

4.400 Journal Entries (Adjustments, Corrections, Transfers)

I. Definitions

Journal entry: a document used to record transactions or adjustments in the financial system. The journal entry can consist of several accounting lines (project number and budget category), and the amount must either be a debit or a credit. The total of the debit amounts must equal the total of the credit amounts or the journal entry will not be in balance.

II. Policies

- A. Journal entries can be used to:
 - 1. Transfer funds (cash), revenues, or expenses from one project to another.
 - 2. Correct (reclassify) costs charged to one budget category to another budget category.
 - 3. Record internal billing and revolving account sales transactions. Refer to [Policy 1.350 Revolving Account Invoicing, Payment, and Accounts Receivable](#).
 - 4. Record other transactions or adjustments that cannot be processed in the financial system via other means, but are required to be recorded for accurate financial reporting.
- B. Journal entries cannot be used for:
 - 1. Payroll cost transfers: Journal entries for RCUH payroll related costs should not be processed in the RCUH financial system. Payroll cost transfers for RCUH employees must be processed in the RCUH Human Resources Portal. Refer to [Part F – HR Portal User Guide – HR Information Systems II](#). The electronic Journal Entry Voucher generated in the Human Resources Portal will be uploaded and posted to the RCUH financial system.
 - 2. Budget transfers
 - 3. Encumbrance transfers
- C. Journal entries for Extramural projects:
 - 1. If the transaction originated in the RCUH financial system, the journal entry to correct the transaction should also be processed in the RCUH financial system. Corrections for Extramural projects should NOT be processed in KFS; this may cause inaccurate RCUH records and affect subsequent processing of the transaction (i.e. generating an IRS Form 1099-MISC when one is not necessary).
 - 2. However, if the transaction originated in the RCUH financial system and is subsequently routed to the respective Continuation Account in KFS, then a General Error Correction (GEC) eDoc in KFS is required to reallocate the transaction to the proper account. Refer to UH [AP 8.650 Continuation Accounts](#).

III. Procedures

- A. Submit journal entry request to RCUH Accounting.
 1. The journal entry request must include project number, budget category, debit amount, credit amount, reference (30 characters or less), and reason for adjustment. Each accounting line must have either a debit amount or credit amount, but not both (a debit amount and credit amount cannot be entered on the same line). The total of the debit amounts must equal the total of the credit amounts or the journal entry will not be in balance.
For requests to correct (reclassify) costs, the reference should include the original transaction document number (i.e. PO number, Document Number, Payment Request Number, Check Number, etc.).
 2. At a minimum, the journal entry requires approval by the designated Fiscal Administrator.
 3. Supporting documents (e.g., a copy of the payment form, Detail of Cost Report, etc.) must be attached. If there are numerous transactions requiring adjustment, a summary schedule that lists the detailed transactions by project number and budget category should be prepared and attached.
- B. RCUH Accounting will assign a journal entry number to the request. Journal entry numbers are assigned in numerical order.
- C. RCUH Controller (or appropriate designee) reviews and approves journal entry request.
- D. RCUH Accounting records the journal entry into the financial system via batch processing. When the entire batch is valid, the journal entry will be posted to the financial system.

IV. Relevant Documents

[Policy 1.350 Revolving Account Invoicing, Payment, and Accounts Receivable](#)

[Part F – HR Portal User Guide – HR Information Systems II.](#)

UH [AP 8.650](#) Continuation Accounts

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