

Regulations of the University of North Texas System	Chapter 08
08.8000 Journal Entry Review and Approval and Adequacy of Supporting Documentation	Fiscal Management

08.8001 **Regulation Statement.** All journal entries created by the University of North Texas System must be properly prepared, reviewed, supported, and approved by management prior to recording in the financial system to ensure that journal entries are processed in accordance with Generally Accepted Accounting Principles.

08.8002 **Application of Regulation.** System Administration and Institutions.

08.8003 **Definitions.**

1. **Chart of Accounts.** “Chart of Accounts” means accounts used for recording transactions within the General Ledger.
2. **General Ledger.** “General Ledger” means the official financial system used to record, summarize, and report financial data for System Administration and Institutions.
3. **Journal Entry.** “Journal Entry” means the recordation of a business transaction or adjustment used to book amounts for assets, liabilities, net position, revenues, expenses, cash transfers, and cost share.
4. **Segregation of Duties.** “Segregation of Duties” means an internal control designed to prevent error and fraud so that a key process or task is completed by more than one individual.

08.8004 **Procedures and Responsibilities.** UNT System shall implement the following processes with regard to the preparation, review, and authorization of journal entries.

1. **Journal entries shall be processed in accordance with Generally Accepted Accounting Principles (GAAP) and reflect the nature of the underlying transaction.**

Journal entries shall be appropriately prepared, supported by sufficient documentation, reviewed for completeness and accuracy and approved by the appropriate personnel.

Journal entries fall into two categories - (1) system generated journal entries and (2) manual journal entries. The system generated journal entries are typically handled through subsidiary systems such as Payroll, Accounts Payable, Accounts Receivable, etc. Manual journal entries are prepared for specific circumstances such as correcting (i.e. adjusting) previously posted transactions in the General Ledger, posting transactions created in subsidiary systems that do not interface with the General Ledger, transferring funding sources, processing internal billing between departments within the same institution, distributing central charges, entering accruals for income and expense, reclassification of income and expense, recording allowance for bad debt, recording non-cash transactions, etc.

Internal and external accounting guidance relating to major types of non-routine events and transactions should be managed, updated, and easily accessible. Accounting treatment for significant non-routine events and transactions (including those requiring the use of accounting estimates and judgment in the selection and application of accounting principles) should be researched, analyzed, documented, updated, and communicated by knowledgeable staff to management prior to making any decisions that would impact the financial statements.

Responsible Party: UNT System Accounting and Financial Reporting Departments

2. Preparation, review and authorization of journal entries.

Journal entries should be created and approved by staff knowledgeable of the following:

- journal entry policy and procedures
- guidelines related to expenditure of funds
- chart of accounts

The journal entry preparer is responsible for the following:

- gathering supporting documentation that supports the need for the transaction and accuracy of the transaction

- understanding why the journal entry is being created and that it properly balances (i.e. debits must equal credits within each business unit and in total for UNTS)
- documenting the journal entry as needed to ensure a historical record exists for the posted transaction
- seeking approval of the journal entry in a timely manner to ensure the transaction is posted to the General Ledger timely and in the correct accounting period

Journal entries shall be approved by knowledgeable staff to reasonably ensure that financial transactions are complete, accurate, and reliable, and are in compliance with applicable policies, procedures, regulations, and restrictions. Manual journal entries that are uploaded to the system should be authorized by an appropriate approver. To maintain adequate Segregation of Duties, the individual approving the journal entry cannot be the same person who prepared the journal entry.

Individuals that review and approve journal entries should ensure:

- The transaction is reasonable, accurate and appropriate based on the journal entry description, accounts and supporting documentation
- The account numbers are appropriate
- The journal entry amounts agree to the supporting documentation
- The journal entry is appropriate based on the reviewer's knowledge of the business
- The amounts supporting the journal entry are mathematically correct
- The support for the journal entry is valid and reliable
- The preparer either initialed or signed the manual journal entry

The transaction must be recorded in the General Ledger on a timely basis, in the correct accounting period, and evidence of the approval must be maintained in the system. Periodic monitoring of approval activity should be conducted to ensure that only authorized individuals approve journal entries.

Responsible Party: UNT System Departments preparing journal entries, UNT System Accounting Department, and UNT System Financial Reporting Department

3. Journal entries shall be entered and approved in a timely manner.

Journal entries should, if possible, be prepared, reviewed, supported, and approved by the appropriate cutoff date as published by the accounting and

financial reporting office. Journal entries that are complete, deemed appropriate, and received by the cutoff date will be reviewed by the appropriate accounting and/or financial reporting personnel, uploaded to the system, and posted to the General Ledger. Journal entries submitted past the cutoff date or that are not received in “good order” will be processed in the following month.

Responsible Party: UNT System Accounting and Financial Reporting Departments

4. Journal entries require supporting documentation.

All journal entries submitted above \$5,000 shall include appropriate supporting documentation. The documentation shall fully support the need and accuracy of the transaction. The journal entry shall include a clear, self-explanatory description that is reasonable in nature and sufficient enough to allow for an independent reader to understand why the journal entry is required. Documentation for all journal entries less than \$5,000 shall be retained within the department creating the journal entry.

Supporting documentation shall be submitted either electronically or in hardcopy form with the manual journal entry. In those instances where the documentation is cumbersome in nature or is not easily attachable, a detailed explanation should be included with a reference to the location of the documentation. All supporting documentation shall be retained per UNT System’s Records Management and Retention policy.

Responsible Party: UNT System Accounting and Financial Reporting Departments

References and Cross-references. N/A

Forms and Tools.

Journal Entry template - manual journal entry template with UNT System specific macro for proper processing

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Revised: