

Responsible University Officials:

- University Finance Leads

Responsible Offices:

- University Finance

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Manual General Ledger Journal Entry – Policy and Procedure

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1. Policy Statement

This document defines the policies and procedures that ensure all manual journal entries recorded in the general ledger are properly prepared, reviewed, approved, recorded in accordance with generally accepted accounting principles, and stored in a uniform and consistent manner for easy accessibility.

All Vanderbilt employees responsible for preparing, entering, or approving journal entries must be knowledgeable of journal entry policies and procedures. In addition, journal entry approvers must possess an appropriate level of Vanderbilt financial knowledge.

2. Scope

This policy applies to all Vanderbilt employees involved in the creation, processing, approval, and recording of manual journal entries. This policy excludes journal entries that are system generated and posted automatically to the general ledger. This policy defines: 1) the process and tools for uploading and posting journal entries to the General Ledger 2) support documentation requirements and 3) documentation retention rules.

3. Definitions

General Ledger – The General Ledger contains all Vanderbilt financial transactions. Currently, the general ledger (system of record) is McCormick and Dodge.

Journal Entry – A journal entry records financial transactions in the general ledger. Vanderbilt utilizes the double entry accounting system, thus there are always both debit and credit journal entry lines and the total debits must equal the total credits.

Journal Entry Template - All journal entries must be prepared using the journal entry template located on the Finance website (https://finance.vanderbilt.edu/accounting/JE_SHELL%205%205%2014.xls). Detailed instructions for inputting information into the template are within the journal entry template excel file.

Supporting Documentation– Supporting documentation consists of source documents, supportive calculations, and/or other items necessary to substantiate the accuracy and appropriateness of a journal entry. All journal entries are required to have supporting documentation. Supporting documentation must be stored and available at the time the preparer submits the journal entry template for approval. Typical supporting documents include, but are not limited to, general ledger reports, worksheets with supportive calculations, copies of source documents such as check requests, purchase requisitions, travel expense reports, third party reports/statements, or related emails.

Approval Matrix – The approval matrix outlines the minimum required approval level based on journal entry type and journal entry amount (Appendix A).

Manual Journal Entry Types – There are seven types of manual journal entries:

- A. Federal Contract or Grant Entry – A journal entry that affects a Federal contract or grant related center. Given the regulatory requirements associated with federal contracts and grants, additional measures and documentation is required for federal contract and grant related general ledger entries. These entries involve Fund 4 (i.e. a center beginning with a “4”), have an award type of “C” or “G” and a federal flag of “Y”. A federal contract or grant center can, in most cases, be identified by the center range between 4-XX-XXX-0001 and 4-XX-XXX-5499 (excluding internally designated centers 4-XX-999-XXXX and 4-XX-888-XXXX).
- B. Estimate Entry – A journal entry requiring subjectivity or judgment to calculate. These entries typically impact bad debt reserves, paid time off (PTO) reserves, workers compensation reserves, actuarial liabilities and other estimates or reserves.
- C. Accrual/Deferral Entry – A journal entry that impacts accounts payable, other accrued liabilities, or deferred revenue. Examples include entries to recognize expenses incurred but not recorded, entries for compensation earned but not recorded, and tuition revenue received but not earned.
- D. Investments Entry – A journal entry primarily made by the Office of Investments or Central Finance areas that includes accounts that roll up to investments or investments in minority interests.
- E. Debt Entry – A journal entry primarily made by the Treasury Department or Central Finance areas that includes accounts that roll up to commercial paper, interest rate exchange agreements or long-term debt.
- F. Internal Entry – A journal entry that reflects internal activity, transfers, reclassifications, or corrections and has no consolidated impact. These entries include:
 - a. funding transfers performed in compliance with the "Funding Transfers" P&P;
 - b. distributions of shared revenues/expenses;
 - c. reclassifications/corrections of accounts, centers, or funds; and
 - d. other internal transactions that do not affect consolidated net assets. (i.e. these entries have no impact on the consolidated total fund balance)
- G. All other entries affecting net assets – A journal entry affecting net assets not previously defined.

Automated/System Generated Entry – A journal entry that is generated and submitted to the general ledger through an interface with a subsidiary application/ledger (e.g. Human Resources, Accounts Payable, Payroll, Treasury, etc.).

Preparer – The individual who creates the journal entry and compiles the supporting documentation. The preparer is responsible for uploading and archiving both the journal entry and supporting documentation into the designated storage medium. The preparer also submits the entry to the general ledger coordinator for upload.

Approver – The individual who is responsible for reviewing the journal entry template and supporting documentation for validity, accuracy, and completeness prior to approving for posting it into the General Ledger.

General Ledger Coordinator – The individual responsible for confirming the appropriate person approved the journal entry submittal (i.e. journal entry template and supporting documentation). This person is responsible for uploading the completed journal entry template into the general ledger.

