Journal Entry Authorizer Training Guide

2008 Financial Operations

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Introduction

Significant improvements have been implemented in the journal entry process. Historically, it has taken an average of 5-7 workdays to process a journal entry into the M-Pathways General Ledger (GL). This new process will shorten that time significantly.

With training and departmental approval, a department user will be able to enter a journal entry on-line or through an electronic upload directly into the GL. Users will have the option to post most journal entries into the system without sending them to Financial Operations.

The purpose of this training is two-fold: First, we will explain the new process and what needs to be considered when writing a journal entry. Second, we will teach you step by step how to accomplish getting the journal entry into the GL.

Life Cycle of a Journal Entry

Determine Appropriateness and Necessity

While most transactions can and should be handled through a subsidiary system (i.e. Payroll, Accounts Payable, Accounts Receivable, etc.) a journal entry into the GL can become necessary under specific circumstances. For example, a journal entry may be necessary to correct an error or to allocate charges that could not be allocated in the subsidiary system.

Gather Support

Once a journal entry is deemed necessary, appropriate support must be gathered and available for necessary approvals and reviews. When completing the journal header description field, if the journal entry cannot stand alone, hard-copy journal support must be provided. In the case of a journal to sponsored programs, hard-copy support must always be provided.

Obtain Department Approvals

Many departments have specific procedures and internal controls for preparing and authorizing journal activity. Internal department procedures should be followed in addition to the mandated procedures of Financial Operations and the University's Standard Practice Guide (SPG). To determine if your department has specific procedures related to journal processing please contact your financial Unit Liaison, Department Manager or higher financial administrative authority.
Determining Necessity and Appropriateness

**Necessity**
Before a journal entry is created, consider the following:

*Is this journal entry cost effective to process?* Schools or colleges should consider the benefit of small dollar amount transfers between non-sponsored sources of funds. These transactions may create an unnecessary administrative burden. Small dollar amount journal entries may be necessary to clear the balance on a chartfield before it can be inactivated. Please contact your higher administrative authority if you have specific questions about whether a journal entry is necessary.

*Has the journal entry already been corrected?* If the originating department noticed the error, they may have already corrected it. If you are correcting another journal entry, work with the Journal Entry Authorizer listed in the journal header to ensure the correction is only processed once.

**Appropriateness**
The University receives funding from many sources: tuition, patient care, state appropriations, the federal government, private organizations, and gifts from donors to name a few. Fund codes are used to group funding from similar sources that are used for a specific purpose. This structure allows Financial Operations to assist departments in ensuring that the activity is recorded in the appropriate manner. As we determine the appropriateness of transactions, it is important to recognize that we are always subject to external review.

Each Fund has specific rules regarding what type of charges are allowable. It is important to understand these rules before processing a journal entry into the GL. For example, money restricted for scholarship funds by a donor cannot be used to pay for a new computer.

Additionally, journal entries cannot be done on-line by departments for some Funds such as Endowment and Student Loans. More information on Funds and the type of charges which are allowable are located in Appendix A – Fund Overview.

In the GL, the account value indicates the type of activity which is occurring. As a result, some accounts are appropriate in some Funds and not appropriate in others. For example, Gift account 405075 will cause a journal entry to fail in the General Fund 10000. Gift revenue is only allowable in Funds 30000, 40000, 7XXXX and 8XXXX.

**HELP** If your journal is a funding transfer and you need more guidance on the appropriate use of transfer accounts, refer to Appendix B – Transfers.
Supporting a Journal Entry

Providing appropriate support for a financial transaction is an essential element of internal control. There are two methods for supporting a journal entry:

- Hard-copy supporting documentation
- Journal entry descriptions

Hard-Copy Supporting Documentation

Journal entries affecting a Sponsored Project/Grant (with an initial Fund Code of 20000 or 25000) require submission of hard-copy supporting documentation to Financial Operations. Journal entries not affecting a Sponsored Project/Grant will not require hard-copy supporting documentation unless your department’s internal controls require such support. Supporting documentation could consist of copies of a Statement of Activity (SOA) or SOA Voucher Detail Expense Report, and/or a memo requesting or explaining the transaction. Journal support must be received by Sponsored Programs by the 2nd workday to be processed in the current month’s business.

The procedures for submitting hard-copy supporting documentation are available in the “Processing a Journal Entry” section of this guide.

Journal Entry Descriptions

All journal entries are required to be supported by a complete description. The descriptions should be complete enough for its review and approval. There are 2 types of descriptions:

- Journal Header Description (254 character maximum)
- Journal Line Descriptions (30 character maximum)

Journal Header Description

The journal description (or long description) should completely describe the transaction being processed and should indicate why the journal entry is necessary. The text of the description should contain:

- What is being transferred/corrected
- Where it is being transferred
- Why the original transaction(s) was incorrect
- A reference to applicable supporting documentation
Syntax: When creating a journal entry, it is recommended to use one of the following keywords to identify the type of journal entry:

- **Transfer** - used when moving revenues or expenses to a different chartfield combination
- **Correct** - used when correcting erroneous chartfield values
- **Re-account** - used when correcting erroneous Account values
- **Reverse** - used when reversing a previous journal entry that was created in error

An example of an appropriate journal header description is illustrated below:

> “Correct expenses to the appropriate chartfields.

Incorrect Project/Grant charged due to data entry error.”

To view the Journal Header Description for a particular journal entry, open the Journal Entry in M-Pathways, or run the “FN03 JmIDetail Journal Detail by Journal ID and Date” report from the Public Folder UM-Maintained-Financial documents in Business Objects.

**Journal Line Descriptions**

Line descriptions provide additional information related specifically to individual journal lines. In addition, each line description must relate to the journal header description.

The length of a journal line description cannot exceed 30 characters (including spaces). The following guidance is provided to assist with preparing journal line descriptions:

- **Action code** + original transaction reference + date original charge appeared on Statement of Activity (SOA) + miscellaneous

An example of an appropriate journal line description is illustrated below:

> “TSF AP00771152 03/07 42225066”
**Action Codes**

Action codes identify the type of journal entry correction. The commonly used Action codes are:

<table>
<thead>
<tr>
<th>Action Code</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSF (Transfer)</td>
<td>Use to transfer an individual transaction between Chartfield combinations.</td>
</tr>
<tr>
<td>COR (Correction)</td>
<td>Use when correcting an error in the original transaction’s Chartfield values.</td>
</tr>
<tr>
<td>R/A (Re-Account)</td>
<td>Use when correcting the Account value of the original transaction, where the other Chartfields remain the same.</td>
</tr>
<tr>
<td>REV (Reverse)</td>
<td>Use when correcting a previously posted journal entry that was created in error.</td>
</tr>
</tbody>
</table>

**Original Transaction Reference**

The original transaction reference should be the Journal ID.

**SOA Date**

The month and year the original journal entry appeared on the Statement of Activity (SOA).

**Miscellaneous**

The miscellaneous section of the journal line description is optional, but is very useful for your department’s SOA reconcilers. It provides another level of detail for tracking transactions. Common examples of miscellaneous information include:

- Voucher ID
- Department reference codes
- Shortcodes
- Travel Identifiers

**Restrictions**

The following restrictions are systematically enforced by the M-Pathways financial system:

**Journal Date**

The journal date must be within the current month. For example, if today is October 1st, any journal entry processed must be dated between October 1st and October 31st.

**Balanced Journal**

The total debits must balance against the total credits to create a balanced journal entry.
**Sponsored Activity**

The journal entry process differs slightly depending on the Project/Grants used. For all journal entries that have Sponsored Project/Grants (generally beginning with an ‘F’, ‘M’ or ‘N’; i.e. ‘F001234’) the journal entry description needs to be supplemented by additional hard-copy documentation. A journal entry involving sponsored funds can be input into the GL and edit checked, but a department user can not budget check or post the journal entry. Upon the receipt of support and approval by Sponsored Programs, the journal entry will be budget checked and posted by Financial Operations.

**Funds**

Departments processing journal entries will have access to the following Funds:

- 10000: General
- 20000: ERF-Sponsored Federal
- 25000: ERF-Sponsored Non-Federal
- 30000: ERF-Gifts and Other
- 40000: Designated
- 50000 - 56500: Auxiliary
- 80000: Construction
- 80500: Construction - Hospital
- 81000: Construction - Info Tech
- 82000: Departmental Equipment
- 82500: Departmental Equipment - Hospital
- 83000: Maintenance and Equipment Reserve
- 90000: Agency

If a journal entry requires the use of a Fund not listed above or you need assistance determining the appropriate Fund, contact Financial Operations with the request and appropriate support.

**Source Code**

A Source Code is a 2-3 character reference required in every journal entry header that provides a reference to the origin of the journal. Journal Source Codes will be automatically set according to the journal processor's primary departmental appointment. The Source Code assigned to Financial Operations is FO and will appear as the default source code for all Financial Operations initiated journal entries.

A complete listing of active Source codes and descriptions can be found on the Financial Operations website at the following URL address:  
www.finops.umich.edu/GenInfo/je_sources.xls
Obtaining Department Approvals

Once it has been determined that the journal is appropriate for the Funds involved, it should be approved based on departmental procedures.

 département

Internal Controls: Every journal entry should be reviewed and approved by the appropriate individual to ensure it is accurate and appropriate.

Department Contacts

Operator
The Operator is the Uniqname of the person who entered the journal entry into M-Pathways.

Authorizer
The Authorizer represents the Uniqname of the person who approved the journal entry. In addition to the Uniqname, the telephone number of the Authorizer, at the time the journal entry was created, is also stored with the journal entry.

To view the Operator’s or Authorizer’s Uniqname for a particular journal entry, open the journal entry in M-Pathways, or run the “FN03 JnlDetail Journal Detail by Journal ID and Date” in Business Objects. Contact your Financial Operations coordinator if you need additional assistance obtaining contact information on a journal entry.

Internal Controls: The person who authorizes a journal entry should not be the same individual who enters the journal entry into M-Pathways.

Processing a Journal Entry

Specific information and instructions on processing a journal entry are available in the Journal Operator Training Course. MAIS job aids in your packet also provide step-by-step instructions on journal entry processing.

Journal Entry Support Submission

Sensitive Information
When sending support for a journal entry, do not submit confidential information, such as social security numbers, credit card numbers, health information or other types of protected information. Obscure or remove sensitive information from the support prior to submission; departments should retain secured departmental records of sensitive information based on departmental procedures.
Sponsored Programs
All journal entries that impact a Sponsored Programs Project/Grant require hard-copy supporting documentation. Upon approval of the journal entry, the supporting documentation is electronically imaged and retained in WebNow.

Non-Sponsored Activity
If the Journal Header Description does not provide enough detail for the journal entry’s activity, hard-copy support must be provided to support the transaction. The Journal Header Description along with any imaged supporting documentation must fully support the journal entry transaction.

