

Non-Sufficient Fund (NSF) Checking Guidelines

What is NSF?

The Non-Sufficient Funds (referred to as “NSF”) functionality in Banner Finance is a tool used for budget and expense management. All requisitions and purchase orders (PO’s) are checked in Banner Finance for sufficient available balance. This is applicable to General Fund transactions (Fund 11) only.

Banner checks for sufficient budget within the Fund, Org, and Account of the FOAPAL:

Fund (F):	11
Organization Code (O):	Org Code on transaction
Account Code (A):	Account used on transaction

How is an available balance calculated?

The available balance for is calculated by subtracting expenses, and encumbrances from the total budget (i.e. total budget minus expenses minus encumbrances). The total budget includes both permanent and temporary budget funds.

Total Accumulated Expense Budget (Original and Revisions)
Less: Fiscal YTD Actual Expenditures
Less: Fiscal YTD Expense Commitments (Encumbrances and Reservations)
Less: Pending Expense Transactions (Unposted Commitments)
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Equals: Budget Available for Spending

How can a department check its available balance?

There are several resources for departments to check their available balances, review financial information, and navigate the NSF process. Job Aids for using each resource are available in the *Guides and References* section on the [FPAR webpage](#).

1. Budget Availability Status (FGIBAVL) screen in Banner Admin Pages
2. Executive Summary (FGIBDSR) screen in Banner Admin Pages
3. Banner Self-Service Budget Status by Account on the finance tab in MyLCC

The department’s encumbrances are overstated and/or preventing my department from processing requisitions and/or purchase orders. What do I do?

Ensure the department’s requisition and/or purchase orders are for only the planned spending for the current fiscal year. Work with the Purchasing Department to close unneeded purchase orders to free up encumbrances.

Example: You have a five-year purchase order in place for \$5,000, and intend to spend \$1,000 per year, and only budget \$1,000 in Banner. Banner subtracts the entire \$5,000 from your budget, leaving you \$4,000 overspent. Modify multiyear purchase orders by contacting the Purchasing Department. Each purchase order should reflect what is to be spent in the current fiscal year. Coordinate your efforts with the Purchasing Department.

How can I prevent a delay in the requisition and/or purchase order process due to an NSF trigger?

The NSF trigger requires department staff to make sure funds are available in a hi-account before making a purchase. This means, department staff must:

1. Before completing a requisition or purchase order make sure there is sufficient budget available
2. Work with the Purchasing Department to liquidate encumbrances when no longer needed

What should I do when FPAR advises the department's purchase order and/or requisition was rejected by NSF?

First, confirm that there is a current available balance to cover the required items (expenses, encumbrances, and pending expense documents) in the required account. If there is not a sufficient available balance, a budget transfer will need to be initiated. The Budget Transfer Request form can be found the [FPAR webpage](#). Work with your FPAR contact to process the requested budget transfer. Departments can also review and liquidate unneeded encumbrances to increase an available balance. Work with the Purchasing Department to close purchase orders that are no longer required.

What happens when there is a hi-account deficit for NSF?

Contact your FPAR representative to initiate a budget transfer. Transfers can only be made between the **same hi-accounts** within the **same division**.

Budget transfers are one-time transfers meaning any funds moved with a budget transfer will revert back to the original organization code during the budget development process. Permanent changes to the budget should be requested during the new fiscal year budget development.

Example:

- ✓ ALLOWED: Transfer hi-account 717-Supplies and Materials budget from ABC Division/123 Department to ABC Division/456 Department.
- ✗ NOT ALLOWED: Transfer hi-account 717-Supplies and Materials budget from ABC Division/123 Department to XYZ Division/ 789 Department

Why? 123 Department and 789 Department are not in the same Division. This is not allowed during the fiscal year. Reallocating budget between divisions is only allowed during the new fiscal year budget development process.

- ✗ NOT ALLOWED: Transfer hi-account 717-Supplies and Materials budget from ABC Division/123 Department to 712-Professional Services budget ABC Division/123 Department

Why? This budget request is moving budget between hi-accounts within the same division. Reallocating budget between hi-accounts is only allowed during the new fiscal year budget development process.

What is a Hi-Account?

Account codes beginning with the same three digits are grouped within the same Hi-account.

710 – Institutional Expenses
712 – Professional Services
713 – Purchased Services
714 – Rental Expenses
715 – Repair and Maintenance
716 – Scholarships and Waivers
717 – Supplies and Materials (includes account codes beginning with 721)
718 – Travel, Training and Conferences (includes account codes beginning with 719)

[Does NSF checking apply to all funds?](#)

Currently NSF Checking only applies General Fund – Fund 11. All non-General Fund funds are excluded from the NSF checking process.

[My budget situation is unique and leadership has approved my budget situation. How can my expense still be approved?](#)

FPAR does have the ability to override the NSF checking with the appropriate approvals and documentation.