

**Financial Policy & Procedure Instructions Manual**  
**FPI H-6 Journal Entry Corrections**  
**Pending conversion from FPI 02 and FPI 03**

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**I. PURPOSE**

To outline policy and procedures under which departmental personnel may request the Business and Financial Services Department to make a correcting journal entry.

**II. GENERAL**

Federal auditors carefully examine and often strongly criticize the transfer of costs made by universities. Rigid compliance with this policy and thorough explanation and documentation showing such compliance is essential to avoid audit criticism and possible disallowances.

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Every effort should be made to ensure that the original charge (and credit) is recorded in the proper account number and expenditure subcode. Changes may be necessary in certain circumstances as described within this policy. A "Request for Journal Entry Correction" form should be used for processing the request.

**III. DEFINITIONS**

For the purposes of this policy, federal funds are defined as all monies received directly from the federal government or monies originating with the federal government and passed indirectly through a secondary source. These monies may reside in any University fund group. Federal funds excluded from this policy are:

- Federal appropriations which are subsequently appropriated to the State Board of Agriculture by the Colorado General Assembly
- Pell Grant funds
- National Direct Student Loan funds

**IV. POLICY**

- A. Individuals responsible for departmental or project administration may request necessary reclassification of accounting data. Since the original entry is presumed to have been certified after adequate review, any change must be fully justified. Originators must assure that entries are appropriate to the account(s) receiving the transfer, that costs are allowable where being charged and that adequate funding is available. Documented explanation and justification is required, together with a certification, in order to permit subsequent reviewers to evaluate the propriety of the change.

Transfers involving federal funds must have a copy of the original charge document (e.g., Departmental Purchase Order, IMO, Travel Expense Sheet, etc.) attached to the Journal Entry Correction form when it is submitted for approval. The narrative justification for transferring a charge to a federal funds account must specifically detail the appropriateness of the charge to that account.

- B. For federally sponsored projects and programs, retroactive transfers of costs for the purpose of using up available funds are not allowable. Federal regulations (OMB Circular A-21, C4-b) state:

"Any costs allocable to a particular sponsored agreement.. may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience."

Any over expenditures of a federal project should be resolved at the department level by charging other appropriate nonfederal funds.

- C. Any request to correct a clerical error must be accompanied by an explanation of:
1. Why the original entry was in error
  2. How the error occurred
  3. Why the entry is appropriate to the project being charged.

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- D. The correcting entry request must include a statement certifying that the adjusted charge (or credit) is correct and appropriate. If the correcting entry request is to a federally funded project, the entry must include a statement certifying that the adjusted charge (or credit) is correct, appropriate and not an attempt to use remaining project funds or to move over expenditures to a federal project. Signatures from both the charging and crediting departments must be obtained.
- E. It is important that each correcting entry be processed promptly after the discovery of need. The following requirements apply:
  - 0. For federally funded projects, contracts or agreements, the shorter of the time periods listed below applies. Incorrect charges which need to be transferred from a federal fund account after these time periods must be charged to other appropriate non-federal funds.
    - a. Corrections must be submitted within a 90 day period following the recording of the original charge.
    - b. Corrections must be submitted within a 60 day period following the end date of the project.
  - 1. For non-federal funds, corrections submitted after a 90 day period following the recording of the original charge must include an explanation of the reason for the delay and be approved by the department head or dean.
- F. Any change requested involving federal funds which exceeds \$1,000 must have the following approvals:
  - 0. Colleges - Journal entries should be signed by the dean, department head, associate dean, assistant to the dean or designated administrative assistants.
  - 1. Other units - Journal entries should be signed by the director, associate director, assistant to the director or designated administrative assistants.
- G. Acceptable criteria. A correction is warranted in the following circumstances:
  - 0. When necessary to correct clerical and data entry errors.
    - 1. When subsequent information is received indicating an incorrect original entry.
    - 2. When it is impractical or impossible to allocate charges at the time of the original entry.
    - 3. If authorized by the sponsor, charges applicable to a continuing project may be charged to the old account number if the new account number was not established when the expense was incurred.
    - 4. When pre-award costs previously authorized by the University or sponsoring agency are moved from non-federal funds to a federally funded project, contract or agreement. Cost transfers of pre-award costs can be avoided through the use of an "advance account". To obtain an "advance account", please contact the Office of Sponsored Programs.
    - 5. When required to properly charge nonfederal funds for costs incurred in connection with an award that fails to materialize.
    - 6. When closely related work is supported by more than one funding source, costs may be transferred from the originally charged account to another account, provided the cost is a proper allowable charge to the

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receiving account and the interrelationship between the accounts is fully explained in the request. If an over expenditure is being transferred to another project, especially strong supporting evidence is required for approval.

