NOTE: Any changes to process due to remote work should be documented in procedures.

FINANCE
UNIVERSITY OF MICHIGAN

SECTION: Financial Operations

SUBJECT: Processing of Journal Entries – Documented Procedures

APPLIES TO: All Direct General Ledger Entries

NOTE: This document has been revised as part of the Annual Internal Controls Update

Journal Entry (JE) Overview

Journal entries (JEs) 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 EBS and it's supported departments.. **JE Creator/requester should not be the JE Approver.**	EBS Financial Specialist, EBS Financial Analyst	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.
The following positions are authorized to approve journal entries for EBS and its supported departments. **JE Approver should not be the JE creator/requester. Contact Shared Service Center (SSC), accountingcustomerservice@umich.edu for assistance or help with separating duties.**	EBS Director, EBS Financial Analyst	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, they 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.*

Review the Access Validation Audit report located in Tableau to validate that all individuals with access to create and approve JEs is appropriate. -or- Review Access Validation report located in the compliance tab in M-Reports to validate that individuals with access to create and approve JEs directly in M-Pathways are appropriate.	EBS Director	***In Tableau, g***o to All Employees by Role tab Subject Area Description = Financial Role Name = GL Finops Journal User, GL Online Journal Entry User, GL Journal Entry Approver, and GL WF Sponsored Prgms Approver **In M-Reports,** Subject Area = Financial Security Roles – search GL, select FinOps Journal User, Online Journal Entry User, Journal Entry Approver and WF Sponsored Prgms Approver.
Review Approver Table Roles report, adjust if necessary, and ensure only appropriate approvers have access. ***NOTE:*** *Best practice is to have an alternate approver set up on the approver table.* ***NOTE:*** *Departments with more than one approver should have an approver table set up.*	EBS Director	The Approver Table Roles report can be found under the Mgmt Reports tab of M-Reports, under both Tableau and Finance. For department managers (or department contacts, with written department manager approval) the approver table allows unit to create departmental group approvers for single vouchers and journal entries. ***NOTE:*** *Must establish an approver table to have a backup approver.*
TRAINING		
Training must be completed before access is given to enter JEs in M-Pathways. The required My LINC course numbers are GLE102 – Working with Journal Entries and CFE101 – Introduction to Chartfields – The Basics.	EBS Financial Specialist, EBS Financial Analyst	Approvers are also encouraged to take appropriate training. For information on training classes, contact: EBS Director. JE Training Guide can be found under Resources on the Life Cycle of a Journal Entry webpage.
Monitor activity to ensure all JEs are processed by only properly trained individuals.	EBS Director	Units may provide additional department specific training [and should be documented in written procedures].

JUSTIFICATION AND APPROPRIATENESS		
Determine Appropriateness and Necessity 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?).	EBS Director, EBS Financial Specialist, EBS Financial Analyst	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).
Validate that the type of charge under consideration is consistent with the nature of the funding source and utilizes the appropriate class code.	EBS Director, EBS Financial Specialist, EBS Financial Analyst	See Fund Code for a summary of allowable and unallowable funds. For additional information on Class, including a complete list and definitions of all Class values, see the Class Code Definitions document under resources.
Validate the JE complies with university valid account guidelines for revenues and expenses and fund type as found on the Valid Account List for listing of valid accounts charges and allowability by fund and the Transfer Account Instructions and Matrix for listing of valid transfer account values and instructions.	EBS Director, EBS Financial Specialist, EBS Financial Analyst	See Journal Entries on the Financial Operations website for information regarding JEs. See the Journal Entry Training Guide (Page 17-20, Appendix B) attachment on the Financial Operations page for expenditure transfer information. See SPG 500.01, Fiscal Responsibilities for key fiscal responsibilities required by the university regarding basic guiding principles and required departmental controls. See the Rules and Compliance page for federal Uniform Guidance Procedures regarding restricted expenses on federal projects.
PROCESSING		
Process JE directly into M-Pathways via an upload attachment, direct online data entry, or Request a Journal Entry through the SSC.	EBS Financial Specialist, EBS Financial Analyst	Journal Entry Upload Templates for Excel for the most up to date template. See My LINC search for Journal Entry (JE) Resources for detailed instructions on the JE upload process and for detailed instructions on the online JE entry process.

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	EBS Financial Specialist, EBS Financial Analyst	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 Supporting a Journal Entry 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 or accountingcustomerservice@umich.edu • Campus Mail: Document Imaging 1000 Victors Way Ann Arbor, MI 48108	EBS Financial Specialist, EBS Financial Analyst	JEs affecting a Sponsored Project/Grant (with an initial Fund Code of 20000 or 25000) **require** supporting documentation JEs not affecting a Sponsored Project/Grant will not require supporting documentation unless: a. the department's internal controls require such support or b. the journal entry cannot stand on its own/is not self-explanatory See Journal Entry Support Submission or the Journal Entry Training Guide (pages 8-9) for additional guidance on JE support submission. Supporting documentation received by SSC Accounting Customer Service, or Sponsored Programs, is electronically imaged and retained in Document Imaging.

APPROVAL		
EBS and its supported departments use the following methodology to submit JEs for review/approval: electronic upload/routing	EBS Financial Specialist, EBS Financial Analyst	
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 and utilizes the appropriate class code Any changes are noted on the JE and returned to JE Creator or Requestor for corrections and resubmission.	EBS Director	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, they 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. See Supporting a Journal Entry for Obtaining Department Approvals.
Once JE has departmental approval, the system routes all JEs containing sponsored activity to Sponsored Programs for final approval.	EBS Director	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.	EBS Director	Report can be found under the Mgmt Reports tab in M-Reports. ***NOTE:*** *SSC runs this report before month close and notifies the requestor if the journal has not yet posted.*
JE SUBMISSION/POSTING		
Select the "Post Journal" option in the process drop down menu in M-Pathways to post the journal.	EBS Financial Specialist, EBS Financial Analyst	Contact SSC Accounting Customer Service for assistance in resolving budget errors with non-Sponsored Chartfield combinations and the Sponsored Programs Customer Service

***NOTE:** The process will run automatically overnight, however it is recommended to run the process as soon as journal has been loaded.*		Coordinator for Sponsored Chartfield combinations.
MONITORING		
Units should 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.	EBS Director	Report can be found under the Mgmt Reports tab of M-Reports.
Monitor JE activity and compare to expected/recurring JEs for reasonableness.	EBS Director	Use Business Objects Query FN03 JrnlDetail Journal Count by 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
- SSC Contact Center: 734-615-2000 (Prompt #3 & Prompt #4)

Related Standard Practice Guides:

- SPG 500.01 Fiscal Responsibilities

Record of Revisions:

Date of Issue	Description of Change	Page(s) Affected	Approved By
10/30/2008	Original template created	All	Eric Sortor
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	
11/2020	Added note	6	
12/2021	Updated link, Document Imaging Address, added language about appropriate class code	3, 5, 6	
11/2022	Clarifying language	3-4	
12/2023	No changes		
12/2024	No changes		
11/2025	Added Access Validation in Tableau, updated links per Accessibility Quick Tips, added reference to creator/approver not being same person, added information about Approver Tables	All	

Document Owner: Executive Business Services (EBS) and its supported departments
Administrative Owner: Executive Business Services (EBS)