



## **Journal Entry Procedure**

---

**Issued: December, 2007**

**Updated: June, 2014**

### **BACKGROUND**

A journal entry is a mechanism for posting accounting transactions to the General Ledger (GL) in FMS. Unlike typical transactions posted to the GL, journal entries are made when a transaction does not post through a module that supports the GL (e.g., Accounts Payable, LCD). Journal entries are typically used for adjustments, transfers, or other approved purposes (for details on transfers, see the Cost Transfer Procedure). In general, journal entries should be made within 90 days of the transaction date. Although journal entries should not be used frequently, they fulfill an important need to maintain accurate financial reporting. This procedure outlines the process by which a journal entry is made for sponsored projects.

### **ROLES AND RESPONSIBILITIES**

#### **Office of Research and Sponsored Programs (ORSP)**

- **Grants Administrator (GA)**
  - Completes the Journal Entry Adjustment/Transfer Form (Journal Entry Form) which initiates the journal entry process.
- **Grants Support Coordinator (GSC)**
  - Assists with completing the Journal Entry Form.
- **ORSP Director**
  - Approves all journal entry requests.

#### **Fiscal Affairs**

- **Fiscal Affairs Accountant (FAA)**
  - Processes the Journal Entry Form in FMS and documents the journal entries created in a file.
- **Fiscal Affairs Assistant Controller**
  - Reviews all Journal Entry Forms for ORSP and distributes the journal entry to the FAA to process.

### **PROCEDURE**

#### **A. Grants Administrator**

1. Before making the journal entry, reviews the proposed transaction for the following information:
  - a. Entry is allowable, allocable, and reasonable

- b. Project is active
  - c. Receiving project has adequate funds
  - d. If necessary, discusses the transaction with the PI to identify the project to which the expense should be charged. If this journal entry is made for an expense that has already been posted to a sponsored project account, see the Cost Transfer Procedure for instructions.
2. Opens a copy of the **Journal Entry Adjustment/Transfer Form** (located at the Fiscal Affairs Accounting website):

[http://fiscaff.sfsu.edu/sites/sites7.sfsu.edu.fiscalaffairs/files/forms/excel/journal\\_upload\\_template\\_0](http://fiscaff.sfsu.edu/sites/sites7.sfsu.edu.fiscalaffairs/files/forms/excel/journal_upload_template_0)

3. For each journal line on the Journal Entry Form, the GA completes the following fields:
- a. Account number (6 digits)
  - b. Fund number (5 digits)
  - c. Department number (4 digits)
  - d. Project identification number (8 digits)
  - e. Amount to be transferred (expressed as positive or negative value)
  - f. Journal line description
  - g. Type of adjustment
4. An explanation of the transaction is provided by the GA in the questions field at the bottom of the Journal Entry Form. The individual initiating the journal entry is responsible for answering the questions.
5. If the Journal Entry Form is accurate and the transfer explanation is justified, the GA prints a hard copy of the Journal Entry Adjustment/Transfer Form and gives it to the ORSP Director to review and approve.

**Note: Depending on the GA's workload, the GSC may complete a Journal Entry Form for the GA. In this case, the GSC will give the completed and initialed copy of the journal entry form to the GA to review and give to the ORSP Director for approval.**

#### **B. ORSP Director**

1. The ORSP Director reviews all journal entries for allowability which are over 90 days and/or over \$20,000.
2. If the ORSP Director finds that the transfer is not allowable, the justification not adequate or back-up documentation is necessary, the ORSP Director gives the transfer form to the GA to make any changes or contacts the PI to correct any deficiencies.
3. If the journal entry is approved, the ORSP Director signs the Journal Entry Form and returns the form to the GA.

#### **C. Grants Administrator**

1. Obtains the Journal Entry Form from the ORSP Director and confirms that it is signed.
2. Makes a photocopy of the Journal Entry Form to be placed in the award file.

3. Places the form in the “out box” to be sent to Fiscal Affairs Accounting.

**D. Fiscal Affairs Assistant Controller**

1. Obtains the Journal Entry Form from ORSP.
  - a. Reviews the form to check that the ORSP Director has approved it.
  - b. Distributes the journal entry to an FAA to process (assigned based on rotation and/or workload).

**E. Fiscal Affairs Accountant**

1. When the Journal Entry Form is received from the Fiscal Affairs Assistant Controller, verifies the form is signed and approved by ORSP.

Note: The FAA also determines if the journal entry is for an expense that is more than 90 days old. If so, the FAA contacts the Controller to determine if an exception should be made to the 90 days policy.

2. Enters the journal entry into FMS.
  - a. Logs into FMS in the “Production” mode. Completes the following steps to upload the Journal Entry/Adjustment Form (*If the form was sent as hard copy, the FAA e-mails the GA to obtain the electronic copy to upload, or copies the information into an empty electronic copy to upload*):

[http://fiscaff.sfsu.edu/sites/sites7.sfsu.edu.fiscalaffairs/files/forms/excel/journal\\_upload\\_template\\_0.xls](http://fiscaff.sfsu.edu/sites/sites7.sfsu.edu.fiscalaffairs/files/forms/excel/journal_upload_template_0.xls)

- i. Select Journal Entry
    - ii. Select Journal
    - iii. Select Input Data
    - iv. Select Find External File
  - b. The FAA browses for the completed Journal Entry/Adjustment Form and selects the file.
    - i. Select Upload
    - ii. Select Run
    - iii. Select Ok
    - iv. Select Process
3. Once the journal is entered into FMS, the FAA prints a copy of the completed transaction, signs the Journal Entry Form and files the journal entry in the appropriate journal folder.

**RELATED DOCUMENTS**

- [Journal Entry Adjustment/Transfer Form](#)
- [Cost Transfer Procedure](#)