

Complete Guideline Title: Guideline for Journal Entries not subject to Workflow	Guideline Number: JE-01 Guideline
Approved by: AVP (Administration) & CFO	Date of Most Recent Approval: October 5th, 2017
Date of Original Approval: October 5th, 2017	Supersedes/Amends Guideline dated:
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Purpose

To outline in further detail, the guidelines for journal entries that are not subject to workflow and define where the in lieu approval is for those journal entries.

Scope

Applies to both User Generated Journal Entries and External System Upload Journal Entries that are initiated with a source that does not go through the standard finance electronic workflow. Applies to all users who have been given permission to create journal entries not subject to workflow.

Definitions

Journal Entry – A journal entry records financial transactions in the General Ledger and moves revenues, expenses, assets and/or liabilities between two or more accounts, departments, programs, projects and/or activities which results in the entry being recorded within the University’s General Ledger.

Journal Creator – Any person who has a PeopleSoft security role permitted to create and enter Journal Entries in McMaster’s Mosaic PeopleSoft general ledger.

Supporting Documentation – Consists of source documents, supportive calculations, and/or other items necessary to substantiate the accuracy and appropriateness of a Journal Entry.

Chartfields – The components of the transaction contained in a Journal Entry line (e.g. fund, department, program, project, account, analysis type).

Guideline

Journal entries that are not subject to the system workflow approval process fall into one of three categories:

1. Internal Charges

Typically, mass/multiple line journals where an initiating department is charging several other departments. In this situation pre-approval (e.g. signed evidence) must exist that indicates department/program/project owner has approved supplies/service and amount being charged.

2. For Revenue Allocations/Transfer of Fund/Recoveries/Accounting adjustments and corrections:

Accounting adjustments that are necessary for proper financial management of department funds. These Journal Entries can be made by authorized users, typically accountants located in the centralized finance offices (Financial Services, University Research, Faculty of Health Science Research, Faculty of Health Sciences administration, Budgeting Services, etc.)

3. External System Interface Journal Entries:

Where an external software system interface posts charges directly to Chartfields provided to the issuing department and therefore does not have the ability to utilize the system workflow. In these cases, other forms of approval are in place.

The following chart outlines the journal entries that are currently approved as not subject to system workflow. These Journal Entries are reviewed periodically to ensure approval conditions are still being met and if any new entries need to be added.

Submitting Department	Description of Journal	Description of Approval	Supporting Documentation	Workflow Treatment Class (note 1)
Category 1: Internal Charges				
Hospitality	Caterase - catering event charges	Based on the orders from departments and the sales contract with detailed items/charges (pdf file). Sales contracts are always sent back to department prior to delivery of the service, i.e. service is provided once pre-approved.	Sales contracts	B
Hospitality	Departmental Meal Card charges	Departments submit a request form for a card where monthly spending credit limit and chartfields are entered. The form comes approved by the department/program approver.	Request form	A
Facilities	Postage Charges	Approval is sending the item through the mail system. High volume and extremely low dollar value make system workflow impossible	N/A	A
Facilities	Addressing	Formed filled out and signed by requestor before charges applied	Request form	B
Facilities	Facility Services Work Orders Research Billing	Work order requestor enters chartstring in MM module	MM Module	A
Facilities	Keying Charges	Key request form is submitted with signatures of department owner or PI/Delegate.	Request form	A
Customs & Traffic	Customs & Brokerage Fees	Purchase of items incurring customs/brokerage fees have already been approved via P.O./voucher approval workflow. Also end user provides authorization at time of customs release.	Voucher Approval	A
Customs & Traffic	Express Courier Charges	Goods that require rush courier charges after clearing customs are pre-approved by the PI/Delegate (research) or Department manager via email and use the same chartstring as customs charges	Email approval	A
CSU	CSU charges/recoveries	They receive chartstring via phone or email from authorized department contact and enter into ticketing system. No approval from the PI themselves for research.	Ticketing system	B
Telecommunications	Long Distance/Phone Charges	Each employee has own PIN code for LD charges Validate the LD code issued to the 55/85 account is being issued to a PI or Delegate - email goes out each month with details	Initial request for LD code. Monthly Email approval for PI	A
Telecommunications	Telephone equipment rental	Approval for all operating is requesting the equipment. Additional approval for the YEAR from PIs/Delegates for 55's/85's	Initial request for equipment. Yearly email approval for PI	A
McMaster Genomics Facility	FMF and MobixLab Sequencing, Oligo Synthesis and BoiBar Charges	Pre-approval for charges obtained from PI before journal entry created to charge. Statement of charges attached to journal entry. Scans of original order forms available.	Order request forms and email approval	A
Brockhouse Institute	Brockhouse Institute Lab Charges	upfront approval obtained from the PI via email	Email	A
MPS	Fleet Sharp/Copier Charges	Online form submitted with employee information and department including chartstring - for research projects, PI or Delegate must sign off on the purchase in advance	Application Form and email	A

