

Journal Voucher (JV)

Purpose:

To describe the proper use of and documentation required with Journal Vouchers (JV).

Explanation:

JVs are the official document used to make entries between SAP funds, cost centers, internal orders and WBS Elements. JVs are typically used for four types of transactions:

1. Corrections related to previously recorded transactions.
2. Posting charges for goods or services rendered by a department for another University department when a satellite billing system is not used.
3. Journal entries to record accounting transactions such as accruals for accounts receivable and accounts payable and transfers between business areas.
4. Allocations of costs to accounts based on a reasonable, verifiable method.

General Policy Guidelines:

This section of the Business Procedures Manual is a general guideline for JV policies and procedures.

(In many cases, the type of transaction on the JV determines the appropriate explanations, documentation, and signatures required on the JV. For example, due to the special reporting and auditing requirements for grants and contracts (WBS elements that begin with “3”), the Cost Transfer Policy has been established to provide more detailed information concerning JV requirements for grant related WBS elements. For specific policies concerning grants and contracts, refer to the Cost Transfer Policy at www.uky.edu/Regs/BPM/Append2.html.)

The following general guidelines apply to all JVs unless otherwise noted:

1. Propriety of the transaction:
 - A. Cost objects (Revenue and Expense transactions) – use “general ledger accounts”. A list of general ledger accounts can be located in Sections E-17-8 and E-17-9 of the University Business Procedures Manual.
 - B. Fund accounts (Balance Sheet transactions) – use general ledger accounts beginning with a 1 or 2. A list of GL accounts for funds can be found in Section E-17-10 of the University Business Procedures Manual.
 - C. No expense transactions should be coded to Automatic Budget Reallocation (ABR) pool general ledger accounts. The ABR codes are for *budget* purposes only.
 - D. A credit to an expense general ledger account should only be used to correct an error or to move an expenditure between two general ledger accounts. A refund from a vendor within the same fiscal year as the original expenditure is also

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- credited to an expense GL account but a cash transmittal, not a JV, would be used to record the credit.
- E. Revenue general ledger accounts should not be charged unless the JV is correcting an error.
 - F. In cases where a JV charges an expense general ledger account and credits a revenue general ledger account, the charge and credit cost objects cannot be in the same business area. If both the charge and credit cost objects are in the same business area, a Budget Transfer should be completed rather than a JV.
 - G. Certain internal university entries are *not* made on a JV.
 - 1) Budget entries should be completed on the Budget Transfer or Budget Revision Form that is utilized for the type of budget (plant fund project, sponsored project, or regular cost center account) that needs to be adjusted.
 - 2) Fund Reservations are not made on a JV. Corrections to system generated fund reservations should be directed to either Accounts Payable or Purchasing as appropriate.
 - 3) Corrections on payroll charges originally entered through the Faculty Effort System (FES) are generally not allowed on a JV. Contact the FES Coordinator with any specific questions.
 - H. Agency cost centers are set up for entities outside the University such as student clubs or professional organizations that wish to utilize the SAP system to process income and expense documents. In effect, the University acts as a bank for these organizations.
 - 1) JVs may not be used to credit an agency cost center. Instead, the department that needs to make a payment to an agency cost center should utilize a Departmental Authorization and Voucher (DAV) form to disburse the funds to the agency. Once the check is received by the agency, the money will be credited to the cost center through the use of a cash transmittal form.
 - 2) Disbursements from agency cost centers are *normally* made using a DAV. In some cases, however, an agency organization will utilize University services such as catering. These situations may be handled on a JV as long as the responsible person on the agency cost center has approved the expenditure and the cash balance is sufficient to cover the expenditure.
 - I. Some expense transactions that are entered on the JV may require discretionary funds. Examples of discretionary types of activities include departmental social events, alumni functions, fund raising activities, and retirement dinners. A complete list of discretionary items can be found in the Discretionary Expenditure Policy Matrix located at www.uky.edu/EVPFA/Controller/aphome/dispolcy.pdf.
 - J. Sponsored Project WBS elements have additional stipulations regarding the appropriateness and timeliness of transactions. Refer to the Cost Transfer Policy for detailed procedures.
 - K. JVs for endowment funds require careful review to ensure the transactions to be posted do not violate supporting endowment agreements, board actions or RCTF requirements.

