TO: Controllers, Financial Managers and other Financial Administrators
FROM: Office of the Controller - Financial Accounting and Reporting (FAR)
SUBJECT: Good Business Practices for Preparers and Approvers when Preparing and Reviewing Journals

I. Purpose

The main objective of this document is to provide a set of general guiding principles to those individuals responsible for preparing journals; reviewing journals and the corresponding backup documentation, and approving journals before or after being entered into the Oracle Financials General Ledger (G/L). This document is not intended to be a list of procedures on “how to” enter a journal via the Oracle Journals Form; or prepare, create and upload an ADI Journal Template. See the Resources section for policies and procedures regarding journal entries.

II. Overview

A Journal Entry (J/E) is the record of a new or adjusted financial transaction recorded in the Oracle Financials General Ledger (G/L) by Tubs across the University. Through these journal entries, Tubs can review all of their financial transactions and which Oracle Financials 33-digit coding strings (CoA) these transactions affect.

At Harvard, the ways to enter journals into the Oracle Financials G/L include (1) manually through the Oracle Financials Journals Form; (2) electronically via the ADI Journal Template; and (3) systematically through data interfaces originating from local sub-systems. Journals are first “uploaded” (via the Journals Form or ADI Journals Template) and then “posted” to the Oracle Financials G/L through a nightly batch automated process.

Current business practices at Harvard allow for journals to be reviewed and approved before or after being posted to the Oracle Financials G/L. Currently, as part of the Financial Close and Reporting business cycle controls, Tub/School/Department financial offices are required to review the Journals General Report for all journals >=$100K and to ensure that journals are supported by sufficient and relevant documentary evidence.

III. Separation of Duties

Entry, review and approval of journals should be done by different individuals, with different levels of seniority. When duties cannot be sufficiently segregated due to the small size of a department, review may be performed by a peer and mitigating controls, such as a detailed supervisory review of the activities, should be put in place to reduce risks. It is a powerful internal control to segregate the duties of a journal preparer and an approver, since it ensures that the duties/roles are assigned to individuals in a manner that disallows one individual from controlling the entire process from start to finish.

Note

- Before transacting on sponsored funds, please ensure you are familiar with sponsored policies and procedures including specific journal naming conventions for Cost Transfer journals (https://osp.finance.harvard.edu/files/osp/files/cost_transfer_procedures_effective_7.1.2018.pdf)
- Refer to the University Responsibilities of Purchasers, Preparers and Approvers (ROPA) policy (https://policies.fad.harvard.edu/responsibilities-purchasers-preparers-and-approvers) for detailed information on the responsibilities for those who prepare or approve transactions.
Preparer
This is the person who has the responsibility to enter the Oracle Financials Journals Form; prepare and/or upload the ADI Journal Template to record the journals in the G/L.

The Preparer:

- Prepares and inputs the journal within a reasonable time frame (e.g. the Cost Transfer Policy requires that cost transfer journals involving sponsored funds be completed within 90 days of the original transaction date)
- Ensures journal is recorded in the proper period (i.e., in the correct fiscal year and within required sponsored timeframes)
- Ensures journal information is complete and accurate
- Ensures the correct 33-digit codes are used in the journal
- Ensures total journal debits equal total journal credits; unbalanced journals will not upload and post to the G/L
- Ensures journal is in accordance with University and school/tub policies. For example:
  - Ensures journal adjustments are not made for capital expense object codes 68XX (this relates to HCOM entries, only). These adjustments must be processed using the Oracle A/P Adjustment Form via the approval process at the school/tub
  - Identifies in the journal, regardless of funding source, the Period of Work Performed (PWP), HUID, and name for all salary (6010-6229) and Federal Work Study (0133-0160) journals
- Ensures journal is self-explanatory by
  - Providing journal line item descriptions that clearly explain each journal line;
  - Including in journal documentation a concise, yet sufficient, explanation of the purpose of the journal and why it is necessary;
  - Including the Preparer’s Tub name, the Preparer’s initials and date (needed for ADI Journal Templates only – manual entries show the Journal Voucher Create Date in the Batch Name)
- Prepares and references the appropriate supporting documentation. Journal documentation must explain the reason for the entry and support how amounts in the entry were calculated. That is, documentation must meet the “re-performance standard,” which means that any person could recreate the journal entry using the supporting documentation. This could include emails, drill-down reports, invoices, OBI reports, cost transfer approvals, etc. Support should be sufficient to recalculate numbers in journal - numbers in the journal should be readily identifiable in the backup documentation. Ensures that this documentation is kept according to all relevant document retention requirements, stored in a central location (physically or electronically) and is readily available for retrieval
- Sends the journal to his/her counterpart for review and upload when preparing a journal for another school/tub; and obtains approval of the journal entry from his/her counterpart. Note – preparer should check with his/her Tub/School financial office for uploading procedures
- Forwards Oracle Financials Journals Form (print screen), or ADI Journal Template along with supporting documentation to appropriate Approver

Note
A well-documented journal entry should answer these questions:

- What is the purpose of this journal entry? Provide a brief, concise description of why this journal is being performed.
- Do the charges belong on the accounts to which they are being transferred and do they comply with Harvard policies with respect to allowability, allocability, and reasonableness?
- Are amounts substantiated?
Reviewer/Approver
An Approver is someone who is authorized to review journal entries in your Tub/School/Department. This person should be someone other than the Preparer and who has sufficient knowledge to make an informed judgment that the journal transaction is appropriate.