4. Policy

- a) Journal entries are required to have an approver that is different from the preparer.
- b) The journal entry preparer is required to submit the completed journal entry template and supporting documentation to the designated approver for approval.
- c) Journal entries must be approved in accordance with the journal entry approval matrix.
- d) Evidence of journal entry approval is required to be in the form of a written signature or electronic approval via email.
- e) Approved journal entries and supporting documentation are required to be archived and stored electronically by the preparer in a designated storage location for easy accessibility.
- f) All journal entries initiated from the Office of Contract and Grant Accounting (OCGA) are required to comply with the specific regulatory guidelines from the respective governing entities. Related policies are located at <http://www.vanderbilt.edu/ocga/vupolicies/vupolicies.htm>.

5. Journal Entry Activity Responsibility Matrix

The table below lists key journal entry activities and the responsible parties.

Activity	Preparer	Approver	General Ledger Coordinator
Prepare journal entry template & supporting documentation	✓		
Save supporting documentation in assigned location	✓		
Submit journal entry for approval	✓		
Review journal entry template and supporting documentation		✓	
Approve journal entry		✓	
Submit journal entry to the General Ledger Coordinator	✓		
Upload journal entry to general ledger			✓
Email confirmation of the journal entry upload to preparer and approver			✓

Add JEID to JE template	✓		
Archive journal entry in assigned location	✓		

Appendix A: Manual Journal Entry Approval Hierarchy

Vanderbilt University

Manual Journal Entry Approval Hierarchy (select first category that applies to entry)

This does not cover system generated or programmed JE's (prorate tables are covered under separate policy)

Risk (1 = Low; 4 = high)	Type Ref	Type Name	Minimum Approval Level (Based on Total Debits or "Control Total" of JE)				
			Senior Accountant; Administrative Officer	Finance/Accounting Manager	Sr. Acct Manager; School Business Officer; Asst Finance Director	Asst Controller; Finance Director; Assoc Finance Director	Asst VC; Assoc VC; VC or Specific Delegate
	A	Entries including any contract or grant center See Note (1)	<i>Note (1)</i>				
	B	Entries impacting reserves (A/R; accrual reserves; vacation liab; deferred rev; self-ins liab; split-int liab) See Note (2)	N/A	N/A	\$0-\$500k	\$500k-\$5M	>\$5M
	C	Entries impacting accruals (Accounts payable and accrued liabilities; Accrued compensation and withholdings) and deferrals (Deferred revenue) See Note (3)	\$0-\$50k	\$50k-\$500k	\$500k-\$2M	\$2M-\$20M	>\$20M
	D	Entries impacting Investments (Investments; Investments allocable to noncontrolling interests) See Note (4)	N/A	N/A	\$0-\$50M	\$50M-\$200M	>\$200M
	E	Entries impacting Debt (Commercial paper; Long-term debt and capital leases; Fair value of interest rate exchange agreements) See Note (5)	N/A	\$0-\$50M	\$50M-\$100M	N/A	>\$100M
	F	Entries reflecting internal activity, transfers, reclassifications, or corrections having no consolidated impact. Includes funding transfers, inter-divisional transactions and allocations, and reclasses between centers, accounts or divisions. See Note (6)	\$0-\$50k	\$50k-\$250k	\$250k-\$1M	\$1M-\$10M	>\$10M
	G	All other Entries (impacting net assets)	\$0-\$50k	\$50k-\$250k	\$250k-\$1M	\$1M-\$10M	>\$10M

Note (1) All entries > \$3,000 that impact any federal contract or grant center must be approved by a member of the OCGA. A cost transfer (a transfer of an existing expenditure from one federal project to another federal project) must follow the Cost Transfer Policy and be approved by OCGA.

Note (2) Account numbers include 14500/14510 Reserve for Bad Debt; 26050/26080/26090/26200 Health & audit reserves; 24030 Vacation reserves; 23040 Def Rev Act Fee reserve; 25375/25380/25385 W/C reserves

Note (3) Account numbers include 20XXX, 21XXX, 23XXX, 24XXX, 25XXX, 26030, 27XXX (except for those specific accounts listed elsewhere)

