



County of Riverside
OFFICE OF THE AUDITOR-CONTROLLER
STANDARD PRACTICE MANUAL

SECTION: 7		SUBJECT: JOURNAL ENTRIES
POLICY NUMBER: 701		CATEGORY: GENERAL LEDGER
REVISED DATE: 5/1/24		APPROVED BY: <i>Ben J. Brait</i>

PURPOSE: To establish standard guidelines for County departments, agencies, special districts, and authorities for creating, processing, and approving journal entries into the County's Enterprise Financial system. Journal entries must comply with Generally Accepted Accounting Principles (GAAP) and all applicable accounting requirements for federal, state, and other regulatory agencies.

SCOPE: Applies to all County departments, agencies, special districts, and authorities that are governed by Riverside County Board of Supervisors, and/or which maintain funds in the County Treasury.

POLICY: This policy details the overall responsibilities and processes to be followed by all county departments when utilizing the PeopleSoft Financials General Ledger Module.

All agencies covered by this policy are responsible for initiating their journal entries and budget checking. The Auditor-Controller's Office (ACO) is responsible for the Central Journal Approval, posting, and necessary budget overrides.

PROCEDURE: Security roles have been assigned to departmental staff and Auditor-Controller staff (central) by the Riverside County Information Technology, Enterprise Solutions Division to ensure proper authorization of duties. The responsibilities of the roles are outlined below.

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TYPES OF JOURNAL ENTRIES

1) PRE-APPROVED JOURNALS

Pre-Approved Journals are either system generated from the modules or interfaced into the Financial General Ledger. These Journals bypass the Central Approval process unless they contain an error. Pre-approved journals are system generated for the following modules: Asset Management, Accounts Payable, Accounts Receivable, Billing, DBF, and Inventory. Interfaced Journals include IT Billing, Payroll Journals, and Property Tax Journals.

2) ALL OTHER JOURNALS

Journals other than those designated as Pre-Approved are routed through workflow to the ACO Central Journal Approval process. These include ONL (Online), year-end, allocations, and department-specific journals.

DEPARTMENT RESPONSIBILITIES

1) CREATING JOURNALS

An authorized processor creates a new journal online manually, by an automated mechanism, or by copying an existing journal in the system. The journal entry (JE) is required to have backup documentation.

2) PROCESSING JOURNALS

The Journal Processor must ensure the requirements listed below are met before journal submittal.

- ✓ The journal entry must be created in accordance with Generally Accepted Accounting Principles (GAAP) and the Governmental Accounting Standards Board (GASB).
- ✓ The journal entry must have adequate information in the long description that explains the purpose of the journal entry.
- ✓ All journals should indicate the originating department's Business Unit, (i.e., FMARC, SHARC, TLARC, etc.) in the "Reference" field of the journal header.
- ✓ The accounting string must be valid and active; otherwise, it will be rejected during the Edit Check Process. For accurate accounting strings, please refer to the Chart of Accounts Crosswalk that is on the ACO Web Site.
- ✓ All funds and accounts must balance within an Interfund transaction. For every interfund revenue, there should be an interfund expenditure to offset it.
- ✓ Intrafund transactions are between different departments within the same fund, usually the General Fund. For every Interfund Credit, there should be a Debit to another DeptID within the same fund.
- ✓ All Due to Other Fund transactions should have an offsetting Due From Other Funds transaction.
- ✓ Journal entries cannot be made to move expenditures instead of making budgetary adjustments.
- ✓ In the Totals Tab - The Actual Totals – Total Debits MUST equal Total Credits.
- ✓ In the Cash Edit Tab - "Total Cash Debits" must equal the "Total Cash Credits" and the "Difference" must be zero to ensure the journal is not "Cash out of Balance".
- ✓ All funds and accounts must be in balance.
- ✓ The journal entry must have adequate supporting documentation and the information must be attached in PeopleSoft. Follow the steps below when attaching backup documentation to a journal entry.
 - Document Preparation
 - ✓ Review documentation for completeness