Electronic Submissions
Electronic submission through email is another method to submit journal entry support. Please include the Journal ID and Journal Date to which the support applies in the body of the message. Electronic support must be submitted in a format which is set to print on 8½ x 11 sheet of paper.
Submit the email with attached support to jesupport@umich.edu.

Campus Mail Submissions
Print the appropriate coversheet (SP coversheet or JE coversheet) from M-Pathways and attach the supporting documents to the coversheet. Submit the combined documents through campus mail to the following address:

    Journal Support
    3003 South State Street
    5021 Wolverine Tower
    Ann Arbor, Michigan 48109-1287

Facsimile (FAX) Submissions
Due to the degradation of the image quality, Financial Operations requests that supporting documentation is not submitted via FAX machines.

For more information on sensitive information see the following SPGs, available online at spg.umich.edu:
- SPG 601.12 - Institutional Data Resource Management Policy
- SPG 601.14 - Social Security Number Privacy Policy
Appendix A – Fund Overview

Fund Types Defined
The University of Michigan utilizes two groups of funds:

**Operating Funds**: funds that are used to record the utilization of economic resources that are expended for purposes supporting the primary missions of the University. The primary missions are:
- Instruction
- Research
- Public Service

**Nonoperating Funds**: funds that are used for specialized activities that directly and indirectly support or enhance the operations of the University. They are used primarily for educational loans to students, investment purposes, and the renewal and replacement of equipment. The Nonoperating Funds are:
- Student Loan Funds (60000 – 69999)
- Endowment Funds (70000 – 79999)
- Plant Funds (80000 – 86500)
- Management Funds (98000 – 99900)

Operating Funds
Operating funds can be unrestricted or restricted. Journal users will be allowed to process transactions in all of the operating funds.

Restricted Funds
The most restricted funding is from sponsors and donors. This funding is recorded in the following Expansible Restricted Funds:
- 20000 - Sponsored Federal
- 25000 - Sponsored Non-Federal
- 30000 - Gifts

The Federal (20000) and Non-Federal (25000) Sponsored Funds represent thousands of Project/Grants with primary revenue sources from:
- Grants from outside organizations
- Contracts with external corporations

These resources may only be used for expenditures relating to the specific purposes as stated by the original sponsor. Sponsored Programs performs the accounting and reporting functions needed throughout the life cycle of a Project/Grant.

**Sponsored Federal (20000)**
The 20000 Fund records funding provided by the federal government for research, instruction and public service. Activity for this Fund is governed by federal laws enacted by Congress as well as the rules prescribed by individual contract agreements.
All University spending of federal funding is subject to an annual audit under the guidelines set forth in OMB Circular A-133. To ensure compliance all journal entries affecting a Federally sponsored project/grant should meet the terms and conditions of the grant or contract. The journal preparer should contact their Sponsored Programs customer service coordinator with any questions concerning the appropriateness of a journal entry.

**Sponsored Non-Federal (25000)**

The 25000 Fund records funding provided by non federal government sources for research, instruction and public service. The activity on this Fund is regulated by the individual contract agreements.

**Sponsored Transfer Guidelines:**

Transfers which are normally acceptable:

- Error in transaction such as keypunch or transposition mistakes.
- Transfer between sub-projects and parent project.
- Transfers when prior written approval has been received from the sponsor.
- Transfer to a continuation project within the same project period.
- Splitting expenditures, in an after the fact basis when an appropriate accounting technique is used to allocate cost in accordance with benefit. Such requests must be accomplished prior to the end of the project period, and within 120 days of the original charge.
- A transfer of expense when a recharge rate has been approved by the Cost Reimbursement Office (normally for service unit operations). This type of transfer can be accomplished by using the Journal Entry form or through a Service Unit Billing. These types of recharges are strictly limited to transfers involving approved recharge rates.

Transfers which may be allowable, but which raise serious questions:

- Transfer of expense to a Sponsored Project/Grant from another set of Chartfields which is overdraft.
- Transfers that bring the balance in a Sponsored project Chartfields to zero.
- Transfers which reduce an unexpended balance after project period ending date.
- Transfer or correction of salary which has previously been certified on time sheets or effort reports, such as blanket appointments through the timekeeping system, or for temporary hourly employees.
- Transfer of expense that has previously been transferred.
- When closely related work is supported by more than one funding source, a cost transfer may be made provided that the transfer meets all of the following conditions:
  - The cost is proper and allowable charge to the newly charged project Chartfields.
  - The transfer is supported by documentation which contains a full explanation and justification for the transfer and certification of the propriety of the transfer by the Project Director.
  - The cost transfer is made within 120 days of the original charge, and prior to the ending date of either project.
Transfers which are generally unallowable:

- A transfer of revenue from Sponsored project Chartfields without authorization from the awarding agency.
- Transfer of an unidentified expense to Sponsored project Chartfields.
- Transfer of salary expense when only a dollar amount is given, and it is not related to a percent of effort or a specific number of hours or days work.
- Transfer of expense to Sponsored project Chartfields if the expense was incurred before or after the project period.
- Transfers which do not indicate how the expense is appropriate to the receiving Chartfields or do not explain why they were not correctly charged in the first place.
- Transfers where expenditures are split between Chartfields without a basis for determining whether the split is appropriate due to lack of documentation.
- Transfers of expense between award project periods.
- Transfers of expenditures which were recorded over 120 days previous to request date unless an extraordinary situation is adequately documented including justification for the delay.

