

Journal Entry – Policy

Date Effective
January 2018

Responsible Administrator: Vice Chancellor for Finance and Chief Financial Officer
 Responsible Office: Controller’s Office
 Policy Contact: Assistant Controller

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1. Policy Statement

This document defines the policy to ensure all general ledger journal entries are properly prepared, reviewed, approved and 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 the journal entry policy. 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 general ledger journal entries. This policy excludes journal entries that are sub-ledger generated and posted automatically to the general ledger.

3. Definitions

General Ledger - The general ledger contains all Vanderbilt financial transactions. Currently, the general ledger (system of record) is Oracle. Information from the general ledger is used by Vanderbilt to analyze, report, and monitor the results of the business.

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.

General Ledger Journal Entry Spreadsheet – The general ledger journal entry spreadsheet is used to prepare and upload entries to the general ledger.

Supporting Documentation (specifically for Journal Entries) – Supporting documentation consists of source documents, supportive calculations, and/or other items necessary to substantiate the accuracy and appropriateness of a journal entry. 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.

Sub-ledger 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 populates the journal entry spreadsheet and compiles the supporting documentation. The preparer is responsible for submitting the journal entry to the approver for upload.

Approver – The individual who is responsible for reviewing the journal entry spreadsheet and supporting documentation for validity, accuracy, and completeness prior to approving and posting to the General Ledger. Business entity approvers and members of central finance approve all entries.

4. Policy

a) Journal entries are allowed for the following:

- 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.
- Accrual/Deferral Entry – A journal entry impacting accounts payable, other accrued liabilities, or deferred revenue. Examples include entries to recognize expenses incurred but not yet paid, entries for compensation earned but not yet paid, and tuition revenue received but not yet earned.
- Investment Entry – A journal entry primarily made by the Office of Investments or Central Finance areas to properly reflect the university's investments position.
- Net Asset Transfers – A journal entry transferring net asset reserves (to move cash) between entities within the same net asset class (e.g. unrestricted) on a quarterly basis.

b) Journal entries are not allowed for the following:

- Moving Charges – A journal entry to move revenues/expenses between accounts, financial units, programs or activities. Corrections must be made in the source sub-ledger by the team responsible for that sub-ledger. Financial unit managers must approve ALL transactions charged to their financial units and are responsible for ensuring transactions are processed correctly before approval. Only material corrections (in general those >\$10k) will be processed at the discretion of the Controller's Office.

- Cash Entry – A journal entry impacting cash between the university and an external party. The Cash Module within Oracle should be used to record cash received. The Oracle Expense Module should be used to reimburse employees for out-of-pocket expenses and the Oracle Payables module to disburse funds to external parties.
 - Accounts Receivable Entry – A journal entry to bill an external party for services or goods provided. The Accounts Receivable Module within Oracle should be used to record accounts receivable transactions.
 - Intercompany Entry – A journal entry to bill and internal party for services or goods provided. The Intercompany Transactions Module (ICT) should be used to record charges between internal parties.
- c) Journal batches and journal IDs naming convention should be VUNetID_Date_# (e.g. smithj_12312017; smithj_12312017_1; smithj_12312017_2).
- d) Supporting documentation must be attached within Oracle and available at the time the preparer submits the journal entry for approval. The file name for attached support should match the journal ID (e.g. smithj_12312017)

5. Journal Entry Activity Responsibility Matrix

Activity	Preparer	Approver
Prepare journal entry spreadsheet & supporting documentation	✓	
Submit journal entry and support for approval	✓	
Review journal entry spreadsheet and supporting documentation		✓
Approve and upload journal entry and support to Oracle		✓

6. Appendix A: Manual Journal Entry Template

An example journal entry with detailed instructions for inputting information into the spreadsheet can be located on the SkyVU website policy.

ORACLE Create Journal

* Required **At least one is required

If any rows on the worksheet have an Insert failed status, none of the rows are loaded to GL Interface table.

Data Access Set: Vanderbilt US
Journal Description: ← Use VUNetID and date (eg. smith_123117). Limited to 240 characters.
Ledger: ← Select "Vanderbilt US" from drop-down.
Accounting Date: ← Journal Entry effective date (no prior period dates).
Adjusting Period: N/A
Worksheet Status: N/A

Group ID: 300000012441462
Source: Spreadsheet
Category: Adjustment
Reversal Period: ← To reverse entry in later period, select appropriate period from drop-down.
Reversal Date: ← Enter the first day of the period in which they want the journal to reverse.
Reference Date: N/A
Journal Validation Status: N/A

Total Entered Debit: 200,000.00
Total Entered Credit: 200,000.00
Total Accounted Debit: 200,000.00
Total Accounted Credit: 200,000.00

Journal Lines

System field	System field	*Entry [..]	*NetAssetClass [..]	*Financials [..]	*Account [..]	*Program [..]	*Activity [..]	*InterEntity [..]	*Future1 [..]	*Future2 [..]	*Currency
Changed	Row Status	110	05	11000	2020	000	000	000	0	0	USD
		140	05	14000	2020	000	000	000	0	0	USD

Use Chart of Accounts to determine what should be input here.

Enter "000". System will automatically add InterEntity true. These will be zero (0). Use the drop-down to always select USD currency.