- H. Unacceptable criteria. Requests for the following types of changes will not be accepted.
  - 0. When the change is for the purpose of utilizing unexpended funds of a federal award for reimbursement of cost.
  - 1. When the change is for the purpose of circumventing award restrictions.
  - 2. When the change is for the purpose of avoiding a cost overrun by charging another, unrelated federal agreement.
  - 3. When explanation merely states "to correct error", "to transfer to correct account" or other similar insufficient reason or if the original entry is not attached.
  - 4. When a change unrelated to sponsored agreements applies to a closed fiscal year.
  - 5. When the amount involved is less than \$10 except that a sponsored project overspent by any amount must be cleared to a zero balance at close out.
  - 6. Pre-award costs recorded on one federal project, contract or agreement may not be transferred to another federal project, contract or agreement.
  
- I. Approval. Each "Request for Journal Entry Correction" is subject to approval by the Director of Business and Financial Services or a designee. The designees are listed below:
  - 0. Changes to 5-3 Fund Sponsored programs and 2-2/2-9 General Operations funds should be requested through the Office of Sponsored Programs and in accordance with these procedures and specific procedures issued by that department.
  - 1. Changes in payroll distribution for any type of salaried employee should be requested through the Payroll Supervisor and in accordance with procedures outlined in the Personnel/Payroll Manual.
  - 2. Changes to commercial accounts receivable should be requested through the Manager of Accounts Receivable and in accordance with procedures of that department.
  - 3. Changes to student accounts receivable should be requested through the Manager of Accounts Receivable and in accordance with procedures of that department.
  - 4. All other changes should be requested through General Accounting and in accordance with these procedures.
  
- J. Other approvals may also be required depending on the fund group involved.

**V. PROCEDURES**

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- . The administrator(s) responsible for the accounts should prepare "Request for Journal Entry Correction." This form should be completed as shown in Attachments 1 and 2 and as indicated below:
  0. Explanation of requested change. Provide reason in detail sufficient to show compliance with University policies and procedures and to permit audit. Attach a copy of the source document or other data which will clarify the need for the correcting entry.
  1. Special fund authorization. If the change requested is to or from an account which requires a special approval, this approval must be obtained before submitting the request to Business and Financial Services. These funds may change so it is the responsibility of the preparer of the request to determine which funds require special approval. Examples of these funds are: 5-3 funds require approval from the Office of Sponsored Research, 7-X funds require approval from Property Accounting and in some cases from Facilities Services. Please refer to FPI 6.00, Signature Authorization for a complete list of special approvals.
  2. Fund certification. Obtain an authorized signature certifying that the change opposite his/her signature is correct. For accounts charged the signer certifies that the costs are applicable to the activity recorded in the account, the costs are allowable and adequate funds are available. An authorized signature is required for both the "from" and "to" account.

**VI. FORM DISTRIBUTION**

- . Distribution by initiator. The individual of the department or college authorized to submit the "Request for Journal Entry Correction" form should retain a copy and forward the original to Business and Financial Services Department, Johnson Hall.
- A. Distribution by Accounting Services. After review and coding, Business and Financial Services will process and retain the original in the file as the official source document.
  0. If the "Request for Journal Entry Correction" form is incomplete, Business and Financial Services will send a memorandum to the initiator requesting the missing information.
  1. If the "Request for Journal Entry Correction" format appears to lack adequate support or justification, the initiator will be informed by Business and Financial Services Department personnel. Unless evidence can be provided to satisfy the requirements of this procedure the request will be denied.

**VII. FORM SUPPLY**

Additional forms may be secured from General Accounting, Business and Financial Services Department, 309 Johnson Hall. Also see FPI 03 - Electronic Journal Entry Procedure

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**FPI03**  
**SECTION I: GENERAL**

**I. PURPOSE**

This procedure defines electronic journal entry processing and responsibility. It describes the various journal entry options available, outlines application procedures and defines user obligations.

**II. DEFINITION**

Electronic journal entries (EJE'S) provide a means of entering intra-University billing transactions into the Financial Reporting System (FRS) via an electronic batch upload process or an on-line FRS screen. EJE'S provide an alternative to Intramural Order (IMO) processing. They may not be used for Journal Entry Corrections (see Financial Procedure Instruction 2.00). Users may interactively process journal entries, upload via a Paradox based PC program (supported by Business & Financial Services), or a user developed upload program (subject to review and approval by Information Systems and Business & Financial Services).

The on-line and upload options generate a diagnostic listing of all transactions entered. Uploaded journal entries are edited by the FRS when processed.

**III. POLICY**

- A. **Application.** Any individual who desires to use EJE'S must submit a FINANCIAL RECORDS SYSTEM ACCESS APPLICATION to Business & Financial Services, certifying that all applicable University procedures will be followed. If the individual does not yet have any FRS access, all applicable sections of the FINANCIAL RECORDS SYSTEM ACCESS APPLICATION must be completed. EJE'S are intended to be used by University departments that generate a quantity of routine billing entries each accounting cycle.

The completed application is to be sent to Business & Financial Services, 202 Johnson Hall.

Please note that requests for access via a user developed upload program will not be approved until the application has been submitted to Information Systems and Business & Financial Services for approval.

