Journal Entry Q & A & Audits
Agenda/Topics To Be Covered

- Journal Entry – know how, why and when?
- Journal Entry by type, expense or revenue.
- Auditing and Journals.
Journal Entry – let’s explore

- Journal Entry:

1. _______________________________
2. _______________________________
3. _______________________________
4. _______________________________
5. _______________________________
6. _______________________________
7. _______________________________
CONDITION:
We reviewed four cost transfers noting expenses were reallocated from one federal award to another or from Institutional charges to federal awards. Some expenditures were transferred more than a year after the original charged. Departments are allowed to make their own cost transfers and no documentation is maintained by the Office of Sponsored Programs or Research Financial Services. At the time of the audit, the Principal Investigators documented their reasons for the transfers. The reasons expressed noted that equipment and supplies that were purchased in bulk that may have been used on multiple projects were later reallocated to other projects.

- What would you do if you were the Department Chair?
Journal Entry – Fiscal Year End

- **ISO workflow** - please continue as normal - no change to workflow or approvals. You do not need to send these journals to the college.

- **DRG workflow** - use DRG and department number 110010001 for workflow.
  - DRG covers all entries on fund code 10XXX, 13XXX, 14XXX, 15XXX, 60XXX only.
  - Journal: Please make sure the journal header/lines includes original journal/voucher/PO number, vendor, date of charge, Reason for moving charge and RFS approval if needed.
  - Paperwork: Print off the journal in spectrum plus using Journal Print
  - Signatures: Please have Business Manager, Director, and/or Associate Chair or Chair sign the journal print. **Two signatures must be present.**

- **PRJ workflow**: use PRJ and normal department number for workflow. All college approvals will be on paper only.
  - PRJ covers all entries moving from or to fund code 20XXX only.
  - Journal: Please make sure the journal header/lines includes original journal/voucher/PO number, vendor, date of charge, Reason for moving charge and RFS approval if needed.
  - Paperwork: Print off the journal in spectrum plus using Journal Print
  - Signatures: Please have Business Manager, Project P.I. and/or Associate Chair or Chair sign the journal print. **Two signatures must be present.**
  - Attach: Back up from spectrum showing the existing charge details to include, all chart field information and account code.
  - Attach: Justification for moving the charge. All departments must use the university cost transfer form regardless of how old the original charge is.
Yale University Example

- **News Head December 23rd, 2008:**

Yale Pays $7.6 Million in Settlements

**Actual findings at Yale totaled $193,779**, which resulted in $7.6 million in settlements due to extrapolation.

“This settlement sends a clear message that the regulations applicable to federally funded research grants must be strictly adhered to,” said Nora Dannehy, acting U.S. Attorney for the District of Connecticut.
Exert of Allegations against Yale include:

Charges transferred to a project that were not applicable or allocable to that project. The transfers were made near the project end dates and gave the appearance that they were trying to spend down the remaining funds.

Charges transferred to projects lacked sufficient explanation.

An excessive number of cost transfers may be an indication of poor internal control.

Transfers that give the appearance of moving deficits from one project to another.

Transfers processed more than 90 days after the discovery of the error are more questionable due to the length of time involved in correcting the expense. Project personnel with fiscal roles are required to review their financial statements on a monthly basis.
Journal Entry - Essentials

Start Here

Header

Approvals
Support

Refer

Account
Codes

Line
Detail
Journals – Expense V Revenue

Expense

(+) add Expense

(-) remove expense

Revenue

(-) add Revenue

(+) remove revenue

Same Account Codes
Questions & Answers!