**Gifts (30000)**

The 30000 Fund records gifts given to the University with specific stipulations on how the money is to be used. It is the responsibility of the unit receiving the gift to comply with the guidelines set forth by the donor in the governing gift agreement. Departments should reference applicable gift agreements to ensure that the activity is appropriate to the gift.

The primary revenue sources for the Gift Fund include:

- Gifts from outside donors
- Endowment distributions
- University Investment Pool (UIP) distributions

No other revenues should be placed in the Gift Fund without prior consultation with your FinOps coordinator.

These resources can only be used for expenditures relating to the specific purposes as stated by the original donor. Any expense not meeting the stipulations the donor placed upon the funds are unallowable. UIP distributions, however, can be used at the discretion of the unit. ERF staff members perform the accounting and reporting functions needed throughout the activity or Project/Grant period.

**Unrestricted Operating Funds**

Unrestricted Operating Funds are used to record the utilizations of resources that do not have specific external stipulations regarding their use. These Funds include:

- General (10000)
- Designated (40000)
- Auxiliary (50000 – 56500)
- Agency (90000)
General Fund (10000)
The General Fund contains the economic resources that are expendable for operating purposes in the following activities:

- Primary instruction
- Research
- Public service
- Academic support
- Student services
- Institutional support
- Plant operations and maintenance
- Scholarships and fellowships

These activities are primarily funded by:

- State appropriations
- Student fees
- Indirect cost reimbursements from research contracts
- Departmental revenues related to student lab and course fees

Accounting Services’ staff in Financial Operations maintain the integrity of the accounting controls to ensure the proper use of the resources that comprise the General Fund. For example, they are responsible for certifying that revenue from other Funds is not commingled with the above revenue sources.

Designated Fund (40000)
The Designated Fund consists of funds internally designated, but otherwise unrestricted. Revenue sources include:

- Departmental revenue from organized activities such as conferences and seminars
- Investment income from the University Investment Pool and other sources
- Royalty income
- Endowment distributions

Expenditures are limited to the special projects designated by the University Board of Regents or approved by University Administration.

Auxiliary Funds (50000 – 56500)
The Auxiliary Funds are used for activities that are maintained with revenue from their own operations. Auxiliary units include the Hospital and Health Centers, units providing other medical and dental services, and units providing special services to students, faculty, and staff. Internal service providers are also included Auxiliary units. These internal service departments include:

- Copy Centers
- Transportation & Parking
- Publications & Printing
- Utilities
- Plant Operations
Revenue in the Fund consists of:

- Internal recharge from Service Unit Billings
- External billings
- Investment income
- Endowment distributions

Examples of revenue sources are:

- Room and board charges for student housing
- Usage fees for student centers, such as the Campus Recreation buildings
- Sale of University Press publications and student publications
- Ticket sales for athletic events
- Charges for Hospital, other medical, and dental services to patients
- Parking permit fees

No other revenues should be placed in these Funds without prior consultation with your FinOps coordinator.

**Agency Fund (90000)**

The University acts as the custodian for the Agency Fund. The balance consists of amounts held for organizations affiliated with, but not legally part of, the University. Examples of Agencies at the University of Michigan include:

- University Musical Society
- William Davidson Institute
- Alumni Association
- Student Organizations

**Nonoperating Funds**

**Student Loan Funds (6XXXX)**

The student Loan fund tracks the various loan funds of the University. Loans issued from these funds, and payments made by students are recorded in these individual funds. The activity is primarily the result of activities made in the various Financial Aid departments. Journals affecting this fund must be processed through Financial Operations.

**Endowment Funds (7XXXX)**

Endowment Funds are long term invested funds established by either a donor or departmental funds where only the distributions earned on the investment may be spent. Journals affecting this fund must be processed through Financial Operations.
Plant Funds
Revenue in these Funds consists primarily of:

- Transfers from operating Funds
- State support
- Investment income from the University Investment Pool and other sources
- Gift Revenue

No other revenues should be placed in these Funds without prior consultation with your FinOps coordinator.

Construction Funds (80000 & 80500)
The Construction Funds are used to track expenditures for construction and renovation projects.

- Projects with a budget of $1 million and over must have approval from the Regents
- A funding source for the project must be identified prior to authorization of the project
- Most construction projects are managed by the Architecture, Engineering and Construction Office (AEC)
- Use of fund 80500 is limited to the Hospital

Information Technology Fund (81000)
The Information Technology Fund is used to track the activity related to large capital IT projects and software development.

Departmental Equipment Funds (82000 & 82500)
Departmental Equipment Funds are used for current or future equipment purchases/replacements, minor renovation and other non-operating expenditures.

- Funds cannot be returned once committed
- No operating expenses are allowed
- Used mostly by General Fund units
- 82500 is to be used by the Hospital only

Maintenance Equipment & Reserve Fund (83000)
Maintenance Equipment & Reserve Fund is reserves which are funded by the Auxiliary Units. Amount transferred is equivalent to the depreciation on equipment used in an approved recharge rate.

- Used for repair and replacement of existing buildings and equipment
- No operating expenses are allowed
- Funds can be returned to the units operating fund

Departments will be able to process journal entries for their Plant Fund activity.

