitment
            - FMZ1 - Create
            - FMZ2 - Change
            - FMZ3 - Display

Funds commitment: Create InitScrn

Document Type	11	Funds commitment standard
Document Date	09.01.2022	
Posting Date	09.01.2022	
Company Code	UOFT	University of Toronto
Currency/rate	CAD	
Translation date		

Reference

Reference Document	

Link to Reference Guides/Simulation

Creating Earmarked Funds

Document Text:
Enter **reason** for reserve

Funds commitment: Create Overview scrn

Park Document | Entry

Document Number		New	Document Date	11.01.2022
Document Type	11	Funds commitment standard	Posting Date	11.01.2022
Company Code	UOFT	University of Toronto	Currency/Rate	CAD
Document Text		Reserve for Conference Reimbursements		
Currency		CAD		
Grand Total		16,500.00		

Line Items

Total Amount	Funds Center	Fund	G/L Account	Cost Center	Order	Vendor	Due On	Text	Bus...	Acti...
8,000.00	109600		841010	29440				airfare	1000	
5,000.00	109600		841020	29440				accomodations	1000	
2,500.00	109600		841030	29440				meals	1000	
1,000.00	109600		837800	29440				conference fees	1000	

Link to Reference Guides/Simulation

For **all lines** complete the following fields:
  a) Overall amount
  b) Funds Center & Fund (if applicable)
  c) Text - specific reason for each line

AND *either* **a)** *or* **b)**:
  a) G/L Account No. and Cost Center or Order
  b) ONLY Commitment Item

Vendor field is "Optional" since payment not restricted to a particular Vendor.

Creating Earmarked Funds

Funds commitment: Create Detail scr

Line Item	1	
Text	Reserve for 5 desktop computers	

Control data

☐ Item Completed   ☐ Item Blocked   ☐ Item Block   ⬚ More

Values

Currency	CAD
Total Amount	7,500.00
Open Amount	7,500.00
Due On	

Referenced document

☐ Set to Done

More data

Vendor	

Coding Block

Business Area	1000		
Cost Center	11040	Order	
Commitment item	EQUIP-PUR	Fund	
Funds Center	100654		

⬚ More

Funds commitment: Create Detail screen: Indicator

☑ Acct.Asst.Changeable   ☐ Reduction in LC Only
                          ☐ Exceed Without Limit   ☐ Override Global Tol.

Link to Reference Guides/Simulation

Exercise # 1 & 2 – Create Earmarked Funds

Instructions (approx. 15 minutes)

Use the reference guide and complete exercise 1 & 2 in **SAP-QTI**.

Changing Earmarked Funds in FIS

Making Changes to Earmarked Funds

Once an Earmarked Funds is created, users can:

o **increase/decrease the value** of the Earmarked Fund (if there is sufficient funds available)

o **Modify the account assignments** (i.e. Funds Center, Fund, Cost Center, Internal Order, G/L Account)

o **Change the text** within the Earmarked Fund

o **Release all/some of the remaining reserve** if it is no longer required

Link to Reference Guides/Simulation

Changing Earmarked Funds – Overview Screen

If there have been **no postings** against Earmarked Fund, you can change:

- Total/Line item Amount
- Account Assignment
- Text (Reference, Document)

Once there have been charges/postings against an Earmarked Fund, **you cannot change account assignments.**

Link to Reference Guides/Simulation

Funds commitment: Change Overview scrn

Document Number	102034269	Posted	Document Date	11.01.2022
Document Type	11	Funds commitment standard	Posting Date	11.01.2022
Company Code	UOFT	University of Toronto	Currency/Rate	CAD
Document Text	Reserve for 5 desktop computers		
Currency	CAD		
Grand Total		10,000.00	

Line Items

Total Amount	Document Item	Commitment item	Funds Center	Fund	G/L Account	Cost Center	Order	Vendor	Due On	Text
10,000.00	1	EQUIP-PUR	109600		821110	29440				Reserve

Any field that is **<u>white</u>** can be changed.

Changing Earmarked Funds – Line Items

To release all remaining reserves in a line item, click the **Item Completed** checkbox.

The **Total Amount** can be reduced UPTO the level of consumption (i.e. reduced by Open Amount).

