Journal Entries in PeopleSoft

Part I – Sources of Journal Entries

General Ledger

The General Ledger (GL) in PeopleSoft is the repository for all financial transactions. There are three different ledgers in PeopleSoft.

1. Actuals – the Actuals ledger is the main repository for all financial transactions for the University, General Administration, all Foundations, and other university-associate entities.
2. Cash – the Cash ledger is used for month end closing purposes. Combination of Cash ledger and Actual ledger provides financial reports at cash-basis.
3. Accrual – the Accrual ledger is used for year-end purposes. Combination of Accrual ledger and Actual ledger provides financial reports at full accrual basis.

Journal entries are the source for recording transactions to the GL and can be from various subsystems/ processes, external applications, flat file upload and for various purposes. Such subsystems/processes would include subsystem activities and feeds (student accounts, student loans, check writes –AP, deposits –AR, internal service charges/adjustments, allocations, etc.). In addition, journal entries are made to record transactions to the general ledger that are not otherwise provided for in a subsystem (such as year- end accounting transactions) or that are for reclassification, reimbursement, correction, allocation, or fund transfers (for a purpose). PeopleSoft Financial system will only accept balanced journal entries for posting.

I.   Journals from Subsystem or External Application

There are multiple subsystems in PeopleSoft, as listed below. When a transaction is entered in a subsystem, it goes through combo edit, budget checking, and approval processes in the subsystem. After a transaction has been approved in a subsystem, a "Posting" process runs to move the transaction data to the Accounting Line table. The entry in the Accounting Line table is a double-sided, balanced entry. There is a unique Accounting Line table for each sub-system. All sub-systems Accounting Line tables are within the Finance suite, except "hr_acctg_line" (human resources suite) and "sf_acctg_line" (student financials). Once a transaction is recorded in an Accounting Line table, it is picked up by the Journal Generator Process, which creates journal entries in the General Ledger.

1. AP - Accounts Payable
2. AM - Asset Management
3. AR – Accounts Receivable

4. PR – Payroll
5. BI - Billing
6. TR – Treasury
7. F&A – Facility and Administration
8. GM_CA – Grants Management
9. SF – Student Financial

The illustration below shows the journal processing steps in subsystem and GL.
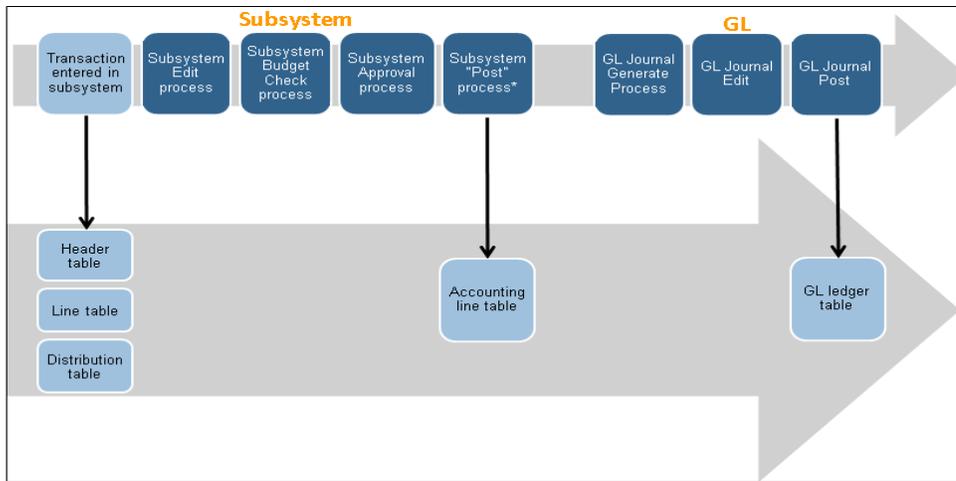
II.   Journal Import (DCB)

DCB journal sources are specifically established for recurring interdepartmental billings with large transactional volume. They are not appropriate for correcting entries. DCB journals require business plans that trigger interdepartmental billings (which may or may not have the potential to be recharge centers at a future date). The unit submitting DCB journals is responsible for recording transactions and activities identified in the business plan, and using only assigned DCB journal source codes to adhere to respective business rules and university policies.