Debt Service Funds (84000 & 84500)
The debt service fund tracks the University’s long and short term debt. Journal entries to this fund should only be completed by Financial Operations.
Capital Asset Funds (86000 & 86500)
The Capital Assets fund records the University’s assets and associated depreciation. Journal entries to this fund should only be completed by Financial Operations.

Unallocated Receipts (98000)
The Unallocated Receipts Fund is a holding place for all unidentified checks and wires received by the University. These funds are held here until the correct chartfields are determined; at this point the payments are transferred via journal entry to the correct location. Journal entries to this fund should only be completed by Financial Operations.

University Investment Pool (98500)
The University Investment Pool Fund is a high level management fund used to record and reconcile investment pool activity between our custodial bank and the university. This fund is also used in the process surrounding the monthly UIP allocation which distributes income to units based on their cash balances. Department journals are not allowed in this fund.

Payroll (99000)
The Payroll Fund is a high level management fund that holds all the funding for the biweekly and monthly payroll, including taxes and benefits, until it is dispersed when the employees are paid. Department journals are not allowed in this fund.

Accounts Receivable (99500)
The Accounts Receivable Fund houses the University's receivables that are maintained by Financial Operations. The receivables consist of Sponsored Programs’ billings, Payroll salary overpayments, loans receivables through the Treasurer’s Office, and other departmental receivables for departments who choose to use the central receivables system. Department journals are not allowed in this fund.

Institutional (99900)
The Institutional Fund is a high level management fund used to record increases or decreases in cash within university funds to specific banks. The fund is a management tool used to reconcile bank balances in the university system to actual bank statement balances and overall bank balances must balance to all current and non current funds which actually hold cash. Department journals are not allowed in this fund.
### Summary of Allowable and Unallowable Funds

<table>
<thead>
<tr>
<th>Fund (Fund Group)</th>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>10000</td>
<td>General Fund</td>
<td>Allowable</td>
</tr>
<tr>
<td>20000</td>
<td>Federally Sponsored Programs</td>
<td>Allowable</td>
</tr>
<tr>
<td>25000</td>
<td>Non-federally Sponsored Programs</td>
<td>Allowable</td>
</tr>
<tr>
<td>30000</td>
<td>Gift Fund</td>
<td>Allowable</td>
</tr>
<tr>
<td>40000</td>
<td>Designated Fund</td>
<td>Allowable</td>
</tr>
<tr>
<td>50000 to 56500</td>
<td>Auxiliary Funds</td>
<td>Allowable</td>
</tr>
<tr>
<td>6XXXXX</td>
<td>Student Loan Funds</td>
<td>Unallowable</td>
</tr>
<tr>
<td>7XXXXX</td>
<td>Endowment and Similar Funds</td>
<td>Unallowable</td>
</tr>
<tr>
<td>80000</td>
<td>Construction Fund</td>
<td>Allowable</td>
</tr>
<tr>
<td>80500</td>
<td>Construction Fund – Hospital</td>
<td>Allowable</td>
</tr>
<tr>
<td>81000</td>
<td>Information Technology Fund</td>
<td>Allowable</td>
</tr>
<tr>
<td>82000</td>
<td>Departmental Equipment Fund</td>
<td>Allowable</td>
</tr>
<tr>
<td>82500</td>
<td>Departmental Equipment Fund – Hospital</td>
<td>Allowable</td>
</tr>
<tr>
<td>83000</td>
<td>Maintenance and Equipment Fund</td>
<td>Allowable</td>
</tr>
<tr>
<td>84000</td>
<td>Debt Service Fund</td>
<td>Unallowable</td>
</tr>
<tr>
<td>84500</td>
<td>Debt Service Fund – Hospital</td>
<td>Unallowable</td>
</tr>
<tr>
<td>86000</td>
<td>Capital Asset Fund</td>
<td>Unallowable</td>
</tr>
<tr>
<td>86500</td>
<td>Capital Asset Fund – Hospital</td>
<td>Unallowable</td>
</tr>
<tr>
<td>90000</td>
<td>Agency Fund</td>
<td>Allowable</td>
</tr>
<tr>
<td>98000 to 99900</td>
<td>Institutional Funds</td>
<td>Unallowable</td>
</tr>
</tbody>
</table>
Appendix B – Transfers

Funding Transfers
Each Fund has specific rules regarding transfers both within a Fund and between Funds. Funding transfers represent the movement of funding, support, or appropriations from one chartfield combination to another.

Transfer Rules by Fund
Transfers use specific Account values, commonly referred to as “Transfer Accounts.” General Fund transfer accounts and the respective transfer rules differ from the other Funds. The Online Journal Entry process allows both Intra- and Inter-Fund transfers. Intra-Fund transfers are those that occur within a Fund, while Inter-Fund transfers occur between Funds. Certain restrictions apply to Inter-Fund transfers depending on the Funds involved.

General Fund Transfers

Intra-Fund Transfers
General Fund “Transfer Account” values identify the type of revenue or “appropriation” that is being transferred. Use the same Account value for both the credit and debit side of the transaction.

<table>
<thead>
<tr>
<th>Account</th>
<th>Account Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>450100</td>
<td>Trsf Approp Faculty Salaries</td>
</tr>
<tr>
<td>450200</td>
<td>Trsf Approp Staff Salaries</td>
</tr>
<tr>
<td>450400</td>
<td>Trsf Approp Fringe Benefits</td>
</tr>
<tr>
<td>450500</td>
<td>Trsf Approp Financial Aid</td>
</tr>
<tr>
<td>450600</td>
<td>Trsf Approp Supplies and Other</td>
</tr>
<tr>
<td>450700</td>
<td>Trsf Approp Equipment</td>
</tr>
</tbody>
</table>

Inter-Fund Transfers

Transfers from Fund 10000 to Fund 30000, Fund 40000 or Funds 50000 - 56500
Funding transfers from the General Fund directly to Gift (30000), Designated (40000) or Auxiliary Funds (50000 – 56500) are not permitted. Talk to your account coordinator regarding any possible exceptions. Current fiscal year transfers of expenditures are allowable between these funds.

