

Instructions for Preparation of Journal Entries

These instructions outline the process and procedures for the preparation, approval, entry, and retention of journal entries (JE's). By their nature, JE's need more attention than some other transactions.

Refer to a sample JE form for the location of each of the following items of information. These instructions include only elements that exist on the current version of the JE form.

For Finance Dept. Use Only: All entries in this area will be completed by the Finance Department.

Page Number box: this is the page number of the JE. If there is only one page, then a "1" should be entered. If there are multiple pages, the numbers should be entered in the format of "x of xx" where "x" is the individual page number and "xx" is the total number of pages.

Fund column: the three-digit fund number for the transaction on the line.

Org column: the six-digit organization number for the transaction on the line. This column can be left blank for balance sheet accounts, or six zeros can be entered.

Acct column: the four-digit account number for the transaction on the line.

Debit or Credit column: enter the transaction amount for each line in the appropriate column.

AMS Descriptions: column: enter a brief description of the transaction on this line, of no more than 30 characters/spaces. This will be entered and will appear on reports as the description of the transaction. Try to make the description as meaningful as possible given the space. Consider what explanation would help explain the transaction the most and avoid the need for further research when seeing that line transaction on a report. "Record," "Recode," "Correct," "Adjust," etc. are all good first words to indicate the nature of the transaction. The description should be written for the individual line; often the comments that would be informative for one line would not be informative for another line. Think in terms of the comments that would help explain the entry if you were looking only at the Fund/Org/Account for that line.

Total line: this should be the total of amounts in each column. Generally the totals should be equal. On multiple-page JE's the total should be on the last page. If page totals are used to help balance a lengthy JE, clearly designate each total as a page total or grand total.

Explanation of JE: this should include an explanation of the reason for the journal entry. Include reference numbers to other related transactions, such as another JE, check number, etc., where appropriate. Refer to attached supporting documentation when appropriate, but do not make that the complete explanation; some reasonable explanation should always be on the face of the JE regardless of the amount of supporting documentation attached. Either by obvious implication or outright statement provide the authority for making the entry. The authority can be as formal as an attached memo directing some action or as informal as reference to a prior transaction and the chart of accounts that would obviously indicate the incorrect account number was used previously. While explanations should usually be no more than a few lines, try to provide an explanation that would answer satisfactorily for anyone looking at the entry, including an auditor (internal or external), the reason for and propriety of the entry.

Prepared by: this should be the name of the person who prepared the entry. If the JE is typed, the name can be typed but should be manually initialed. The preparer is responsible for the accuracy and correctness of the entry and should raise any questions he/she has before the JE is completed. If the preparer is not certain of the correctness - either the propriety of or proper entry completion - and is preparing the JE at the direction of a higher authority, the preparer should not sign as the preparer. Instead, give the entry to the person requesting that it be prepared or to your manager.

Date: enter the date of preparation. If later than the accounting month the entry will be entered, use the last day of the month of entry. Enter the actual date in parenthesis if you think it could be important (such as year-end entries being processed several months after June 30). If an entry will be entered in a month earlier than the current month, hand write at the top of the JE form the month of the desired entry. After June 30 for entries to be posted in the old fiscal year, it is acceptable to write a "P" or "Prior" on the JE.

Approved by: this is the name or initials of the approving person, and, must be different from the preparer. If typed, it must also be manually initialed. All JEs must be approved. This approval is different from the approval by the Accounting Section that the entry appears appropriate and is ready for entry. For JE's prepared by departments

outside the Finance Department, routine entries to correct codings, etc., prepared by a senior accounting or finance person may be approved by someone within the Finance Department. Routine JE's prepared by lower level staff should be approved by a senior level staff person or an administrator within the preparing organization. JE's reflecting significant policy or procedural issues should be approved or supported by an administrator of the submitting organization.

JE's for grants may be approved by an exempt-level staff member of the Finance Department Grants Section. All JE's for grants will be approved or initialed by a Grants Section staff member. All JE's for debt service or CIP accounts will be prepared, approved, or initialed by someone in the Finance Department Debt & Capital section. Any JE can be approved by the Administrator, Deputy Administrator, or Accounting Manager in the Finance Department; entries prepared by any of these three officials will be approved by one of the other two officials.

The approving official is responsible for the correctness of the entry and the propriety of the entry. Entries should be reviewed to see that the entry accomplishes the need as indicated in the explanation, that there is adequate support for the entry, and that the entry overall is reasonable and makes sense. Keep in mind that a greater percentage of adjusting entries are prepared incorrectly than original entries, and review JE's critically so the need for further correcting entries are not caused.

All JE's will be entered by the Accounting Section. Prior to entry, each JE will be either approved or initialed for processing by designated staff in the Accounting Section.

Documentation: All JE's should be adequately documented and explained either on the face of the JE or in attached materials. The basis of amounts should be documented. Where some or all of previous transactions are reflected in the JE at hand, each individual previous transaction should be referenced with the amount of each used. An attached schedule is recommended when several transactions have amounts that contribute to the current JE. These schedules should include the names and amounts of vendors, travelers, employees, etc. involved. The movement of personnel charges by JE should always include the name of each individual, the salary and benefits by account numbers, the original transaction reference, and the period(s) of time covered. Those preparing JE's should make generous use of memos, copies of related documents, print-outs of data from the computer system, etc., and attach those to the JE. It is also proper to identify additional supporting documentation filed elsewhere and where it may be found (person, office, department, etc.).

PREPARATION OF A JE

Entries may be hand-written. In such cases special effort should be made to provide an entry that others can easily read, including names or initials of preparing and reviewing officials. Typed entries are preferred. The Accounting Section has electronic versions that others may secure to assist in typing them.

PROCESSING OF A JE

An original of each entry must be provided to the Accounting Section. Where a copy of the JE with the JE number affixed is needed by others, provide the copy(ies) needed and write on the copy who it should be sent to. The Accounting Manager or those designated by the Manager will review all JEs for propriety of entry and correctness of the entry. Any entry may be questioned. It is important to review whether or not the entry is reasonable based on the explanation, whether or not the entry accomplishes what the explanation states it should, and whether the entry has adequate and proper approval. The Accounting Section will enter the JE number onto the form. The Accounting Section will key the entry into the computerized system. JE's should be updated to the general ledger the same day they are entered if reasonably possible. However, only specified update windows may be provided for entries that will be reflected in a prior period other than the one based on the current calendar date.