**SECTION**: Financial Operations

**SUBJECT**: Processing of Journal Entries – Documented Procedures

**APPLIES** **TO**: All Direct General Ledger Entries

**NOTE: Changes for FY2020 are identified in red text**

**Journal Entry Overview**

Journal entries are processed to help ensure accurate financial reporting and appropriate allocation of charges to specific funds. Journal entries are therefore a means to correct errors or allocate charges that the system could not.

**Journal Entry Process**

|  |  |  |
| --- | --- | --- |
| **Activity** | **Responsibility** | **Reference/Comments** |
| **KEY ROLES** |  |  |
| The following positions are authorized to create journal entries for the [insert name of school/college/unit/department]. | [insert appropriate person/position] Admin. Accountant, Data Processor, etc. | This is equivalent to the “Creator” role in M-Pathways.  An OARS request should be submitted and approved to grant or cancel/revoke access to M-Pathways in order to create JEs and can be found at:  <http://its.umich.edu/accounts-access/administrative-access/oars> |
| Review Approver Table Roles report, adjust if necessary, and ensure only appropriate approvers have access. | [insert appropriate person/position] | Report can be found under the Mgmt Reports tab of MReports. |
| Review Access Validation report located in the compliance tab in MReports to validate that individuals with access to create and approve JEs directly in M-Pathways are appropriate. | [insert appropriate person/position] Unit Liaison | NOTE: Select "Financial" for subject area and search "GL" for the following from the list of FIN GL security roles: Finops Journal User, Online Journal Entry User, Journal Entry Approver and WF Sponsored Prgms Approver. |
| The following positions are authorized to approve journal entries for the [insert name of school/college/unit/department] as determined by [insert appropriate person/position] (Lead Budget Administrator, Director of Administration, etc). | [insert appropriate person/position] Department Manager, Accounting Supervisor, etc. | Choose "JE Approver" option in OARS "GL JOURNAL ENTRY APPROVER"  Individuals should not be approving their own JEs.  The approver should be a person in a higher level of authority who is able to determine that the JE is appropriate, accurate, complies with policies and is properly documented and explained. If person in the higher level position of authority cannot serve as the Approver, s/he should delegate the role in writing.   * The approval for JEs with an individual line item greater than $10k will be documented via workflow. * For journals with lines less than $10k, units should document the process for review and approval which can vary by type of JE and may include back-end review.   Note: For workflowed JEs greater than $10k, email notification is sent to requestor once JE posts to the ledger. |
| **TRAINING** |  |  |
| Training must be completed before access is given to enter JEs in M-Pathways. | [insert appropriate person/position] JE Creator | Approvers are also encouraged to take appropriate training.  For information on training classes, contact:  [Unit Liaison]  Online training material can be found at:  <http://www.finance.umich.edu/finops/accounting/journals/lifecycle>  The required [My LINC](https://its.umich.edu/enterprise/administrative-systems/training/my-linc-overview) course numbers are GLE102 – Working with Journal Entries and CFE101 – Introduction to Chartfields – The Basics. |
| Monitor activity to ensure all JEs are processed by only properly trained individuals. | [insert appropriate person/position] JE Approver |  |
| **JUSTIFICATION AND APPROPRIATENESS** |  |  |
| Determine justification and appropriateness of processing a JE by deciding if the dollar amount of the JE is worth the time and effort involved (is it cost effective?), or if a JE is in fact required (has it already been corrected?). | [insert appropriate person/position] JE Creator/Requestor/Approver | A department/unit may make the determination that JEs less than a specified dollar amount are not necessary. (EXCEPTION: JEs with Sponsored Program activity must be done regardless of dollar amount)  For more details, refer to:  <http://www.finance.umich.edu/finops/accounting/journals/lifecycle> |
| Validate that the type of charge under consideration is consistent with the nature of the funding source. | |  | | --- | | [insert appropriate person/position] JE Creator/Requestor/Approver | | See <http://www.finops.umich.edu/accounting/chartfields/fund> for a summary of allowable and unallowable funds |
| Validate the JE complies with University Valid Account Guidelines for revenues and expenses and fund type. | |  | | --- | | [insert appropriate person/position] JE Creator/Requestor/Approver | | See the “Transfer Account Instructions and Matrix” file at <http://www.finance.umich.edu/resource/transfer-account-instructions-and-matrix> for listing of valid transfer account values and instructions.  <http://www.finance.umich.edu/finops/accounting/journals> which provides various information regarding JEs.  See the “Valid Account List” file under Quick Links at [http://www.finance.umich.edu/resource/valid-account-listing](http://www.finance.umich.edu/resource/valid-account-listing%20) for listing of valid accounts charges and allowability by fund.  See the [Journal Entry Training Guide](http://www.finance.umich.edu/system/files/Journal_Entry_Training_Guide.pdf) (Page 17-20, Appendix B) attachment on the Financial Operations page for expenditure transfer information.  See [SPG 500.01, Fiscal Responsibilities](http://spg.umich.edu/policy/500.01)  See <http://www.finance.umich.edu/programs/rules> for federal Uniform Guidance Procedures regarding restricted expenses on federal projects. |
| **PROCESSING** |  |  |