Departments have the option to generate a pre-configured flat data file and store for later upload. These flat files are placed in a designated location to be uploaded to Cybermation where they are edited and budget checked. For example, multiple DCB journals are created from Campus Billing Management system (CBM) in PeopleSoft every month.

III.   Journals created by Allocation Process

Allocation processes are used in PeopleSoft to distribute accumulated cash, expenses or revenues based on business requirement. Allocations can be on a fixed basis or percentage of pro-rata basis. Allocation processes create journal entries directly in General Ledger.

IV. Campus Journals

Customized campus journal module allows campus departments to enter journals in the Campus Journal pages. Campus Journal pages are organized by transaction groups, which identify the various reasons for creating a campus journal. The main groups are correcting journals (JCV, JCR), inter-departmental billing journals (JBL, JBS), Trust & Special fund transfers (JGG), endowment income allocations (JFA), cash advance settlements (JCA), etc. The transaction groups contain one or more transaction types that identify the nature of the transaction at a further level of detail. In campus journal module, most of these journal pages have built-in business rules, except for other campus journal (JOT) which is a free form campus journal.

Campus journal transaction type source and attachment requirements can be found in the following link.
https://ccinfo.unc.edu/files/2015/05/Campus-GL-Journals-Cheatsheet.pdf

V. Manual Journals

Manual journals are created directly in General Ledger delivered page. Central Office staff either enter journal entries in the journal delivered page or upload a flat file to create journal entries.

Part II – Journal Process

I. Overview

All financial transactions are recorded in the General Ledger as journals. When a journal is entered or imported to GL, it goes through the following processes before it is posted to the ledger:

1. Create a journal: manually enter the journal in campus module or delivered page
2. Journal Edit: this process checks for the following things:
   - Open accounting period. The period must be open.
   - Valid Combo edit (meet sets of business rules)
   - Valid values. This error would not occur on journal entered manually because the system will not save a journal with invalid values. However, imported journals may contain invalid values and would fail journal edit.
   - Balanced lines. Checks that self-balancing chartfields are balanced and that total debits equal total credits.
3. Budget Check: checks for sufficient budget per chartfield strings on the journal
4. Approval: routes the journal to designated approvers
5. Journal Post: post the journal to general ledger
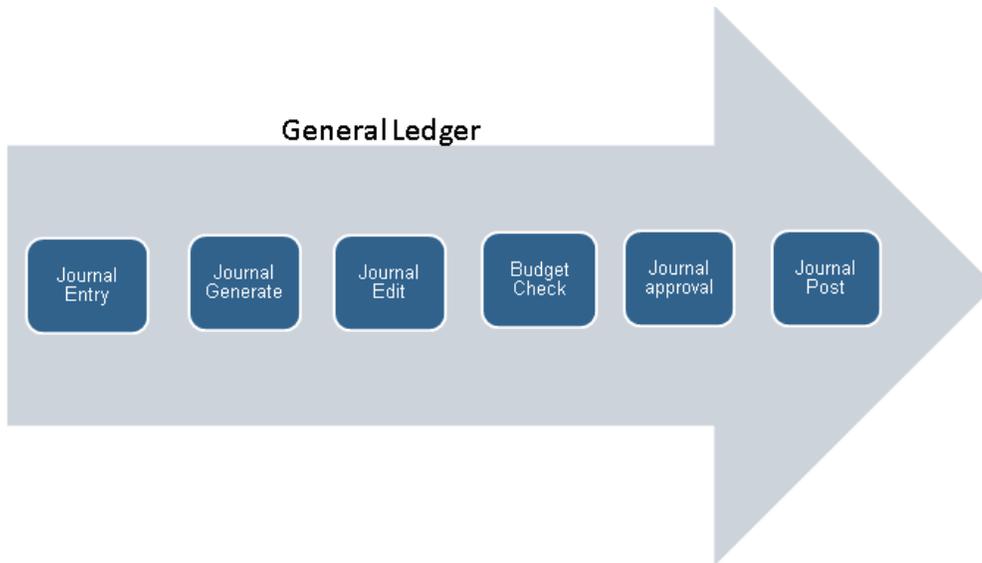
II.   Combo Edits

Combination definitions identify the chartfields associated with a combination rule. For example, the FS combination definition is comprised of the fund and source chartfields, which means the associated combination rule will determine how the fund and source chartfields can work together.