- B. **Password.** Business & Financial Services will provide an access password and a unique batch alpha ID. An electronic journal entry application will be provided for Paradox users that contains a unique batch ID. Training in the use of the software will also be provided.
- C. **User I.D.** Business & Financial Services will request the assignment of an IBM user's ID from Information Systems. Interactive users will log in with this ID. Journal entries created using upload software will utilize a front end program written by Information Systems which will look for unprocessed EJE files by user ID prior to each accounting update and transfer them to an Information Systems ID for inclusion into FRS.
- D. **"D" document number.** If the user will be creating a quantity of entries that represent a summary of direct charges that cannot be identified with specific document numbers, such as, mail costs, gas cylinder rentals, etc., General

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Accounting will consult with the user to establish a "D" document number and subcode that will permit FRS users to encumber these costs.

- E. **Required equipment and software.** Interactive users may utilize either a PC or terminal connected to the IBM mainframe computer. The following equipment is required to use the up-load EJE:
1. An IBM or IBM compatible microcomputer with at least one disk drive, a hard disk, 640K memory, and a color, composite or monochrome monitor.
  2. A telecommunications line to the IBM.
  3. Access to Backbone or a modem such as the Gandalf "blue box" or the compact MLDS.
  4. Paradox Database Software - Version 3.0 or higher.
  5. For individuals desiring to use the EJE up-load capability supported by the Department of Business and Financial Services, Paradox software must be available to the user.
  6. An IBM user I.D. number (this will be provided by Technical Support Services when the application for use of EJE is approved).
  7. If the backbone is not used, Kermit Communications Software may be obtained at the ACNS Computer Center Store.
  8. The only additional requirement for users developing their own up-load capability is that the application must be reviewed and approved by Information Systems and the Department of Business and Financial Services.

## **SECTION II. RESPONSIBILITIES**

### **I. BUYER RESPONSIBILITIES**

Buyers are responsible for ensuring that sufficient funds (budget, cash or fund balance) are available to make the purchase and that all required approvals have been obtained prior to making the purchase. Prior approval from Sponsored Programs is required for purchases greater than \$500 in the 22, 53 and 64 funds. Equipment and travel purchases in 15, 35 and 55 funds must be approved by the Director of the Experiment Station. In addition, buyers are responsible for maintaining documentation of the entry for a period of five years following entry of the data.

### **II. SELLER RESPONSIBILITIES**

Sellers should verify that all approval signatures have been obtained. In addition, sellers are responsible for maintaining files of all transactions processed using EJE'S in accordance with FPI 33.00. These files should include copies of the billing entry, supporting documentation, and approval signatures. They must be organized so that Federal and State Auditors can easily access them.

Sellers are also responsible to ensure that EJE'S are only used for billing activities. Non-suspense errors created by previous EJE transactions should be corrected via EJE. Suspense errors should be corrected with FRS Screen 017. Use of EJE's for other corrections including department corrections is prohibited. Misuse of the EJE may result in suspension of EJE access.

### **III. DIRECTOR OF BUSINESS AND FINANCIAL SERVICE'S OFFICE AND OFFICE OF SPONSORED PROGRAMS RESPONSIBILITIES**

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The Office of Sponsored Programs and Business & Financial Services will monitor the electronic journal entry process using statistical sampling and exception reporting processes to review and verify the appropriateness of processed EJE'S. Inappropriate entries will be journalized to a predetermined departmental account. Both offices should monitor EJE'S to ensure that the entries are being utilized exclusively for billing purposes. If abuses are discovered appropriate corrective action should be taken.

**SECTION III: OPERATION AND USE**

**I. USE OF INTERACTIVE SCREENS**

FRS provides a screen for entering billing journal entries, screen 09E. Accessing screen 09E requires the normal log in procedure. A batch must be opened on screen 30. A 3 digit reference number, today's date and a session status of O must be entered. A debit & credit account number, reference #, date, description & amount must be entered. For additional guidance consult the FRS Accounting System Users Manual. Entries processed via screen 09E update the FRS system instantaneously.

**II. INSTALLATION OF PARADOX BASED UP-LOAD PROGRAM**

Instructions on the use of the Paradox based up-load program will be provided to users at the time of installation. Questions about the use of the software should be directed to Business and Financial Services, Technical Support Services.

**III. DOCUMENTATION OF ENTRIES**

- A. **Department files.** Documentation for all entries entered through the EJE system is to be maintained by the ordering department for a period of five years following entry of the data. Should these entries be audited, auditors will contact the department to see the backup documentation on file there.
- B. **Diagnostic reports.** A report of transactions entered through the EJE system will be sent to the originating department for verification of transactions. Business and Financial Services maintains a microfiche copy of diagnostic reports.

**IV. TERMINATION OF PASSWORD AND/OR I.D. NUMBER**

If an employee leaves the University or transfers to another department, the department should notify Technical Support Services immediately and a new password and I.D. number will be assigned for the department.

If there is unauthorized use of the software or abuse of the system, Business and Financial Services will cancel the password and I.D. number for the department.

If a department has reason to believe that their password or I.D. number has been compromised, a new password or I.D. number should be requested from Business and Financial Services.

Also see FPI 02 - Request for Journal Entry Correction