FIS Training –
Understanding Earmarked Funds
(Manual Reserves)
Learning Objectives

- Understand what are Earmarked Funds and how they can help you manage your budget
- Create Earmarked Funds
- Process transactions against funds reserved in Earmarked Funds
- Change and release Earmarked Funds
- 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

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

SAP Easy Access University

Funds commitment: Create InitScrnn

- Document Type
- Document Date: 09.01.2022
- Posting Date: 09.01.2022
- Company Code: U0FT
- Currency rate: CAD
- Translation date

Reference Document

Link to Reference Guides/Simulation
**Creating Earmarked Funds**

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.

<table>
<thead>
<tr>
<th>Line</th>
<th>Total Amount</th>
<th>Funds Center</th>
<th>Fund</th>
<th>G/L Account</th>
<th>Cost Center</th>
<th>Order</th>
<th>Vendor</th>
<th>Due On</th>
<th>Text</th>
<th>Bus</th>
<th>Art</th>
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<td>106666</td>
<td></td>
<td>841918</td>
<td>29448</td>
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<td>1000</td>
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</tbody>
</table>

**Link to Reference Guides/Simulation**
Creating Earmarked Funds

[Image of funds commitment: Create Detail screen]

More data
Vendor
Coding Block
Business Area: 1000
Cost Center: 11040
Commitment item: EQUIP-PUR
Funds Center: 100654

[Checkbox: Acct Asst Changeable]

[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:

- **increase/decrease the value** of the Earmarked Fund (if there is sufficient funds available)
- **Modify the account assignments** (i.e. Funds Center, Fund, Cost Center, Internal Order, G/L Account)
- **Change the text** within the Earmarked Fund
- **Release all/some of the remaining reserve** if it is no longer required
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.** Any field that is **white** can be changed.

Link to Reference Guides/Simulation
Changing Earmarked Funds – Line Items

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

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

- **A/P Invoices**
- **Expense Reimbursements**
- **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

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
The **Commitments** column in the ZFM1 report will indicate all reserves, including:
- Earmarked Funds
- Purchase Orders
- Payroll Reserves

To view a list all Earmarked Funds, double click on the **Commitment Item amount** (e.g., EXPENSE-S, SUPPL-S).
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.
To display all postings against an Earmarked Fund, as well as remaining reserves, click the **Consumption** button.
### Report 2 – ZFIR079A: All Postings Line Item Report

#### Reserve/Receipt amount by line item

#### Document Numbers of transactions posted against Earmarked Funds (drilldown)

#### Consumption & Open Amount (i.e. remainder)
Exercise # 5 – Determine Usage against Earmarked Fund

Instructions (approx. 5 minutes)
Use the reference guide and complete exercise 5 (Display Earmarked Fund Usage).
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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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