**Journal Entry - Frequently Asked Questions**

1. **What items do auditors place special emphasis on when reviewing federal awards?**

Expenses transferred after the original charges were recorded and journal entries not supported by adequate documentation or justification are questioned and challenged more rigorously and **may** be an indication of a lack of internal controls.

1. **What are some questions that need to be investigated/answered when completing an acceptable journal entry request form?**

You need to be able to provide detailed information as to why a charge was originally placed on the FAO you are moving it off of and demonstrate through your explanation why this cost is allowable and allocable to the proposed FAO that you are transferring the charge to.
It is sometimes necessary to discuss the charge with the Principal Investigator or a lab technician to get an accurate answer on the rationale for these journal entries. The support documentation may need to be more than one or two sentences in order to adequately meet the federal and audit requirements.

1. **Can you provide me with examples of proper explanations for a journal entry?**

Please see both examples below. Contact your ORACS staff accountant for additional help with this process and to assist you in determining what is needed for the journal entry form to be filled out correctly.

**Example 1:** The project period for account FAO GR5XXXXX pertaining to (insert research project title) ended 10/31/2016 and FAO GR5YYYYY is the continuation account for the (insert research subject) grant. The new FAO was issued on 1/12/2018. The charges pertain to the time period for the new year of the award. (It is recommended to get a contingent FAO assigned in order to accurately track these expenses until your FAO GR5YYYYY has been assigned. Please refer to the Award Management page on the ORPA website for these instructions.)

**Example 2:** To reallocate the commercial card charge from Dr. Smith’s NIH grant, FAO GR5XXXXX to FAO OP2ZZZZZ, Dr. Smith’s start-up FAO. The charge was for the purchase of furniture for the lab. When reconciling the P-card charges, the bookkeeper did not realize that the items listed were for furniture and charged Dr. Smith’s NIH grant in error. Upon review of the September Financial Statements, the department administrator realized that the FAO GR5XXXXX had been incorrectly charged.

1. **Can you provide me with examples of improper explanations for a journal entry?**

Please see both examples below. Your ORACS staff accountant is a great resource if you need additional help to ensure you have all elements of a complete journal entry.

**Example 1:** These 3 charges were charged to FAO GR5XXXXX in error. This charge relates to the research done on GR5YYYYY.

In order to make this example an appropriate justification, you need to explain what kind of error it was (typo, keypunch error by A/P or Purchasing, incorrect FAO entered at time of transaction) and HOW it relates to the research done. This can be explained by describing the supply or item and how it benefited the research done on this grant.

**Example 2:** These 2 charges were charged to FAO GR5XXXXX due to a key punch error. It would be more appropriate for them to be charged to GR5YYYYY.

In example 2, the first part of the explanation is acceptable. However, the second half is not. It requires more detail as to how the charge is allowable and allocable to the research. You need to provide information as to what makes it appropriate for this research.

Simply stating that you are “transferring the expense”, “correcting the coding” or that an expense “should be charged to the grant” are all examples of inadequate wording for an explanation. If the cost transfer does not follow the regulations for allowability, allocability, and reasonableness, it will not be permitted.

1. **Can I e-mail a scanned copy or send a fax version of the journal entry request form?**

Divisional/Finance Company Office will accept either electronic or original documents in order to process journal entries. If the journal is initiated by the Dept in URFinancials, the support will need to be attached in electronic form.

1. **If I am moving an expense from one spend category to another spend category within the same research account, do I need to submit a journal entry request form?**

Yes, an official journal entry request form is required, and needs to be accompanied by the applicable transaction reports.

1. **If I am moving an expense for a primary to a sub or sub to a primary, do I need to submit an official journal entry request form?**

Yes, an official cost transfer request form is required, and needs to be accompanied by the transaction reports that are applicable. If the Dept is initiating the journal in URFinancials then appropriate support must be attached.

1. **Is a second signature required as in the past if the journal corrected a charge beyond 90 days from the original date?**

URFinancials routes all journals for approval. There is no “days beyond original recording” calculation, and all journals follow the same approval process as predetermined in URfinancials. Journal entries for awards that are in final closeout stage must be made within 60 days for the transfer to be made.

1. **Are there any other required documents beside the journal entry request form?**

Yes, you will need to submit the supporting transaction reports showing where the charge is currently placed and any other supporting documentation that verifies your explanation. Please keep in mind that it is the Cost Center’s responsibility to retain all documents pertaining to their FAO in case an auditor needs them. Refer to the document retention requirements of the award to determine the timeframe that you will need to retain these documents.