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- ✓ Attach only documentation that is relevant to the transaction being recorded
- ✓ Working files should not be included if it does not factually substantiate transactions (exclude Excel spreadsheets or internal templates of journal entries)
- ✓ Organize documentation
- ✓ Mark out confidential information
- Document Scanning
 - ✓ Scan the related supporting documents. Scan all documents at once and upload them as a single file or you may scan and upload them separately if these cannot be combined
- Note: When scanning the documents ensure that:
 - ✓ Critical information is not covered
 - ✓ The scanned document(s) are legible, in order, and facing the same direction
 - ✓ All confidential information is marked out/covered
 - ✓ Save the scanned document(s) as a PDF (portable document format) or TIFF (tag image file format). When you save the scanned document(s), you can name/label it based on your preference or business need.
- Attaching Documents
 - ✓ Once you save the scanned document(s), to start attaching documents to the journal click on the **Attachments** link located in the bottom left corner of the **Header Tab**
 - ✓ Once you locate your file, click on the Upload button to upload and attach the scanned document(s) to the journal. The attached file will display as follows:
 - ✓ In the **Description** field enter the document indexing information. This must be the **Journal Number (Including preceding zeroes) _ Attachment Letter**; for example **0002035782_A**.
 - ✓ In the event there are multiple attachments for one journal, then the second attachment will be added by repeating the same process **“Add Attachment, Browse and Upload”** and saved using the same format. For example, a second attachment for this journal will be **0002035782_B**, and so forth. Once all attachments are added click the **OK** button to return to the Header tab. At this time, the **Attachments** link will reflect the number of attachments that were uploaded and attached to the journal.
 - ✓ Once an attachment(s) gets uploaded into the journal it cannot be deleted. Therefore, if an attachment was attached by mistake be sure to indicate this by entering **“error”** in the description field. For example, if attachment “A” was attached by mistake next to the Journal ID_ Attachment letter enter error, **0002035782_A_error**. Then you will attach the correct attachment and label it as attachment “B”.
 - ✓ Submit the journal for Department Approval.
- All journals must be Department Approved before submitting the journal to the ACO.

DEPARTMENT APPROVING JOURNALS

- 1) The Department Approver must verify that all journal lines are accurate and correct and that the Journal Processor has completed the items listed in Section 2 of the Department’s Responsibilities before approving the JE. After completion of the journal entry verification, the Department Approver can approve the journal entry online.

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AUDITOR-CONTROLLER’S ROLES

- 1) The Central Approver at the Auditor-Controller’s Office is responsible for reviewing and verifying that all items listed in Section 2 of the Department’s Responsibilities have been met before approving the journal entry. Once the journal entry is approved by the ACO, it will be posted to the General Ledger during the nightly batch cycle. If any of the requirements listed under Processing Journals are not met, the journal entry will be referred back to the originating department. Any unposting of journals to the General Ledger will remain the exclusive responsibility of the Auditor-Controller’s Office.

RECORDS MANAGEMENT ROLES

- 1) All journal entries and attached supporting documentation will be maintained in accordance with the County general records retention schedule for 7 years.

SECURITY ROLES

- 1) To perform the functions discussed above, at least one of these roles must be requested:
 - Create Journals would require the role of **Journal Processor**– this role will allow you to:
 - ✓ Create and Edit a journal entry
 - ✓ Create a reversing journal entry
 - ✓ Copy a journal entry
 - ✓ View journal entry errors
 - ✓ View journal budget errors
- 2) Department Approver would require the role of **Department Journal Approver**– this role will allow you to:
 - ✓ Approve (or Submit) a journal Entry
 - ✓ View journal entry errors
 - ✓ View journal budget errors
- 3) **Please note**, that an individual CANNOT be both a journal processor and a journal approver. They must choose one or the other.
- 4) ACO Central Journal Approver would require the role of **Central Journal Approver**– this role will allow you to:
 - ✓ Edit, Approve (or Submit), and Post a Department approved journal entry
 - ✓ Copy a journal entry
 - ✓ Create a reversing journal entry

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