
How Does Alma Decide Allowed Expenditure Transactions When Paying Invoices?

- **Product:** Alma
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Why can't I pay my invoice even though I have a cash balance?

When paying an invoice, calculation for whether there is enough to pay the expenditure uses the available balance, not the cash balance. The Available Balance is calculated using the formula: Allocated Balance - Expended Balance - Encumbered Balance = Available Balance, so using the Available Balance means that Alma is ensuring there will still be funds available to pay the PO Lines that have encumbered funds.

How does Alma handle the funds encumbered from the PO Line the invoice is paying?

When Alma is calculating whether the available balance is enough to pay the invoice, it takes the PO Line that is linked to the Invoice Line and removes that encumbrance transaction from the calculation. This means that it looks at what the available balance would be after removing the relevant PO Line encumbrance before determining whether there is enough to pay the invoice.

How do discounts affect encumbrances versus expenditures?

When you have regular discounts and the expenditure amount is less than the encumbered amount, the available funds calculation when paying an invoice will still count the encumbered balances for all PO Lines except the one linked to the Invoice Line. This includes other Invoice lines on the same invoice. Even if there would be enough available balance after all discounts are calculated, the calculation is still only able to use the current encumbered balance. However, because the linked PO Line encumbrance is not considered, any discounts on the invoice line will be factored into whether there are enough funds to pay the expenditure.

If I allow overencumbrances but not overexpenditure, how will that affect paying the invoices?

When a fund is overencumbered, the calculation for whether the invoice line expenditure can be applied still includes the full encumbrance amount. If overexpenditure is not allowed on the fund and the next expenditure would result in the fund continuing to be overencumbered after the invoice is paid, then it would still prevent the expenditure transaction. For this reason, we recommend making the allowed overexpenditure match the allowed overencumbrance, so it doesn't prevent expenditures that should still be paid.

Additional Information

[Managing Funds and Ledgers](#)

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