Transfer from Fund 10000 to Fund 90000
Use the following Account values to transfer funding from the General Fund to the Agency Fund:
- Debit the General Fund using Account value 624390, Payments to Agency Fund
- Credit the Agency Fund using Account value 414200, Agency Transfer In
Gift (30000), Designated (40000), Auxiliary (50000 – 56500), and Agency (90000) Funds

Intra-Fund Transfers
The Gift, Designated, Auxiliary, and Agency Funds use the same Account values to complete funding transfers within the same Fund (e.g., from Fund 30000 to Fund 30000 or from Fund 50000 to Fund 50000). These Account values can only be used for intra-Fund transfers for these Funds.

<table>
<thead>
<tr>
<th>Action</th>
<th>Account</th>
<th>Account Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit</td>
<td>624350</td>
<td>Intrafund Transfers Out</td>
</tr>
<tr>
<td>Credit</td>
<td>624210</td>
<td>Intrafund Transfers In</td>
</tr>
</tbody>
</table>

Inter-Fund Transfers
Transfers between Gift, Designated, Auxiliary, and Agency Funds require specific Account values. Use the table below to determine the appropriate Account values for the debit and credit sides of the journal. Contact your Fin Ops coordinator for assistance when making these types of transfers.

<table>
<thead>
<tr>
<th>To/From</th>
<th>Fund</th>
<th>Action</th>
<th>Account</th>
<th>Account Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td>Gift (30000)</td>
<td>Debit</td>
<td>624390</td>
<td>Payments to Agency Fund</td>
</tr>
<tr>
<td>To</td>
<td>Agency (90000)</td>
<td>Credit</td>
<td>414200</td>
<td>Agency Transfer In</td>
</tr>
</tbody>
</table>

| From    | Designated (40000) | Debit  | 624830  | Transfer To Auxiliary Fund|
| To      | Auxiliary (50000 – 56500) | Credit | 624410  | Transfer From Designated Fund|

| From    | Designated (40000) | Debit  | 624390  | Payments to Agency Fund   |
| To      | Agency (90000)     | Credit | 414200  | Agency Transfer In        |

| From    | Auxiliary (50000 – 56500) | Debit  | 624430  | Transfer To Designated Fund|
| To      | Designated (40000)       | Credit | 624810  | Transfer From Auxiliary Fund|

Gift Fund Transfers
If you need to transfer funds to or from the Gift Fund please contact your Financial Operations coordinator.
Revenue and/or Expense Transfers

The majority of Journal Entries are processed to move either Revenue or Expenses to a different chartfield than where they currently sit in the GL. Generally all expense and revenue transfers should be accomplished within 120 days of the transaction first posting to the SOA. Transfers after 120 days in Sponsored Programs will require a memo explaining why the transfer was not made in a timely fashion, and may or may not be approved.

Certain revenue accounts are only allowed in certain Funds. For example, you should never process gift revenue into the General or Auxiliary Funds and For Credit Student Tuition dollars should never be placed into the Gift, Designated, Auxiliary or Sponsored Funds. For specific information about the various Funds, and what types of revenue are appropriate on them, contact your Fin Ops coordinator for more information.

Expense accounts as a group tend to have more flexibility than Revenue activity. Most expenses can be incurred in any current Fund with the exception of Sponsored Funds (20000 & 25000) and ERF-Gift (30000). Sponsored and Gift Funds are limited as to what expenses may be incurred on them based on Sponsor/Donor intent.

Recharge and Rebill Activity

Recharge activity should not be processed on a Journal Entry. Units with an approved recharge rate should use the SUB system to process their recharge activity. Rebill activity is recommended to be done on SUB’s as well. SUB’s provide rebill customers with more information than is available on the Upload or JE forms. For more information regarding recharge and rebill transactions please see the following presentation: [www.finops.umich.edu/GenInfo/three_r_web.pdf](http://www.finops.umich.edu/GenInfo/three_r_web.pdf)

Gift/Grant Revenue

Transferring of gift/grant revenue should not be processed on a JE by a department. Departments should contact their gift processing representative to make a gift revenue change. The gift processing representative will move the gift on the DAC system and prepare a journal entry to transfer the gift on the GL. This is done to keep the 2 systems in synch.

For your convenience a listing of allowable accounts by fund is available on the Financial Operations website at the following URL: [www.finops.umich.edu/GenInfo/fund_acct_info.xls](http://www.finops.umich.edu/GenInfo/fund_acct_info.xls). This list is updated on a quarterly basis. Contact your Financial Operations coordinator if you have questions regarding a specific transaction.

Salary Transfers

Financial Operations has specific rules regarding the transfer of salaries. These rules are in place to ensure that any salary changes are appropriately captured for reporting to various external government agencies. Specific guidelines and rules can be found on the Cost Reimbursement section of the Financial Operations website ([www.finops.umich.edu](http://www.finops.umich.edu)).

