Policy Name: Manual Journal Entry Documentation and Approval Policy

Updated: n/a

Effective Date: July 1, 2019 for FY20 transactions

Office with Primary Responsibility: Controller’s Office

Office with Secondary Responsibility: Finance Centers

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Policy Summary

This policy outlines the documentation and approval requirements for manual journal entries made to General Ledger (GL) strings. Manual entries made to grant-related strings (PTAEOs) are governed by the Office of Sponsored Projects (OSP). Currently GL journal entries are uploaded using Oracle’s WebADI upload tool; in this document, they are referred to as “WebADI journal entries.”

Reason for the Policy

This policy exists to ensure that appropriate approvals are received for journal entries that meet thresholds for materiality and/or involve donor restricted funds, and that supporting documentation for all journal entries is retrievable for review and audit.

Scope: Who should know these policies?

These policies affect staff who prepare, process, upload and/or review WebADI journal entries. Staff include departmental financial administrators, fiscal officers or their delegates, finance center staff, and Controller’s Office staff.

This policy refers only to manual journal entries to GL strings, i.e., WebADI journal entries using the Source of “Manual”. It does not apply to journal entries processed using the SPUD tool; SPUD requirements are maintained by OSP.

Journal Entry Documentation and Approval Policy

Context:

Manual journal entries can be created in one of two ways:

1) Journal creation and direct upload to the Oracle General Ledger by individuals in departments, divisions, finance centers and central/host offices who have taken the required training to use the upload tool.

2) OnBase requests for manual journal entries initiated by departments via the “Corrections, Journals and Cost Transfers” eForm, which are processed and uploaded by finance centers.
These requests have workflow attached showing the submitter and any approvals or other actions taken related to the request. After an entry has been uploaded to the General Ledger, staff in the Controller’s Office review the entry for certain criteria and either post or reject the entry.

Documentation

- The webADI template should include additional tabs with documentation sufficient to identify where the amounts in the entry came from and why the entry is being done. This includes evidence of approvals when required (see below). Additional tabs are not needed if the required information is included in the OnBase request.

Examples of appropriate documentation include:

- Corrections:
  - IRA report of original charges with notation of corrections needed and reason
  - Any related communication (emails) regarding corrections needed
- Transfers:
  - Any related communication (emails, copies of letters) regarding transfers needed
- Internal Billings:
  - Point-of-sale system or other order-tracking system
  - Department log of customer orders or services usage
  - Annual confirmation for standing orders
- Allocations of central expenses
  - Department agreement for allocation, or usage log/inventory of services being billed
  - In certain cases, it may be more efficient to include a link to another location where the documentation is stored.

Approvals

- Generally, a journal entry requires approval if the total of the journal entry is $100,000 or greater.

  Exceptions:
  - Any transfer (Natural Classes beginning with 49xx, 506x, or 5611-5634) which involves a restricted gift or endowment Funding requires approval, regardless of the journal entry total.
  - Divisional Fiscal Officers have the discretion to define approvals in addition to this general policy.

- Generally, a journal entry should be approved by a department or finance center staff person with sufficient knowledge of the purpose and appropriateness of the journal entry. Approval should be collected and included with documentation before a journal is uploaded.
Exceptions:
- No additional approval is needed if uploaded by fiscal officer or initiated by fiscal officer in OnBase.
- No approval is needed if the entry is a routine daily or monthly entry with established departmental procedure in place for documentation.
- Implicit approval: If the journal entry has been requested by a manager with knowledge of the business area, and this request is included in the backup used to prepare the entry, further approvals are not needed.

- Fiscal Officers and Host departments Directors will annually review and confirm the individuals in their respective areas who have access to upload webADI journal entries to the GL.

Document Storage

- Where journals are processed within a department or administrative area and directly uploaded, without OnBase involvement, the initiating department must keep the completed journal template electronic file and all applicable documentation in a central departmental electronic repository (server) for access and retrieval as needed for audit purposes. Journals should not be stored on an individual’s desktop or in person-specific file storage (server, OneDrive) unless they contain confidential information. Documentation should be maintained for seven years.

- For OnBase requests for manual journal entries processed via the “Corrections, Journals and Cost Transfer” eForm, OnBase will be considered the system of record and should contain all applicable journal entry approvals and documentation. While departments are free to keep duplicate copies for convenience, it is expected that those uploading journal entry requests through OnBase will verify that all required documentation exists in OnBase for audit purposes.

Additional Organizational Responsibilities

Controller’s Office Review

- Financial Reporting and Institutional Accounting (FR&IA) will review all journals uploaded using the “Manual” source for defined audit criteria and other verification, and post, change and post, or reject entries as appropriate.
- However, it is not the role of the FR&IA process to verify the documentation, approvals or archiving guidelines outlined in this policy when reviewing and posting journals. It is the expectation that all of these requirements are met before the entry is uploaded to the GL queue for review and posting.
The Controller’s Office reserves the right to request backup documentation for any manual journal entry at any time.

**Forms**

Most relevant forms and instructions can be found on the Controller's website: 
https://www.dartmouth.edu/~control/journal/index.html