

State of Rhode Island
Department of Administration

OFFICE OF ACCOUNTS AND CONTROL

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Things to Consider When Reviewing Journal Entries for Approval

1. Journal Entry Naming Conventions

All letters used in journal entry names in RI-FANS must be capitalized.

- A. A general journal entry name must begin with the letter J followed by the last two digits of the fiscal year and the three-digit agency number of the State agency that is originating the entry. The next part of the name is usually the three initials of the person originating the entry followed by a sequential number logged by that person, or, in the case of monthly recurring entries, it may be a word or phrase describing the particular purpose and period for which the entry is being made.

Examples:

J17068SAB072 This would represent the 72nd general journal entry originated by “SAB”, a staff member of agency 068, in FY17.

J17068BONDINTAPR This would represent a journal entry to post monthly interest earned by the Bond Capital Fund in April, 2017.

- B. A receipt journal entry name must begin with the letter R followed by the last two digits of the fiscal year and the three-digit agency number of the State agency that is originating the entry. The next part of the name is usually the three initials of the person originating

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the entry followed by four digits representing the month and day that the deposit was made. A separate journal entry should be prepared for each separate bank deposit made by an agency on the same day. Letter suffixes may be used to differentiate the journal entries in such cases.

Examples:

R17079LDF0519 This journal entry, originated by “LDF”, a staff member of agency 079, would be for the first bank deposit made by the agency on 05/19/17.

R17079LDF0519A “LDF” would use this as the name of a journal entry to record a second deposit made by agency 079 on 05/19/17, etc.

2. Journal entry names must be consistent with the accounting period in which they are to post. A journal entry name beginning with J17 or R17, for example, must not be used with the account period JUL-2017, nor should a name beginning with J18 or R18 be used with the account period JUN-2017. The first segment of revenue and expenditure account numbers in the lines section of the journal entry should also be consistent with the account period (this is not an issue with balance sheet accounts, the first segment of which is always 00 regardless of fiscal year). Approvers should reject any entries that show journal names or account numbers that are inconsistent with the period in which the journal entry is to post.

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3. With rare exceptions, the only journal entry categories that a State agency should use are the following: Cash Receipts, Adjustment, Allocation, and Interagency Billing.

A journal entry using the category Cash Receipts must have at least one account number with 101020 as the natural account segment.

A journal entry using the category Interagency Billing is usually initiated by the expending agency. An interagency billing journal entry may be initiated by the billing agency only if the Office of Accounts and Control has an MOU (memorandum of understanding) or some similar letter of agreement on file between the two agencies involved, or if a copy of the MOU is attached to the journal entry itself.

A State agency must **never** use the category A&C Adjustment. This category is for the exclusive use of staff members of the Office of Accounts and Control.

4. The description field of the journal entry should contain a brief but informative and meaningful description of what the journal entry is designed to accomplish. It is **not** enough merely to say "Backup on File at Agency." Whenever possible, a reference should be made to a specific previously posted journal entry or other RI-FANS transaction to which the current journal entry relates. If more information is needed to help an approver to understand the reason for the journal entry or to verify its accuracy and/or appropriateness, either a short text or a file should be attached to it electronically as further backup. Aspects related to the attachment of backup are discussed in further detail in a separate section of these procedures.

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5. The account numbers listed in the bottom half of the journal entry and the debit and credit amounts listed with them must all make “accounting sense” to the reviewer. For example, a journal entry to record a cash deposit must record a debit to a cash account rather than a credit.

The State accounting system also has rather stringent rules in place as to how and when certain expenditure natural accounts starting with 66 (Capital Outlay), 68 (Debt Service), or 69 (Operating Transfers) may be used. Journal entries that do not adhere to these rules should be rejected.

6. Under the “Other Information” tab near the middle of the journal entry screen, the initiator should enter his/her name and office phone number in the Reference field. This is so a reviewer will know whom to contact if he/she has a question concerning the journal entry. In addition, in the case of a cash receipt journal entry, the Reference Date field should be filled in with the date the money was deposited in the bank.

Journal Entry Backup Documentation Requirements for Journal Entries Whose Debit Amounts Total **\$500 or More**

(To become effective on **September 1, 2017**)

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**Journal Entry Approval and
Documentation Requirements**

1. Except in very specific circumstances, such as when a reference is made to a prior journal entry number or to some other RI-FANS document, a journal entry **must** have separate backup documentation attached.
2. Such backup documentation can be an Excel file, a .pdf file, a Word document, an email, or any other document that supports the amounts and the purpose of the journal entry. Backup may also be in the form of a descriptive paragraph composed by the journal entry initiator by using the Short Text box.

Backup should **never** include a screen shot of the current journal entry itself or a copy of the ADI template that was used to generate the current journal entry, since such backup serves absolutely no purpose and actually slows down the journal entry review process.

3. Backup documentation should be sufficient in both detail and scope as to allow the reviewer to have a complete picture of the initiator's intent and the source of the documentation without having to request further clarification from him or her.

On the other hand, the attachment of excessively detailed documentation is counterproductive. In such cases, a spreadsheet summarizing the content of this documentation, along with a short text by way of explanation, would be more helpful to a journal entry reviewer. The short text should reference where the full documentation may be accessed in case someone later needs to examine it in detail. Such a reference could be to a particular file on an agency's common drive, to a hard copy file maintained in someone's office, to an agency

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web site, etc. As mentioned earlier, it is no longer sufficient merely to indicate that the backup is on file at the agency.

All backup documentation, whether in electronic or in hard copy form, must be retained for the period of time specified in the approved record retention schedule for the agency initiating the journal entry.

4. Backup documentation should not contain employee names and addresses, Social Security numbers, birth dates, personal health histories, or any other personally identifiable information. If such information is on the documentation, it should be blacked out before the rest of the information is attached to the journal entry.

Rejection of Journal Entries

If an approver determines that there are one or more problems with a journal entry that warrant its rejection, then he or she must type the reason(s) for the rejection in the space provided on the screen. After the approver then clicks on the “reject” button, the entry will flow back into the RI-FANS worklist of the journal entry initiator, who will then either a) correct the entry by first unreserving the funds, making the correction, re-reserving the funds, and re-approving the entry, or b) begin the process of cancelling the entire journal entry.