Non-Sponsored Funds

It is the University of Michigan’s practice and policy that all prior fiscal year retroactive payroll transfers for non-sponsored Funds must be processed on or before October 31st of the new fiscal year.
Effort Reporting

Federal Regulations also mandate effort reporting for certain individuals. This policy also serves to maintain compliance where retroactive salary distribution changes alter prior certification. Refer to policy on Effort Certification.

FAQ’s for Processing a Payroll Journal Entry

Q: Is the transfer for non-sponsored benefits, PeoplePay (formerly Form G), or stipend payments?

A: If so, the journal entry is acceptable to be processed.

Q: If the department has remapped a Shortcode and needs to transfer payroll charges for the current year, then a journal entry will be allowed for the changes in department id, program and/or project grant only. Has the Shortcode been remapped changing only a Department, Program or Project/Grant?

A: If so, the journal entry is acceptable to be processed.

Q: Is the employee an Hourly employee? (AFSCME, Temporary or Nurses)

A: If so, the journal entry is acceptable to be processed. In this case the employee(s) must recertify their effort. Refer to the Cost Reimbursement website for instructions.
# Appendix C – Journal Sources

<table>
<thead>
<tr>
<th>Department Group</th>
<th>Journal Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alumni Association</td>
<td>AA</td>
</tr>
<tr>
<td>Architecture, Engineering, &amp; Construction</td>
<td>AEC</td>
</tr>
<tr>
<td>College of Engineering</td>
<td>ENG</td>
</tr>
<tr>
<td>College of Literature, Science &amp; Arts</td>
<td>LSA</td>
</tr>
<tr>
<td>Continuing Legal Education</td>
<td>CLE</td>
</tr>
<tr>
<td>Dean of Student Affairs</td>
<td>DSA</td>
</tr>
<tr>
<td>Dearborn Campus</td>
<td>DBN</td>
</tr>
<tr>
<td>Financial Operations</td>
<td>FO</td>
</tr>
<tr>
<td>Flint Campus</td>
<td>FLN</td>
</tr>
<tr>
<td>Hospitals &amp; Health Centers</td>
<td>HHC</td>
</tr>
<tr>
<td>Human Resources</td>
<td>HRS</td>
</tr>
<tr>
<td>Institute for Social Research</td>
<td>ISR</td>
</tr>
<tr>
<td>Intercollegiate Athletics</td>
<td>ICA</td>
</tr>
<tr>
<td>Investment Office</td>
<td>CIO</td>
</tr>
<tr>
<td>Kinesiology</td>
<td>KIN</td>
</tr>
<tr>
<td>Life Sciences Institute</td>
<td>LSI</td>
</tr>
<tr>
<td>Medical School</td>
<td>MED</td>
</tr>
<tr>
<td>Michigan Administrative Information Systems</td>
<td>MAI</td>
</tr>
<tr>
<td>Michigan Health Corporation</td>
<td>MHC</td>
</tr>
<tr>
<td>Office of Budget and Planning</td>
<td>OBP</td>
</tr>
<tr>
<td>Office of the General Counsel</td>
<td>OGC</td>
</tr>
<tr>
<td>Office of the Registrar</td>
<td>REG</td>
</tr>
<tr>
<td>Office of the Secretary</td>
<td>SEC</td>
</tr>
<tr>
<td>School of Dentistry</td>
<td>DNT</td>
</tr>
<tr>
<td>School of Education</td>
<td>SOE</td>
</tr>
<tr>
<td>School of Natural Resources &amp; Environment</td>
<td>SNR</td>
</tr>
<tr>
<td>School of Nursing</td>
<td>SON</td>
</tr>
<tr>
<td>Student Organizations Accounting Services</td>
<td>SOS</td>
</tr>
<tr>
<td>Student Publications</td>
<td>PUB</td>
</tr>
<tr>
<td>Student Residences</td>
<td>RES</td>
</tr>
<tr>
<td>University Health Service</td>
<td>UHS</td>
</tr>
<tr>
<td>University Library</td>
<td>LIB</td>
</tr>
<tr>
<td>University Musical Society</td>
<td>UMS</td>
</tr>
<tr>
<td>University Unions</td>
<td>UU</td>
</tr>
</tbody>
</table>
Appendix D – Queries & Resources

BusinessObjects Reports:

Interim Unit-Maintained – Financial Operations – Internal Review:
- Count by Authorizer – Journal entry volume with detailed lines
- Count by Department Group – Journal entry volume with detailed lines
- Count by Department ID Range – Journal entry volume with detailed lines
- Count by Operator – Journal entry volume with detailed lines
- Count by Source – Journal entry volume with detailed lines
- Journal Entry Data – Journal entry detail by JE ID and fiscal year

UM-Maintained:
- FN03 Jrnldetail Journal Detail by Journal ID and Date – Journal entry detail by JE ID and date

Resources:

Financial Operations (www.finops.umich.edu):
- PC Journal Template – www.finops.umich.edu/FormsReports/Forms/pc_jrnload.xlt
- MAC Journal Template – www.finops.umich.edu/FormsReports/Forms/mac_jrnload.xls
- Valid Account Listing – www.finops.umich.edu/GenInfo/fund_acct_info.xls

MAIS (www.mais.umich.edu):
- Data Reports – www.mais.umich.edu/reporting/index.html
- My LINC – maislinc.umich.edu
  - MPE001 – Introduction to M-Pathways
- Reference for Handling Student, Employee and Patient Information –
  www.mais.umich.edu/access/download/ja_access_compliance.pdf