Consumption = Total amount – Open Amount (i.e. remainder)

Example: $10,000 – $5,881.91 = $4,118.09

Link to Reference Guides/Simulation

Exercise # 3 – Change Earmarked Funds

Instructions (approx. 10 minutes)

Use the reference guide and complete exercise 3 (i.e. increase Earmarked Fund from exercise 1) in **SAP-QTI**.
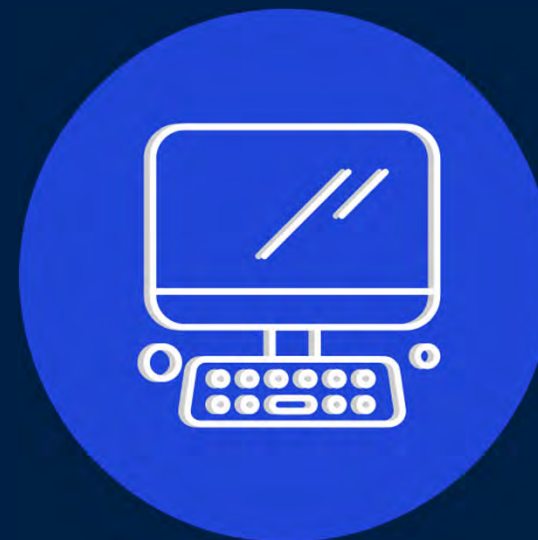
Posting against Earmarked Funds in FIS Transactions

Processing Against Earmarked Funds in FIS Transactions

One of the benefits of creating Earmarked Funds to reserve money for future expenses is that the reserve can be accessed directly when processing some FIS transactions, such as:

o **A/P Invoices**

o **Expense Reimbursements**

o **Journal Entries**

REMINDER: Certain transactions such as ERDD – Web application and automated postings such as PCard (i.e. MasterCard) cannot draw from an Earmarked Fund.

Using Earmarked Funds in FIS Transactions

Example:

Invoice processed against a single & multi-line Earmarked Fund

Single Line Earmarked Fund

Multi-Line Earmarked Fund

You can locate a list of all your Earmarked Funds by running the ZFIR079A – All Postings Line Item report OR maintain an spreadsheet with a list of Earmarked Funds.

Exercise # 4 – Process Payment against Earmarked Fund

Instructions (approx. 10 - 15 minutes)

Use the reference guide and complete exercise 4 (i.e. process invoice against Earmarked Fund from exercise 1).

Reporting on Earmarked Funds

Reporting on Earmarked Funds

There are three common reports used to track Earmarked Funds:

- **ZFM1 –** Funding: Funds Center or Fund Report

- **ZFIR079A –** All Postings Line Item Report

- **FMZ3 -** Display Earmarked Funds

Report 1 – ZFM1 – Funding: Funds Center or Fund Report

The **Commitments** column in the ZFM1 report will indicate all reserves, including:

o Earmarked Funds

o Purchase Orders

o Payroll Reserves

Link to Reference Guide

Funds Center Report

| Show all Commitment Items with hierarchy | Switch to spreadsheet view | Show all Commitment Items w/o hierarchy | Open next level |

Funds Center Report

Fiscal Year	2022		Report	ZFTR111
Funds Center	109601 FAST: Self-Funding		Instance	QT1
Include FC Hierarchy			User	PARAMRAM
FC Hierarchy variant	0000		Date/Time	12.01.2022 17:03:36
Include PI FCs	X			

Commitment Items	Original Budget	Revised Budget	Commitments	Actuals	Commitments+ Actuals	Revenue Variance/ Funds Available
Expenditures						
- EXPENSE-S	0.00	11,275,000.00	8,627.30	59,042.37	67,669.67	11,207,330.33
^ EXPENSE-S	0.00	11,275,000.00	0.00	0.00	0.00	11,275,000.00
+ EQUIP-S	0.00	0.00	4,542.44	457.56	5,000.00	5,000.00-
+ FURNIT-S	0.00	0.00	0.00	500.00	500.00	500.00-
+ SUPPL-S	0.00	0.00	4,084.86	57,597.71	61,682.57	61,682.57-
+ TRAVEL-S	0.00	0.00	0.00	487.10	487.10	487.10-
Total Expenditures	0.00	11,275,000.00	8,627.30	59,042.37	67,669.67	11,207,330.33
Net	0.00	11,275,000.00	8,627.30	59,042.37	67,669.67	11,207,330.33

To view a list all Earmarked Funds, double click on the Commitment Item amount (e.g., EXPENSE-S, SUPPL-S).

Report 2 – ZFIR079A: All Postings Line Item Report

The All Postings Line Item report provides a list of all Earmarked Fund created against a Funds Center or Funds Center/Fund combination.

Link to Reference Guide

All Postings: Line Items by Document Number (w/ addnal flds)

12.01.2022 16:48:14

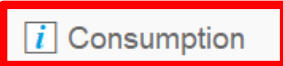| RefDocNo	G/L Account	Σ	Payment budget	G/L Acct Long Text	Cost ...	Ord...	Funds Ctr	Fund	Line Ite
102034270			5,000.00				109601		equipn
102034270			5,000.00				109601		softwa
		凸·	**10,000.00**						
102034269	821116		10,000.00	Equipment:Computing:Purchase	29440		109600		Reserv
102034269			4,118.09	Equipment:Computing:Purchase	29440		109600		Reserv
	8211 0	凸·	**5,881.91**						
		· ·	**15,881.91**				凸		
凸		· · ·	**15,881.91**						

If the Earmarked Fund was created using the Commitment Item and NOT the G/L Account, the G/L Account will be blank.

