

ADMINISTRATIVE POLICY

Journal Entries (Manually entered in the General Ledger)

Approval Authority: Vice Chancellor for Finance, Information Technology and CFO

Responsible Administrator: Controller

Responsible Office: Finance

Policy Contact: Director of Accounting and Financial Reporting

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January 2018

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effective as of:
July 2023

POLICY STATEMENT/REASON FOR POLICY

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.

THIS POLICY APPLIES TO

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.

POLICY**A. Journal entries are allowed for the following:**

1. Estimate Entry - A journal entry requiring subjectivity or judgment to calculate. These entries typically affect bad debt reserves, paid time off (PTO) reserves, workers compensation reserves, actuarial liabilities and other estimates or reserves.
2. Accrual/Deferral Entry - A journal entry affecting accounts payable, other accrued liabilities, or deferred revenue. Examples include entries to recognize expenses incurred but not paid entries for compensation earned but not paid, and tuition revenue received but not earned.
3. Investment Entry - A journal entry primarily made by the Office of Investments or Central Finance areas to reflect accurately the university's investments position.
4. Net Asset Transfer Entry - 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. Reference [Funding Entries Policy](#).

B. Journal entries are NOT allowed for the following:

1. 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.

2. Cash Entry - A journal entry impacting cash between the university and an external party. The Cash Module with in 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.
3. 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.
4. Intercompany Entry - A journal entry to bill an internal party for services or goods provided. The Intercompany Transactions Module (ICT) should be used to record charges between internal parties.
5. Journal batches and journal IDs naming convention should be VUNetID_Date_# (e.g. smithj_12312017; smithj_12312017_1; smithj_12312017_2).
6. 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).

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 financial results of the university.

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.

CONSEQUENCES OF NON-COMPLIANCE

Journal entries will not be posted to the General Ledger and Entity financial statements will not reflect appropriate amounts. Access to the General Ledger may be revoked.

ADDITIONAL CONTACTS

Subject	Contact	Office	Phone
Journal Entries	Finance	Accounting	(615) 343-6601

HISTORY

Issued: January 2018
Reviewed: June 2023
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