Below are some of the combination definitions for the University.

| SetID	Combination	Definition Description
UNCCH	AD	Account, Department
UNCCH	AF	Account, Fund
UNCCH	AFSD	Account, Fund, Source, Dept
UNCCH	DF	Dept MOU Node, Fund
UNCCH	FD	Fund, Department
UNCCH	FS	Fund, Fund Source
UNCCH	SD	Source, Department
UNCCH	SF	Source, Fund
UNCCH	SP	Source Program

III.   Journal Approval

After a journal passes Combination (combo edit) and budget check the journal requires approval before posting to GL. Combo edit consists of the process of editing transaction lines for valid chartfield combination based on user-defined rules. ChartField combination editing expands the ChartField editing process to include ChartField values that are dependent on each other.

PeopleSoft edits and stores ChartField value combinations according to the combination editing rules defined by the University.

1. Approval Routing
   ❖ Journal approval is driven by Source Code on the journal header. Journals may have up to three organizational levels of approval:
      - Campus department approval is required for all campus journals
      - Office of Sponsored Research approves journals containing OSR project information
      - Accounting Services approves journals that contain lines with either State or Trust Funds
   ❖ For campus journals, routing is also driven by Department ID
      - Routes to each department on the journal lines, up to three departments
      - If more than three departments, routes to top three department by dollar amount, the additional departments receive notification for review only

2. Approval Workflow for all journals
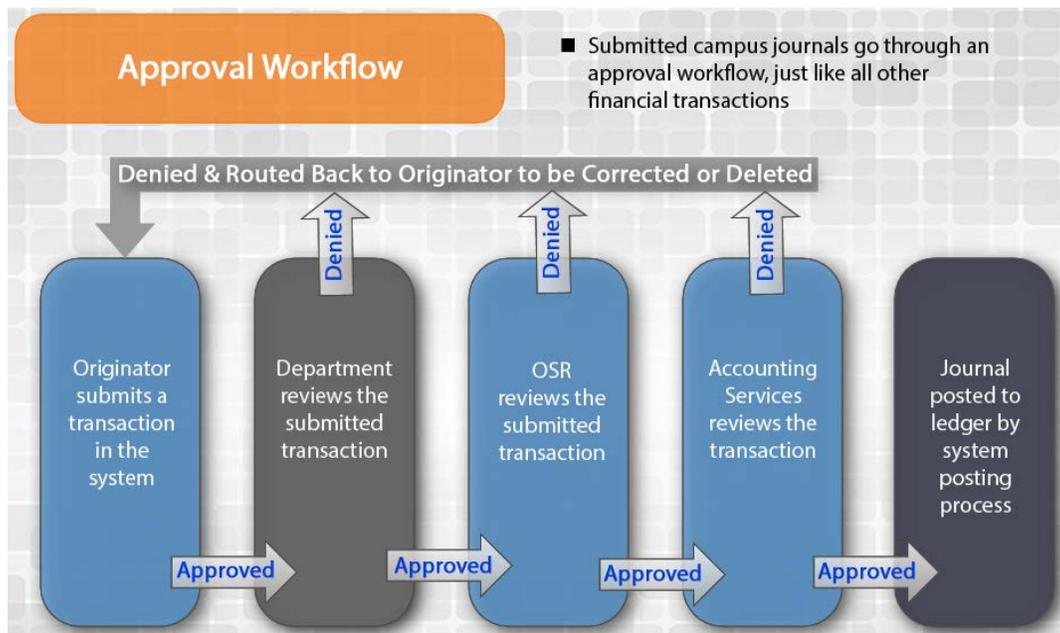
Note: When a journal entry contains errors and is rejected by Central Offices, the campus department(s) receive email notification. They have the option to revise and resubmit the journal entry. Once a journal entry is resubmitted, it is treated as a new journal entry and follows the workflow. The original history of rejection is deleted by PeopleSoft. If the journal entry is not revised and resubmitted, it is deleted from the system during month end closing.