University Standard Practice Guide (spg.umich.edu)
## Appendix E – Internal Control Adequacy Template – Journal Entry

<table>
<thead>
<tr>
<th>INTERNAL CONTROLS</th>
<th>RISKS</th>
<th>KEY CONTROL POINTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Operating Controls</td>
</tr>
<tr>
<td><strong>A</strong></td>
<td>Within unit, have clear definition of who is authorized to process J.E.s, approve J.E.s and who grants that authority.</td>
<td><strong>Operating Controls</strong></td>
</tr>
<tr>
<td><strong>SP</strong></td>
<td>If processing J.E.s directly in M-Pathways, an M1 form should be completed and approved to grant or cancel/revoke access to process J.E.s.</td>
<td><strong>SP</strong></td>
</tr>
<tr>
<td><strong>SD</strong></td>
<td>Individuals processing J.E.s should not be approving their own J.E.s.</td>
<td><strong>SP</strong></td>
</tr>
<tr>
<td><strong>WP</strong></td>
<td>Should have written procedures that clearly outlines which positions are authorized to process J.E.s, which are authorized to approve J.E.s, and the position authorized to grant that responsibility.</td>
<td><strong>SP</strong></td>
</tr>
<tr>
<td><strong>INTERNAL CONTROLS</strong></td>
<td><strong>RISKS</strong></td>
<td><strong>KEY CONTROL POINTS</strong></td>
</tr>
<tr>
<td>-----------------------</td>
<td>-----------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Ensure J.E. is prepared accurately, is complete and is valid</td>
<td>J.E.s are processed incorrectly</td>
<td><strong>SP</strong> Ensure clear and complete, self-explanatory descriptions are provided in the header and line description fields and all other input has been correctly completed including amount and chartfield allocation.</td>
</tr>
<tr>
<td></td>
<td>Improper/inappropriate charges to projects/funds</td>
<td>If processing J.E.s directly in M-Pathways, perform Edit and Budget checks of chartfields upon completion (or will be done overnight automatically).</td>
</tr>
<tr>
<td></td>
<td>Non-compliance with governmental regulations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inaccurate financial statements</td>
<td>Monitor activity to ensure all J.E.s were approved by authorized individuals</td>
</tr>
<tr>
<td></td>
<td>Fraud</td>
<td>Monitor number of J.E.s processed and approved, by whom, amount, account, trend over time, and also J.E.s initiated outside unit. <em>To be discussed/confirmed by units, MAIS and FinOps.</em></td>
</tr>
<tr>
<td>Every J.E. should be reviewed and approved by the appropriate individual to ensure it is accurate and appropriate</td>
<td>J.E.s are processed incorrectly</td>
<td><strong>A</strong> J.E.s should be reviewed and approved by someone who is in a higher level position of authority to confirm that the J.E. is appropriate, accurate, complies with appropriate policies and is properly explained and documented.</td>
</tr>
<tr>
<td></td>
<td>Improper/inappropriate charges to projects/funds</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-compliance with governmental regulations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inaccurate financial statements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fraud</td>
<td></td>
</tr>
<tr>
<td>Ensure the appropriate back-up and support for non-sponsored J.E.s is available and provided if necessary</td>
<td>Inappropriate/non-supportable J.E.s</td>
<td><strong>SP</strong> J.E. should stand on it's own / be self-explanatory. Back-up should be provided if necessary, and should be stored in the central imaging system consistent with University guidelines.</td>
</tr>
<tr>
<td></td>
<td>Improper/inappropriate charges to projects/funds</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-compliance with governmental regulations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inaccurate financial statements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fraud</td>
<td></td>
</tr>
<tr>
<td>Ensure proper back-up support is provided to Financial Operations for J.E.'s affecting Sponsored Programs</td>
<td>Non-compliance with governmental regulations, per A110 requirements</td>
<td><strong>SP</strong> Sponsored Programs must approve all J.E.s affecting all sponsored activity, and only do so upon reviewing the appropriate back-up. Sponsored Programs will notify originating unit and provide comments for any changes they make to any J.E.s.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>If processing J.E.s directly in M-Pathways, review J.E.s in &quot;Pending&quot; status to monitor if waiting for Sponsored Programs approval.</td>
</tr>
<tr>
<td>Ensure all J.E.s on the Statement of Activity are reconciled to ensure completeness, accuracy and validity and all errors are resolved on a timely basis</td>
<td>J.E.s are processed incorrectly</td>
<td>Reconcile all J.E. activity on a monthly basis to ensure all J.E.s are appropriate, complete and accurate. Initial and date.</td>
</tr>
<tr>
<td></td>
<td>Improper/inappropriate charges to projects/funds</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-compliance with governmental regulations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inaccurate financial statements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fraud</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>WP</strong> Should have written procedures detailing local reconciliation process</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>SD</strong> Person performing reconciliation should not be person approving J.E.s.</td>
</tr>
</tbody>
</table>
Appendix F – MAIS Job Aides

The following job aides are also available electronically in MAIS LINC (maislinx.umich.edu):

- Upload a Journal Entry (JE) Data File into M-Pathways v8.8
- Create an Online Journal Entry (JE) in M-Pathways v.8.8
- Post Journal Entries (JEs) in M-Pathways v.8.8
- Print a Cover Sheet for Journal Entries (JE) in M-Pathways v8.8
- Journal Entries: Process Descriptions and Troubleshooting
- The Journal Entry Search Page in M-Pathways v8.8