The Approver reviews the Oracle Financials Journals Form (print screen), ADI Journal Template and/or the OBI Journals General Report. By approving the journal prepared by the Preparer, the Approver verifies and acknowledges that the journal is:

- Complete and accurate – this includes but is not limited to:
  - Proper 33-digit coding strings are being used, particularly Object Code and Activity values
  - Entries to transfer income or move expenses are appropriate and done timely
  - For restricted fund expenditures, expenditures are within the fund terms
  - For sponsored expenditures, expenditures are in accordance with the terms and budget of the sponsored fund, and cost transfer policy rules are followed
  - Amounts in the journal are accurate and tie to journal support
- In accordance with University and school/tub policies
- Timely and recorded in the proper period
- Reasonable based upon support provided
- Has adequate and sufficient documentation ("re-performance" standard met)

Note
Acceptable ways of approving journals include

- electronically via email;
- electronically via Adobe Acrobat Pro (e-signatures guidelines available via the Office of the Controllers’ Internal Controls web page); or
- manually on a hardcopy of the journal

IV. Supporting Documentation

Journal entries should have supporting documentation that explains the rationale and substantiates the amounts in the journal to a standard that would enable a reviewer to recreate the journal and understand its purpose. Documentation is to be clearly labeled and understandable to the Reviewer or any other person inquiring about the entry. The following are some of the common documents used for support:

- If a journal relates to a specific invoice, ensure the journal references the original charge [referencing the original charge date and Payment Request (PR) number] so that the corresponding invoice can be found via HCOM
- For journals entered to make a correction to an earlier entry, supporting documentation must show the 33-digit coding string (CoA) of the original entry via an OBI transaction listing (preferably in TLX format); and the original date of the transaction
- Supporting schedules such as Excel documents and stand-alone reports from the original system(s) of record. In general, it is desirable to include a PDF report where feasible as added support - a PDF report cannot be easily manipulated or subject to formula errors. Supporting schedules must be reviewed by the Preparer to ensure totals and formulas are accurate. If permissible, review marks may be noted on the schedules to evidence verification of data presented on the schedule.
- Templates - a monthly template may be used for recurring monthly entries
• Other documents attached to entry –
  o If specific e-mails or Word documents provide a better understanding of the entry, or demonstrate approvals such as those needed from a faculty member, these should be attached to the entry
  o Third party reports
  o Checks
  o Bank statements, etc.

**Note**
For internal controls purposes, all journal entries and supporting documentation are to be retained electronically (e.g., in designated folder in shared drive), or in physical form (e.g., in assigned binders and stored in assigned areas) and be readily available for examination, as needed. For further information regarding record retention policies at Harvard, refer to the *University General Records Schedule* - [https://grs.harvard.edu/](https://grs.harvard.edu/)

V. Resources

Contact your Tub Finance Office for detailed local policies and procedures on how to prepare, enter, approve and upload journal entries. Additional guidance can be found in the resources listed below.

• **ADI Journal Template**
  o For the most recent *ADI Journal Template*:
    – Log on to Oracle Financials and locate your General Ledger Responsibilities (HRVD^GL^...)
    – Click *Journals > Generate > ADI > Create Actuals Journal Worksheet*
    – Select the appropriate version of MS Excel from the drop down menu
  o [Create an ADI Journal Worksheet (Harvard Training Portal)](https://harvardtraining.harvard.edu/)
  o [Populate an ADI Journal Worksheet (Harvard Training Portal)](https://harvardtraining.harvard.edu/)
  o [Upload an ADI Journal Worksheet (Harvard Training Portal)](https://harvardtraining.harvard.edu/)
  o [ADI Troubleshooting Guide (Harvard Training Portal)](https://harvardtraining.harvard.edu/)

• **Policies**
  o [University Responsibilities of Purchasers, Preparers and Approvers (ROPPA) policy](https://financial.endowment.harvard.edu/)
  o [Sponsored Expenditure Guidelines (Office for Sponsored Programs)](https://financial.endowment.harvard.edu/)
  o [Harvard Cost Transfer Policy (Office for Sponsored Programs)](https://financial.endowment.harvard.edu/)
  o [Effort Reporting Policy (Office for Sponsored Programs)](https://financial.endowment.harvard.edu/)

• **Other**
  o [TLX tools (Harvard Wiki – Job Aids)](https://wiki.harvard.edu/)
  o [Guidance on Creating and Posting Payroll Journals](https://wiki.harvard.edu/)