

FAS Journal Entry Best Practices

Overview

All manual, electronic ADI spreadsheet and systematic journal entries >=\$100,000 created at the Faculty of Arts and Sciences (FAS) are to be reviewed and approved by the appropriate level of personnel (i.e. peer or supervisor). Evidence of the review to be retained by the Department that uploaded the entry. Current business practices at FAS allow for this review to occur before or after journal entry is posted.

This review is done to ensure

- proper segregation of duties,
- the documentation is adequate and sufficient, and
- the journal entry is complete, accurate and recorded in the proper period.

This control is intended to detect any incorrect or inappropriate journal entry that may be recorded to the general ledger.

Journal Review

Preparation and approval of journals must be done by different individuals, with different levels of seniority. When duties cannot be sufficiently segregated due to the small size of a department, review may be performed by a peer.

A journal entry must be prepared in accordance with and reviewed for the following criteria;

- **Re-performance Standard** – An individual could recreate the journal entry solely based off the supporting documentation.
- **Complete and Accurate** – This includes but is not limited to;
 - Proper 33-digit coding strings are being used, particularly Object Code
 - Expenditures comply with Fund or Sponsors terms
 - The journal entry is properly referenced, supporting documentation is attached and the amounts/accounts are accurate and tie out to the support.
- **Reasonable** – The amounts are reasonable based on the support.
- **Appropriate** – The journal entry is appropriate to the specific accounts based upon fund requirements, General Ledger codes and FAS/University policies.
- **Timely** –The journal is processed within a reasonable time frame and posted to the proper period

FAS Journal Entry Best Practices

Procedures

Journals Posted within Tub/Department Responsibility

A journal entry is prepared, along with supporting documentation** and is uploaded in accordance with local policies and procedures.

Following the month-end close, each person who has uploaded a journal \geq \$100,000 runs the Journals General dashboard in OBI. (The dashboard should be run by HUID for Manual, Spreadsheet, Allocation and Recurring journal entries \geq \$100,000 and printed in PDF format).

- The journal uploader signs and dates the dashboard - either electronically (Adobe Acrobat Pro) or manually and forwards, with supporting documentation, to their designated peer or supervisor for review.
- The reviewer, signs and dates the Journals General dashboard – either electronically (Adobe Acrobat Pro) or manually. The signed copy of the Journals General dashboard and supporting documentations should be made available to the FAS Finance Office upon request. FAS will perform audits at monthly intervals to verify documentation is following University Standards.

Appropriate supporting documentation includes Transaction Listings (preferably using TLX format) and/or other system generated reports, spreadsheets with supporting calculations, emails, third-party reports, etc. **At least one of these types of support is required.

Note: It is the responsibility of the Tub/Department to retain a copy of journal entries and supporting documentation, as well as, the signed Journals General report (electronic or hardcopy).

Journals Posted outside Tub/Department Responsibility (excluding Finance Office)

For Journals prepared by:

- Tub/Department: A journal is prepared and forwarded to the FAS Finance Office
- The preparer is responsible for retaining supporting documentation** locally.
- FAS will perform audits at monthly intervals to verify documentation is following University Standards

Appropriate supporting documentation includes Transaction Listings (preferably using TLX format) and/or other system generated reports, spreadsheets with supporting calculations, emails, third-party reports, etc. **At least one of these types of support is required.

Documentation and Record Retention

Journal entries should have supporting documentation** that explains the rationale and substantiates the amount of the journal to a standard that would enable a reviewer to recreate the journal and understand its purpose. Documentation must also be clearly labeled and should be understandable to the reviewer or any other person inquiring about the entry.

FAS Journal Entry Best Practices

- Non-Sponsored documentation must be kept readily available on file for audit, either electronically or hardcopy, for four fiscal years.
- Sponsored documentation should be retained for a minimum of seven years after the project end date or as determined by the awarding sponsor.
- Record retention University Guidelines can be found at <https://grs.harvard.edu>.

Appropriate supporting documentation includes Transaction Listings (preferably using TLX format) and/or other system generated reports, spreadsheets with supporting calculations, emails, third-party reports, etc. **At least one of these types of support is required.

Tools

Application Desktop Integrator (ADI)

The Application Desktop Integrator (ADI) allows users to enter journal entries into Microsoft Excel and export these entries into the General Ledger. FAS uses ADI to prepare and upload journal entries (refer to Appendix A).