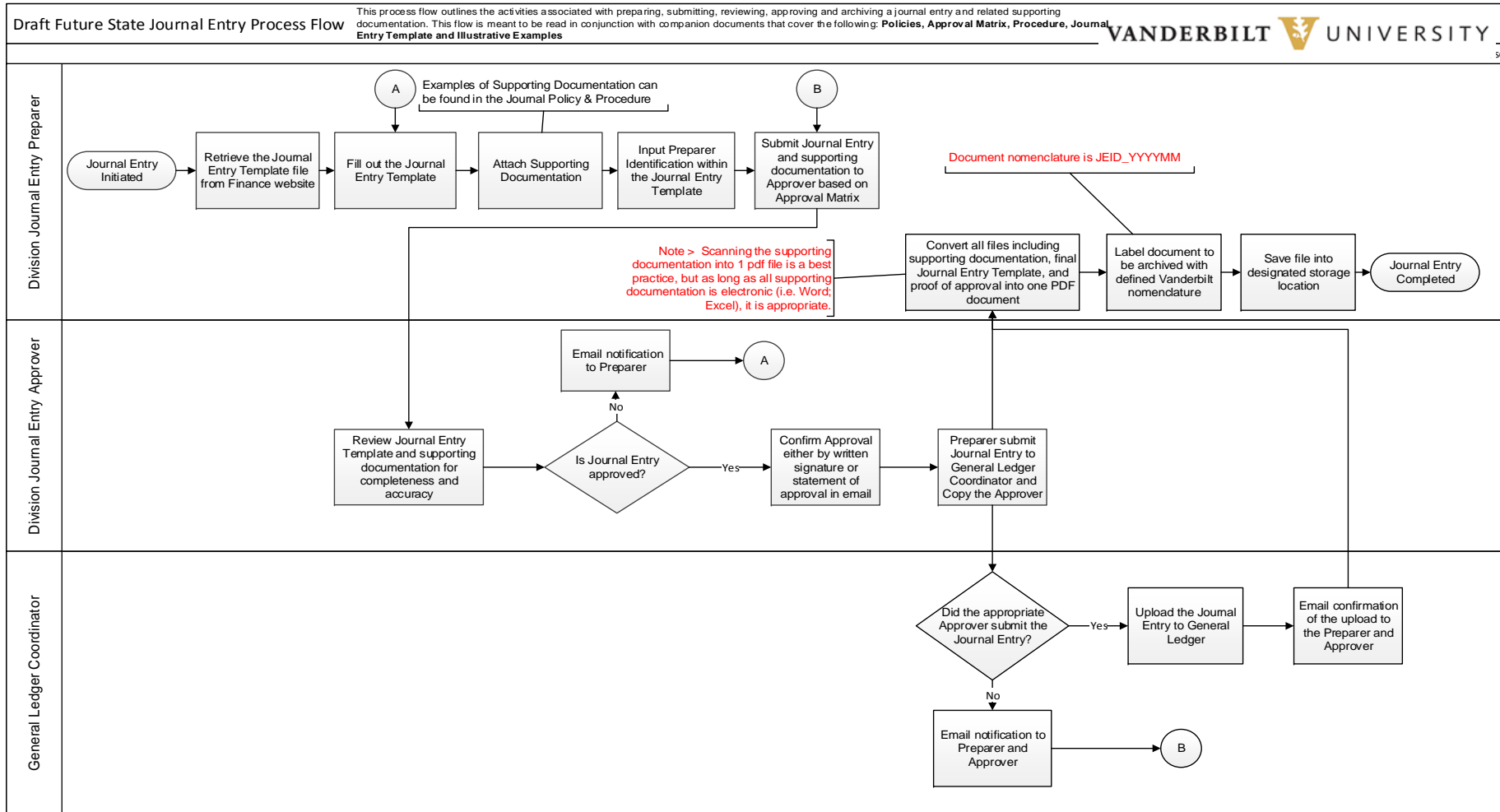
Note (4) Account numbers include 12XXX accounts

Note (5) Account numbers include 20520, 20530, 28050, 28055, 28100, 28200, 28300, 28400

Note (6) These entries include transactions that do NOT impact net assets/fund balance, but reflect movement between income statement accounts or movement between balance sheet accounts. Some examples include: funding transfers done in compliance with the "Funding Transfers" P&P; internal activity transactions done in compliance with the "Intercompany Transactions and Allocations" P&P; distributions of shared revenues/expenses; and reclassifications/corrections of accounts, centers, or funds.

Appendix B: Manual Journal Entry Procedures Process Flow

The flowchart below outlines the activities associated with the manual journal entry process.



This process flow outlines the activities associated with preparing, submitting, reviewing, approving and archiving a journal entry and related supporting documentation. This flow is meant to be read in conjunction with companion documents that cover the following: Policies, Approval Matrix, Procedure, Journal Entry Template and Illustrative Examples

Appendix C: Manual Journal Entry Template

Vanderbilt Uni	Corp	JEID	EFF Date	TT	RS	Journal Description	Dr / Cr Control
Finance	123						Check (Should be 0)
JE Upload Shell	EH	G-D-C	Control Amt	Reviewer		Source (LastName+1st Init)	0.00
	A	G	0.00				

Journal Entry Purpose:

Show Line
Comments

Hide Acct
Descr

	Acct	Center	D/C	Amt	SLID	SLAC	Description	Additional Description	Account Description
1									