3. Approval requirements for campus journals

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Approval Requirements

JE Type	Dept	OSR	Accounting Services
Billing	Basic	Yes	If $1,000 or greater
Billing State Receipts	Basic	Yes	Yes
Cash Advance Settlement	Basic	Yes	Yes
Correcting JE	Basic	Yes	No
Correcting Voucher JE	Basic	Yes	No
Departmental One Card Deposit	Basic	Yes	If $1,000 or greater
Departmental One Card Purchase	Basic	Yes	If $1,000 or greater
Print Plan Deposit	Basic	Yes	If $1,000 or greater
FP Charges & Write Offs (FP Administration)	Basic	No	No
Residual Transfer	Basic	Yes	No
Other Campus JE – Interunit	Complex	Yes	Yes
Other Campus JE – Intraunit	Complex	Yes	Yes
Univ Endowment Income to Principal Account	Complex	No	Yes
Univ Endowment to Univ Endowment Income Account	Complex	No	Yes
Agency Endowment Income to Agency Endowment Principal Account	Complex	No	Yes
Foundation Allocation to Univ Restricted/ Unrestricted Gift	Complex	No	Yes
Gift to Gift	Complex	No	Yes

Part III – Central Office Review and Monitor

I.   Campus Journals

Campus journals are subject to departmental approval. Depending on the three digit journal source, some of them are routed to central office for approval. For example, all State Fund billing journals (JBS) are required to be approved by Accounting Services (ACS).

Accounting Services reviews the journals based on general accounting principles, state and University policies, and applicable rules of institutional trust funds. The departments are responsible for reviewing and approving the underlying transactions.

Correcting journal entries or reclassification journal entries submitted to Accounting Services for review include the following but are not limited to:

I. Voucher distribution lines

ACS reviews documentation to ensure state regulations pertaining to purchasing rules are adhered to, and consults with procurement services as needed before approval.

II. Cash advance settlements

ACS confirms the supporting documentation includes receipts, the appropriate use of chartfield string, and charges are allowable.

III. Data collect batch transactions

ACS reviews to ensure charges are allowable for the fund type used for department charges. OSR reviews contracts and grants related charges.

IV. Other departmental charges

ACS reviews to ensure charges are allowable for the fund type used for department charges. OSR reviews contracts and grants related charges.

V. Transfers

ACS reviews justification and ensures the source has sufficient funds to accommodate the transfer and appropriate transfer general ledger accounts are applied.

VI. Cross Business Units transactions

ACS consults with Investment and Foundation unit to ensure the transactions are appropriate and business rules are adhered to. For example, under normal circumstances, foundations provide grants to support University. Therefore, it is not appropriate to transfer funds from University to foundations, unless it's a correction.

Transfers of expenses from foundation to university are examined to ensure the validity and appropriateness before approving.

Note: Reclassifications for financial reporting purposes are handled by Controller's Office.

2.   Manual Journals

These journals are not routed to campus departments for approval. They are subject to central office approval. Journal lines involving OSR projects are approved by OSR. State Funds and Trust Funds journals are approved by Accounting Services.

3.   Imported Journals (DCB)

Accounting Services reviews and approves these files daily before they are posted to the General Ledger.
If either journal edit or budget checking processes fail in Cybermation, Accounting Services deletes the erred file. Then, the department fixes the error and uploads the corrected file.

4.   Subsystem & External Application Journals

Journals created by Journal Generator from subsystems, payroll (HCM suite), and student financial system do not require additional approval since the underlying transactions have already been edited and approved in the sub-system.

5.   Allocation Journals

Allocation journals are generated by allocation processes in PeopleSoft. When expenses or assets must be shared by more than one business units, departments, PeopleSoft allocation process can be utilized. Allocation processes starts with establishing allocation steps based on certain criteria, formula or specifications. PeopleSoft generates allocation journal entries when allocation steps are grouped and the Request Allocation process is run. After that, journal entries generated need to be edited, budget checked and posted to update general ledgers. There are various allocation steps that have been tested and set up in PeopleSoft. They are scheduled to be run at appropriate times during the month. Accounting Services maintain/update these allocation steps, run allocation processes per schedule (e.g. payroll allocations should be run only after each payroll has been posted to the general ledger) and post the journal entries generated by the allocation processes.