It also details the line item reserve amount and consumption.

Report 3 – FMZ3 – Display Earmarked Fund

To display all postings against an Earmarked Fund, as well as remaining reserves, click the **Consumption** button.

Funds commitment: Display Overview scrn

| | **Consumption** |

Document Number	102190388	Posted	Document Date	13.01.2022
Document Type	11	Funds commitment standard	Posting Date	13.01.2022
Company Code	UOFT	University of Toronto	Currency/Rate	CAD
Document Text	Reserve for 5 desktop computers			
Currency	CAD			
Grand Total	17,000.00			

Line Items

Total Amount	Document Item	Commitment item	Funds Center	Fund	G/L Account	Cost Center	Order	Vendor
10,000.00	1	EQUIP-PUR	100654		821110	11040		
5,000.00	2	SUP-OFFICE	100654		825820	11040		
2,000.00	3	SUP-OFFICE	100654		825200	11040		

Link to Reference Guide

Report 2 – ZFIR079A: All Postings Line Item Report

Reserve/Receipt amount by line item

Document Numbers of transactions posted against Earmarked Funds (drilldown)

Link to Reference Guide

Consumption & Open Amount (i.e. remainder)

Earmarked Funds: Display Consumption History

Earm. Fnds	Itm	Activity	Trigger Document	Consptn in Doc.Crncy	Crcy	Consumption in LC	LCurr	Non-Relevant (FC)	Non-Relevant (LC)	Delete Date	Doc. Date	Reduction Text
1021□□388	1	Receipt amt		10,000.00	CAD	10,000.00	CAD	0.00	0.00			
		Invoice/Credit Memo	1904977326 UOFT2022	4,575.67	CAD	4,575.67	CAD	0.00	0.00	13.01.2022	11.01.2022	remaining laptops
		Invoice/Credit Memo	1904977325 UOFT2022	4,575.66	CAD	4,575.66	CAD	0.00	0.00	13.01.2022	10.01.2022	partial laptops
		Total Invoices/credit memos		9,151.33	CAD	9,151.33	CAD	0.00	0.00			
		Consumpt.		9,151.33	CAD	9,151.33	CAD	0.00	0.00			
		Open amount		848.67	CAD	848.67	CAD	0.00	0.00			
	2	Receipt amt		5,000.00	CAD	5,000.00	CAD	0.00	0.00			
		Invoice/Credit Memo	1904977326 UOFT2022	1,830.26	CAD	1,830.26	CAD	0.00	0.00	13.01.2022	11.01.2022	supplies
		Total Invoices/credit memos		1,830.26	CAD	1,830.26	CAD	0.00	0.00			
		Consumpt.		1,830.26	CAD	1,830.26	CAD	0.00	0.00			
		Open amount		3,169.74	CAD	3,169.74	CAD	0.00	0.00			
	3	Receipt amt		2,000.00	CAD	2,000.00	CAD	0.00	0.00			
		Invoice/Credit Memo	1904977327 UOFT2022	915.13	CAD	915.13	CAD	0.00	0.00	13.01.2022	11.01.2022	software - partial
		Total Invoices/credit memos		915.13	CAD	915.13	CAD	0.00	0.00			
		Consumpt.		915.13	CAD	915.13	CAD	0.00	0.00			
		Open amount		1,084.87	CAD	1,084.87	CAD	0.00	0.00			

Exercise # 5 – Determine Usage against Earmarked Fund

Instructions (approx. 5minutes)

Use the reference guide and complete exercise 5 (Display Earmarked Fund Usage).
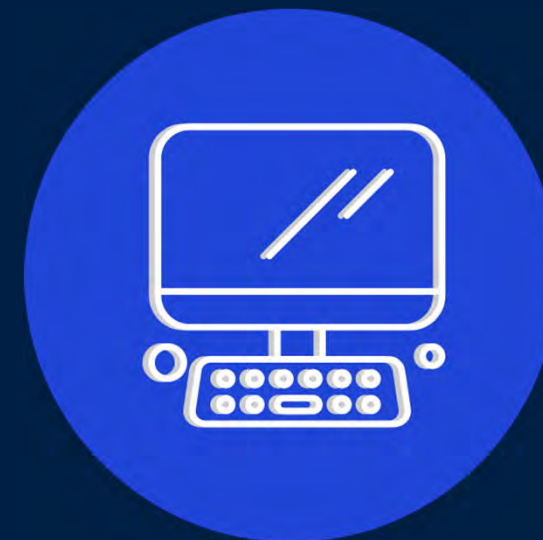
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o Create Earmarked Funds

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o Change and release Earmarked Funds

o Generate reports to track the status of Earmarked Funds

Contact Information & Additional Resources

- FAST General Mailbox – fast.help@utoronto.ca
- Faculty FAST Team Representatives List

- **GTFM Policy –** Deposits with the Cashier
- **Knowledge Centre**
- **Documentation & Support**

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