Journal Entry Preparation, Documentation and Approval

Authority: N/A

History: First Issued: 01/7/2013, issued as a draft PRR
Last Revised: 10/27/2014, issued as an SOP

Related Policy: N/A

Additional References: East Carolina University Basic Spending Guidelines
East Carolina University Banner Account Descriptions
East Carolina University Banner Fund List by Organization
East Carolina University Journal Voucher Entry Form and Journal Entry Guidelines and Procedures

1. Purpose

The purpose of this standard operating practice (SOP) is to outline the requirements and responsibilities for the appropriate preparation, documentation, and approval of journal entries. This SOP applies to all campus departments and to all journal entry formats, types, and modes of processing.

2. Requirements

   a. Only current journal entry forms should be used. Older versions will not be accepted.

   b. Department personnel making journal entries or approving the entries must be knowledgeable of the ECU Basic Spending Guidelines, Journal Entry Guidelines and Procedures, the ECU Banner Account Description and the ECU Banner Fund List by Organization.

   c. Department personnel should review their financial ledgers and transactions on at least a monthly basis to ensure the reasonableness and accuracy of the posted transactions. Journal entries are expected to be submitted within 30 days of the month in which the related activity or reason prompting the entry occurred. In the month of June, it is necessary to review transaction activity at least weekly to ensure that inaccuracies are corrected before the year-end cutoff.

   d. The journal entry must contain a thorough explanation within the body of the journal entry document with sufficient detail for another person to understand and review the transaction. It is the responsibility of the initiating department to maintain documentation and provide it upon request for inspection by the East

e. The Journal Voucher Entry Form and documentation must be routed through an unbroken email chain. The email chain must include the preparer and approver(s). Good segregation of duties must be followed. The person preparing the entry may not approve his or her own entry. All journal entries are to be reviewed and approved by the department head or his or her designee, usually an individual responsible for departmental budgets or accounting. Individuals that are designated journal entry approvers must be approved through the Delegation of Authority Process on PiratePort.

f. Interdepartmental charges must be approved by the department whose funds are being charged (the debit side of the entry). Pre-approval of automated interdepartmental charges for routine services rendered or cost allocations will not be required for the departments being charged. However, the billing department should notify the departments being charged in a timely manner. Departments charged should review for accuracy and agreement with its records. The customer department should initiate corrective action if the postings are incorrect.

g. Journal entries affecting a sponsored project fund (21xxx) may have additional requirements, restrictions and timelines. Contact the Office of Grants and Contracts for specific requirements related to a sponsored project fund.

h. The individuals posting the journal entry must print the journal entry form and sign and date the form after posting.

3. Restrictions

a. Transactions to salary line items may not be made through the journal entry process. Salary reclassifications must go through the payroll redistribution process and cannot be processed on a journal entry form.

b. Journal entries that reclassify charges from non-state to state funds are not allowed without approval from Financial Services or the Health Sciences accounting offices. Such transfers subject the University to additional scrutiny from auditors and the general public. Expenditures that are to be paid for with state funds should be debited from state funds when the transaction is initiated, rather than after the fact.

c. The miscellaneous income account should not be used without approval from Financial Services. This approval has not been delegated.

4. Delegation of Review Authority

Financial Services has delegated the review of journal entries for Health Sciences departments, grants and contracts and Foundations to the Health Sciences Financial
Accounting Office, the Office of Grants and Contracts, and the appropriate Foundation, respectively.

Although Financial Services will not routinely perform an additional review of these entries, Financial Services maintains the right to request supporting documentation from these departments and maintains final approval authority.

5. **Financial Services Review**

Financial Services will review and approve:

a. All journal entries sent to Financial Services for data entry.

b. A sample of entries processed or keyed in campus departments.

c. All journal entries that reclassify charges from non-state to state funds except for those approved by the Health Sciences accounting offices.

d. All journal entries to the miscellaneous income account.

Financial Services, the offices with delegated review authority, and/or the Office of Internal Audit and Management Advisory Services will contact departments to provide documentation or additional information regarding any questionable journal entries or supporting documentation.