Submitting Department	Description of Journal	Description of Approval	Supporting Documentation	Workflow Treatment Class (note 1)
Category 2: For Revenue Allocations/Transfer of Fund/Recoveries/Accounting adjustments and corrections (including but not limited to) :				
Financial Affairs	Trust Unitization/Working Capital Interest/Spending Allocation (UNT)	Rates supplied by Treasury office and calculations reviewed and approved by Senior Manager, Accounting & Financial Reporting.	Working papers	A
University Advancement	Donations	Disbursing donation revenue received - recorded in separate advancement system	Advancement system	A
FHS/University Research	All Overhead (including FICR)	Award documentation includes PI sign off on overhead charges	Award documentation	A
FHS	HHS charges in general eg. Allocation of Cab Charges, printing, pharmacy, BB	splitting of shared/centralized costs - no upfront approval evidence - currently bypassing for operating only	Internal Department cost sharing agreements	B
FHS/University Research	Salary Recoveries FHS and Univ Research (incl CRC Salaries & Benefits)	Award documentation includes PI sign off on salary recoveries	Award documentation	A
FHS	AFP Balances interest	To record interest earned/expensed for December based on AFP balances as of November	Agreement with AFPs - Policy	A
Central Finance	Research Balances - interest allocation	Providing interest earned by research, not charges - no approval required	Agreement for interest payments in award documentation	A
Central Finance	Clinical Practice Plans - interest allocation	Providing interest earned by Clinical Practice Plans with surplus, not charges - no approval required	Agreement with CPPs - Policy	A
FHS/University Research	Revenue Allocation - Research	Award documentation includes PI sign off on revenue allocations	Award documentation	A
Central Finance	Entries related to Bank Reconciliation	Accounting corrections	Bank reconciliation records	A
AP Travel	Drafts & Wire Charges	Approval inherent in the P.O. or voucher using a foreign currency	Banking service provider statements	A
FHS/University Research, Financial Affairs	Research Project Chartfield corrections	Accounting corrections - approvals are based on project id in many cases and sometimes incorrect dept or fund is used	Various	A
Category 3: External System Interface Journal Entries				
Bookstore	Bookstore charges	Employee ID and chartstring is validated at cash register. For project accounts, employee purchasing must be a signing authority on the project.	POS system back up with employee id recorded	A
Parking	Parking fees - interface in progress - currently using spreadsheet journals	Department fills out Parking application with chartstring and manager approval	Parking application	A
MPS	Printing charges/orders	Online form submitted with employee information and department including chartstring - for research projects, PI must sign off on the purchase in advance	Application Form and email	A
Student Financial Aid	McWork Program Funds allocation	Reimbursement of payroll expenses for McWork Students	Application for McWork student(s)	A
Note 1: Class A – Not subject to system workflow for all funds				
Class B – Not subject to system workflow for funds other than research				

The Journal Creator or department must still attach appropriate Supporting Documentation, as detailed above, for the charges in the Journal Entry and/or maintain the support in the department and ensure that the Supporting Documentation is readily available for administrative staff in other departments to verify charges. The Journal Creator or department must also be able to and willing to assist other departments to verify charges and correct errors.

Where Supporting Documentation cannot be provided by the initiating department and the receiving department is sure that the charge is not correct, the issuing department will be responsible to reverse the charge.

Financial Services undertakes a periodic review of Journal Entries that are not subject to the Finance workflow system¹. If it is discovered that a user is creating Journal Entries that do not fall into one of the approved categories of Journal Entries outlined above, security access to prepare all Journal Entries may be revoked.

Related Links

Journal Entry Policy

Procedure: Review of Journal Entries not subject to Workflow

¹ In accordance with the **Review of Journal Entries Not Subject to Workflow Procedure**