To learn about how the ADI journal process works please visit the Harvard Training Portal and review the following trainings:

- [Create an ADI Journal Worksheet](#)
- [Upload an ADI Journal Worksheet](#)
- [ADI Troubleshooting Guide](#)
- [Populate an ADI Journal Worksheet](#)
- [TLX tools](#)

TLX is a macro-based worksheet, which is used with the OBI Transaction Listing dashboards to review, edit, and correct transactions. The macro will allow a user to make edits to transactions and upload changes into an ADI Spreadsheet that is then uploaded into the General Ledger. *Use is strongly recommended for journal entries.*

A link to the TLX Spreadsheet and ADI template can be found at <https://finance.fas.harvard.edu/>

Helpful Links

[TLX Macro Spreadsheet v4.5.1 \(2/6/18\)](#) ←

[TLX Instructions](#)

[Web ADI Journal Template 6/27/18](#) ←

[FY17 Staff Mobile Phone Policy](#)
(Effective 9/1/16)

[FAS Exception Request Form](#)

FAS Journal Entry Best Practices

APPENDIX A: Completing ADI Template

| Cell Name | Best Practices | FAS Recommendation and Tips |
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| Category | Consistency is key! Select the category which will identify the purpose of the journal. Most journals should use "Adjustment." | FAS recommends the following categories: <ul style="list-style-type: none"> ○ "Adjustment"- Change coding (most commonly used) ○ "Internal Billings" - Cross tub charges for services ○ "Accrual" - Monthly and quarterly accruals (AP, AR, PPD) – To help identify entries that need to be reversed. |
| Accounting Date | Date you upload the journal, or the last date of the month to which you want the journal posted (if using the days in the monthly close, i.e. first 4 days of following month). | Be careful when preparing journals in June, July, and August to use the right period. During these months, two fiscal years are open. Be sure to select the right accounting period. |
| Group ID | Group ID is the preparer's 5-digit phone number (no hyphen). | Group ID (phone number) on an ADI will show in the Batch Name (as long as the Batch Name is 65 characters or less). <i>Example: 65633</i> |
| Batch Name | In accordance with local Tub/Department policy | |
| Batch Description | In Accordance with local Tub/Department policy | |
| Journal Name | Finjrnl uses this field to create a unique tracking number for filing & reference purposes. If the journal is not being uploaded by Finjrnl it should be in accordance with local Tub/Department policy | |
| Journal Description | In Accordance with local Tub/Department policy | |

FAS Journal Entry Best Practices

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| 33-digit coding (Tub, Org, etc.) | Provide 33-digit codes for each entry; each segment is a separate cell. All segments must be completed, even if the segment is all zeroes. Do not leave segments blank. | ✓ Cost strings are valid |
| Debit and Credit | <p>Insert the dollar amounts for debit and credit on separate lines.</p> <p>If you are adjusting current fiscal year salaries, do not include fringe benefits. Possible reword: These are automatically calculated</p> | <ul style="list-style-type: none"> ✓ Debit and credit totals agree in the "Totals" row ✓ Maximum of two decimal places ✓ No negative numbers. Remember, a negative debit is entered as a credit and a negative credit is entered as a debit. |
| Line Description | In accordance with local Tub/Department policy | |
| Captured Info Context | For journals involving payroll (6010-6220) and/or scholarship and award (6410-6452) object codes, you must include the Captured Info DFF- Format is below. The Captured Info Context is the object code. | <p>Enter Object code for any lines that requires the Captured Info DFF.</p> <p><i>Example: 6050</i></p> <p><i>Note: This automatically populates when using TLX</i></p> |
| Captured Info DFF | Format is: Orig Doc ID.Orig Doc Date (DD- MMM-YYYY).Object Code.HUID.Name (Last Name, First Name).Fringe Bypass.Period of Work Performed | <p>See Examples below.</p> <p>Payroll without fringe override: Payroll.28-Aug- 2018.6010.12345678.Harvard,John..FY2019Q1 JUL-SEP</p> <p>Payroll with fringe bypass: Payroll.28-Aug- 2017.6010.12345678.Harvard,John.C.FY2018Q1 JUL-SEP</p> <p>Financial Aid Student Receivable upload.15-Sep- 2017.6410.Harvard, Jane.</p> <p>FRINGE BYPASS: Do not use the fringe bypass (C) unless you are journaling salary from a prior year. When you are transferring salary expenses, the regular fringe and vacation fringe will automatically calculate based on the rate of the current fiscal year and transfer along with the</p> |

FAS Journal Entry Best Practices

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| | | salary charge. You should not transfer salary without its related fringe. |
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APPENDIX B: Best Journal Practices

- Make sure the journal logic on why the charge is moving is clear and well explained.
- The original charge being transferred is traceable by including original date, vendor, PO number, etc.
- When performing salary journals always include HUID, Name, and Period of Work Performed (PWP), if applicable.
- No journal adjustments for capitalized object codes in **S680 (Equipment, Furn+Fixtures >=\$5000 Objects 6800 to 6869)**. These adjustments need to be processed through AP adjustment in Oracle Fixed Assets.