| Process JE directly into M-Pathways via an upload attachment or direct online data entry. | JE Creator | See [My LINC](https://its.umich.edu/enterprise/administrative-systems/training/my-linc-overview) search for Journal Entry (JE) Resources [~~https://maislinc.umich.edu/mais/html/GL\_JE\_resourcespage.html~~](https://maislinc.umich.edu/mais/html/GL_JE_resourcespage.html)for detailed instructions on the JE upload process and for detailed instructions on the online JE entry process.  See  [http://www.finance.umich.edu/resource/journal-entry-upload-templates-excel](http://www.finance.umich.edu/resource/journal-entry-upload-templates-excel%20) for the latest Journal Upload Template |
| Complete all required fields   * Journal ID * Journal Date * Journal Source * Journal Header Description * Journal Requester Uniqname * Chartfields * Monetary Amount(s) * Line Description(s) * Balanced credits and debits | JE Creator | Ensure clear and complete, self-explanatory descriptions are provided in the header and line description fields and other input has been correctly completed including amount and chartfield allocation.  Unique Journal ID numbers are highly recommended for internal controls and system audit trails.  See  [http://www.finance.umich.edu/finops/accounting/journals/support](http://www.finance.umich.edu/finops/accounting/journals/support%20) for guidance on completing fields. |
| **SUPPORTING DOCUMENTATION SUBMISSION** |  |  |
| Determine if supporting documentation is required. If required, preferred method is to upload supporting documentation directly to the JE. If this method was not used, submit one of following ways:   * Electronic Mail:   [jesupport@umich.edu](mailto:jesupport@umich.edu)  or  [accountingcustomerservice@umich.edu](mailto:accountingcustomerservice@umich.edu)   * Campus Mail:   Journal Support  3003 South State Street  3082 Wolverine Tower  Ann Arbor, Michigan 48109-1287 | JE Creator | JEs affecting a Sponsored Project/Grant (with an initial Fund Code of 20000 or 25000) **require** submission of hard-copy supporting documentation to Sponsored Programs. ~~by 8:00am on the 1~~~~st~~ ~~workday to be processed in the current month’s business.~~  JEs not affecting a Sponsored Project/Grant will not require hard-copy supporting documentation unless:   1. your department’s internal controls require such support or 2. the journal entry cannot stand on its own/is not self-explanatory   See  [http://www.finance.umich.edu/finops/accounting/journals/support/submission](http://www.finance.umich.edu/finops/accounting/journals/support/submission%20) or the [Journal Entry Training Guide](http://www.finance.umich.edu/resource/je-training-guide) (page 8-9) attachment on the Financial Operations page for additional guidance on JE support submission.  Supporting documentation received by SSC Accounting Customer Service, or Sponsored Programs is electronically imaged and retained in ~~WebNow~~ Document Imaging. |
| **APPROVAL** |  |  |
| The [insert name of school/college/ unit/ department] uses the following methodology to submit JEs for review/approval:  [insert brief description of unit’s JE submission process to be reviewed/approved] (i.e. manual/ electronic routing, email notification, etc.) | JE Creator |  |
| Review the JE to confirm that it:   * is appropriate/necessary * is accurate * complies with policies * is properly explained * has proper supporting documentation (if applicable) * has proper chartfields   Any changes are noted on the JE and returned to JE Creator or Requestor for corrections and resubmission. | JE Approver | JE should be reviewed and approved by someone who is in a higher level position of authority to confirm that the JE is appropriate, accurate, complies with appropriate policies and is properly explained and documented. If person in the higher level position of authority cannot serve as the Approver, s/he should delegate the role in writing.  Individuals should not be approving their own JEs.  Approver should also be monitoring activity to ensure all JEs were processed by the proper individuals. |
| Once JE has departmental approval, the system routes ~~route~~ all JEs containing sponsored activity to Sponsored Programs for final approval. | JE Creator | Sponsored Programs must approve all JEs affecting all sponsored activity, and only do so upon reviewing the appropriate back-up. Sponsored Programs will notify originating unit and provide comments for any changes they make to any JEs. |
| If processing JEs directly into M-Pathways, run Journal Entries Pending Approval Report to monitor if any journals are waiting for approval. | JE Creator | Report can be found under the Mgmt Reports tab in [M-Reports](https://mreports.umich.edu/mreports/). |
| **JE SUBMISSION/POSTING** |  |  |
| Select the “Post Journal” option in the process drop down menu in M-Pathways to post the journal.  Note: The process will run automatically overnight, however it is recommended to run the process as soon as journal has been loaded. | JE Creator | Contact SSC Accounting Customer Service for assistance in resolving budget errors with non-Sponsored Chartfield combinations and the Sponsored Programs Customer Service Coordinator for Sponsored Chartfield combinations. |
| ~~Perform Edit and Budget checks for chartfields.~~ | ~~JE Creator~~ | ~~Contact SSC Accounting Customer Service for assistance in resolving budget errors with non-Sponsored Chartfield combinations and the Sponsored Programs Customer Service Coordinator for Sponsored Chartfield combinations.~~ |
| **MONITORING** |  |  |
| Units should review, particularly o~~O~~ut of scope units ~~review~~ “JEs Initiated Outside Dept or Dept Group” report to identify unexpected JEs or review eReconciliation to identify cases where JEs over $10k were not approved by an approver in that unit. | [insert appropriate person/position] | Report can be found under the Mgmt Reports tab of M-Reports.  ***NOTE:*** *SSC will perform for in scope units. Report can be found under the Mgmt Reports tab of MReports.*  ~~Filter on transactions with exception type of "approver failed"~~ |
| Monitor volume of JE activity and compare to expected/recurring JEs for reasonableness. | [insert appropriate person/position] | ~~Use monthly reconciliation detail, sorting by Journal ID column.~~  Use Business Objects Query FN03 JrnlDetail Journal Count aby DeptID(s) and Accounting Period under UM-Maintained/Financials/ FN03 Journal Detail. |

Other related information:

Key Contacts:

* Sponsored Programs Customer Service Staff: 734-764-8204 ~~734-647-1946~~
* SSC Contact Center: 734-615-2000 (Prompt #3 & Prompt #4)

Related Standard Practice Guides:

* [SPG 500.01 Fiscal Responsibilities](http://spg.umich.edu/policy/500.01)

Record of Revisions:

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| --- | --- | --- | --- |
| **Date of Issue** | **Description of Change** | **Page(s) Affected** | **Approved By** |
| 10/30/2008 | Original template created | All | [insert name] |
| 5/15/2009 | Corrected links | All |  |
| 10/7/2009 | Updates for FY2010 Certification (most changes were due to the elimination of paper JEs) | All |  |
| 1/27/2011 | 1 change due to relocation of BO reports | 6 |  |
| 11/9/2011 | Updates for FY2012 including sponsored deadline, approval process for sponsored JEs, and corrected links | 3-5 |  |
| 11/5/2012 | Minor updates for FY2013 (note about Access Validation report and corrected FinOps homepage links) | 1 & 3 |  |
| 12/19/13 | Updates to Contact Information | 6 |  |
| 5/11/15 | Updates for SSC implementation | All |  |
| 11/2016 | Updated links, contact info, and various clarification language was added | 1-5 |  |
| 11/2017 | Updated links and Added link to additional guidance on JE support submission | 1-5 |  |
| 10/2018 | Reviewed for FY19 updates – No changes noted |  |  |
| 11/2019 | Clarifying language, updated link to Journal Entry Training Guide | 3-8 |  |

Document Owner: [insert name], [insert title]

Administrative Owner: [insert name], [insert title]