1. **Are non-federal grants included in this policy?**

Yes. This policy pertains to ALL journal entry requests that involve a sponsored project FAO that begins with the “GR.”

1. **Why do closeout journal entries need to be made within 60 days?**

Federal requirements have changed so that Letter of Credit reimbursement procedures must be performed prior to 90 days after an award termination date. Therefore the draw performed for the 60 days month end close will be the lat to take place inside of 90 days. Transactions recorded after 60 days will not be reimbursed on Federal awards.

1. **Does this procedure apply to payroll transfers?**

Yes, payroll changes are processed when forms are completed and submitted via the HRMS policy. Please be sure to get them completed before 45 days after the FAO ends and with proper explanation on the form, allowing 15 days to process forms in Payroll.

1. **Can we still contact Accounts Payable when they record a charge in error to our FAO?**

Any corrections needed to a FAO need to be directed to Accounts Payable via the AP email box AccountsPayable@finance.rochester.edu when it has been identified that AP has made an error with regard to the FAO, Spend Category or distribution across FAOs/SCs for invoices.

The Email request must provide:
           Supplier Name

Workday Invoice (Voucher #) which begins with SPI or is a 7 digit numeric #

PO# (if applicable)

Wrong FAO, Wrong SC and dollar amount

(if known) Correct FAO, Correct SC and dollar amount

-AP will not guarantee any performance on requests not received via the AP email box.
-AP will respond to the AP email box request within 3 business days notifying you if more information or clarification is needed.
-AP will respond to the AP email box request within 3 business days notifying you that a correction is being forwarded.
-AP will prepare journal and forward to General Accounting for entry within 5 business days of receipt.

These journals will utilize the Manual Journal Source. The journal will route to the divisional finance offices for approval.  This gives the division an opportunity to verify the accuracy of the journal before it posts.  It also serves as confirmation that the journal request was submitted by AP to General Accounting and processed by General Accounting.

Similar to the past, corrections for invoices posted in prior fiscal years will not be done where only OP FAOs are involved.  That is, OP activity must remain in the fiscal year it originally hit the ledger and not be moved around in subsequent fiscal years unless the offset is to a different FAO type.

1. **My GR is in deficit and I need to move costs off to another FAO. Can I move the costs to another restricted account? I have a service center account.**

No, the costs cannot be moved to a service center account. The costs should be moved to an unrestricted FAO. Service center accounts maintain annual budgets of all costs related to the service provided and related revenues. Use rates are determined based on the budget so all users pay the same rate. The service center account should only hold costs related to such service.

1. **What are some examples of a “responsible person”?**

Some examples are a staff accountant, senior accountant, administrative assistant, administrator, principal investigator, and the chair person in the department. The list is not limited to just these titles, so please ask your ORACS staff accountant if you are unsure.

1. **What should I do if the budget date is incorrect on a supplier invoice or journal entry that has been processed?**

ORACS can correct budget dates on supplier invoices (Journal Source). Please work with your ORACS staff accountant. If a journal entry has an incorrect budget date then a journal entry must be completed with supporting documentation and sent to Divisional/Finance Company Office.

1. **I noticed a travel and expense (Journal Source) (Line Memo 6XXXXXX) with an incorrect FAO, spend category, or budget date. How do I make the correction in UR Financials?**

If an incorrectly charged FAO/spend category is less than 6 months old, it must be corrected thru HRMS and the 800 form should be sent to Accounts Payable. If the Budget Date needs to be corrected, this must be processed using a journal entry. If the charge is more than 6 months old, a journal entry must be completed and sent (either manually or via URFinancials) to Divisional/Finance Company Office. This would include changes to FAO, spend category and budget dates.

1. **I have reviewed my Out of Award Line Period Activity Summary URF0404 for my award in UR Financials and noticed I have charges outside the budget period. How do I correct these charges?**

If an incorrect Budget Date causes an expense to be out of the award period, see FAQ 16. If the Budget Date is correct and the goods or services were provided outside of the award period, the expense must be moved to a correct FAO using a journal entry.

1. **I have a charge to GR5XXXXX I am trying to process but according to UR Financials the grant is inactive. Who should I contact to activate the grant?**

Contact your ORACS staff accountant and explain to them why the grant needs to be activated. Generally, grants will be re-activated when Accounts Payable needs to put thru a charge or correction, a journal entry needs to be processed to balance the grant to the closeout or ORACS needs to process a closeout entry.

Page updated 2/16/2018