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2. Appropriate signatures. All JVs must contain the original signature of someone responsible for the transactions. In addition, specific areas have special signature requirements as detailed below:
 - A. Agency cost centers with the account structure 1129xxxxxx, or 1139xxxxxx for KMSF – the JV must be signed by the responsible person on the cost center.
 - B. Discretionary transactions – entries involving the use of discretionary funds have special signature/approval requirements. Refer to the Discretionary Expenditure Policy Matrix for authorization information.
 - C. Sponsored Projects WBS elements
 - 1) Original charges between 0 to 90 days old – the signature of the billing department or approving official for the department is required.
 - 2) Original charges between 91 and 120 days old – the Principal Investigator of the project and Chair/Director of the department in which the grant resides must sign the JV.
 - 3) Original charges over 120 days old – the Principal Investigator of the project and the Chair/Director and Dean of the department in which the grant resides must sign the JV.
3. Description – All JVs should contain a *detailed* explanation of the entries so that a person unfamiliar with the situation will understand the nature of the transactions. For example, in correcting an error, describe the type of error and how the error occurred. Certain transactions require additional explanations:
 - A. Service centers, recharge operations, or allocations of costs – describe the items or services to be charged, the time period covered for the charges, and a brief explanation of how the charges were determined including quantity and cost.
 - B. Sponsored Project WBS elements:
 - 1) Payroll distributions – describe the reason for the distributions, the payroll periods covered, the names of the employees requiring payroll modifications, and the percentage of effort breakdown for any amounts that are different from the labor distribution sheets.
 - 2) Corrections made to original charges that are over 90 days old – provide an explanation of extenuating circumstances which prevented the errors or charges from posting to the correct WBS element within the first 90 days after the original transaction posted.
 - 3) Corrections of errors – in addition to the description of the error, include the steps that have been put in place to prevent this type of error from occurring again. If charging a grant, explain how the expense benefits the project.
4. Documentation – All JVs should have documentation attached that corroborates the appropriateness, descriptions, and amounts of the transactions that are listed on the JV.
 - A. Examples of required documentation include (but are not limited to) the following:
 - 1) Cost allocations – invoices or receipts for the original expense and documents that show the basis of allocation (such as units used, payroll effort, or square footage) and the calculations for the allocations.
 - 2) Payroll costs – copies of labor distribution sheets or STEPS invoices

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- 3) Travel costs – copies of travel voucher or DAV showing original travel charges and its supporting receipts or invoices.
 - 4) Other costs – copies of DAV, JV, purchase order, or procard documents and supporting receipts or invoices.
 - 5) Endowment transfers/corrections – copies of endowment agreement, board action, RCTF documentation, donor letter and/or authorization of responsible person.
- B. Corrections of errors require any information necessary to demonstrate the posting of the error such as copies of t-code FBL3N screen prints. For Sponsored Projects WBS elements, copies of the original documentation and its supporting invoices or receipts are required.
- C. General exceptions to documentation requirements
- 1) Service centers and recharge operations do not need to have supporting documentation attached to the JV. Because these transactions are supported by an approved cost rate for services, the JV explanation detailed in the previous section of this procedure serves as the invoice for the transaction.
 - 2) Hospital JVs that require patient confidentiality are allowed to retain the documentation on file in the Hospital. However, an adequate description of the patient numbers and time periods for the services must be provided in the explanation on the JV.

Procedures:

1. Instructions for completing the JV can be found at www.uky.edu/eForms/forms/ividinst2.pdf
 - A. Be sure a full description has been entered on the JV.
 - B. Include a contact person's name and phone number on the JV in case of inquiry by the processing department.
2. After printing the completed JV:
 - A. Attach the appropriate supporting documentation to the JV.
 - B. Obtain the necessary signatures/approvals.
3. Forward the JV to the appropriate departments.
 - A. Endowment Services – endowment fund transactions.
 - B. Sponsored Projects Accounting – For JVs with grant transactions only (WBS elements beginning with “304”), service center cost centers and recharge GL accounts.
 - C. Hospital Accounting – For JVs involving hospital cost objects.
 - D. General Accounting – All other JVs.