

# SECTION 9: JOURNAL ENTRIES

## Overview

### INTRODUCTION

*Section 9: Journal Entries* provides a general overview of and detailed procedures for processing agency journal entries, finance journal entries, and time and equipment transactions in AKSAS. This Section includes procedures for recording journal entries to correct erroneous transactions, transfer funds between agencies, clear warrants posted to suspense, and correct warrants recorded incorrectly during the reappropriation period. Procedures are also provided for processing journal entries to record time and equipment data in AKSAS.

Journal entries are user-defined, balanced debit and credit entries used to record increases and decreases in the balances of fund assets, liabilities, and equities; correct processed transactions; liquidate or adjust the liquidation of open items; and other cost distribution and fund management activities. There are three types of journal entry transactions: agency journal entries, treasury journal entries, and finance journal entries.

#### Agency Journal Entries

Agency journal entries are balanced debit and credit entries used by agencies to record adjustments or corrections to processed transactions and to record interagency transfers. Agency journal entries are commonly used to:

- Correct financial coding on processed warrant transactions.
- Record, adjust, and liquidate accounts receivable or accounts payable open items.
- Record an interagency transfer.
- Clear items posted to suspense such as prepayments, canceled warrants, and payroll exceptions.

#### Treasury Journal Entries

Treasury journal entries are balanced debit and credit entries used for cash management, investment, and other fund management activities affecting Treasury Pool Funds (the investment pools associated with the operating funds of the state) and the specifically invested funds managed by the Treasury Division. Except for wire transfers, treasury journal entry transactions are recorded only by the Department of Revenue, Treasury Division. Wire transfers can be recorded by all agencies. For more information about treasury journal entries, refer to *Section 6: Revenue, Treasury Journal Entry* and *Section 8: Payments, Wire Transfer*.

#### Finance Journal Entries

Finance journal entries are balanced debit and credit entries used by the Division of Finance and authorized agencies to record special adjustments such as period-end accruals or to adjust balances between posting types. These transactions record changes between funds, appropriations, and other entities in the financial reporting structures for a specific posting month and/or posting type.

#### Time and Equipment

Time and Equipment (T&E) processing calculates direct and indirect costs related to hours worked, equipment usage, and other work units reported on time sheets, and distributes the costs through AKSAS reporting structures according to the financial coding on the time sheet. Time and Equipment journal entries are currently used only by the Department of Transportation and Public Facilities.

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### AUTHORITY

AAM 35.100	Prepayments of Charges, Contracts, and Lease Payments
AAM 40.010	Abatements
AAM 230.130	Accounting for Payroll Cancel Suspense
AAM 230.200	Agency Payroll Exceptions
OMB Policy Statement - Exceptions to the RSA Process (Use AJE 430-40)	

### TERMINOLOGY

**Agency Journal Entry** - Balanced debit and credit entries used to record increases and decreases in the balances of fund assets, liabilities, and equities; correct entries for revenue and expenditure transactions; and liquidate or adjust the liquidation of open items. Agency journal entries are also used to record financial coding for accounts payable and accounts receivable open items.

**Cost Center** - Organizational or functional groups, such as region or department, with common overhead rates.

**Cost Distribution Table (SCD)** - Used in processing 450-xx: Time & Equipment transactions. Identifies cost type, distribution expenditure account, base rate factor, and whether the expenditure represents labor costs or equipment usage.

**Cost Source Table (SCS)** - Used in processing 450-xx: Time & Equipment transactions. Identifies valid cost types for specific Source RD codes; default ledger code; offset program, ledger and account codes; and overhead allocation code and rate.

**Cost Type** - A category of time or equipment usage such as regular time, overtime, or equipment use.

**Equipment Master File** - Used in processing 450-xx: Time & Equipment transactions. Identifies equipment by description, class, and per mile or per hour.

**Finance Journal Entry** - Balanced debit and credit entries used by the Division of Finance and authorized agencies to record special adjustments such as period-end accruals or adjusting balances between posting types.

**Interagency Transfer** - A journal entry reflecting the movement of financial resources between agencies.

**Miscellaneous Revenue** - Warrant reversal amounts from cancel and stop payment transactions that could not be posted to the original warrant financial coding. Miscellaneous revenue is recorded by the Division of Finance each month to agency specific miscellaneous revenue collocation codes and liability account 29980 (Miscellaneous Revenue Suspense). Agencies are responsible for clearing their miscellaneous revenue CC and recording the warrant reversal amounts to the appropriate agency financial coding.

**Payroll Suspense** - Payroll charges passed to AKSAS with invalid financial coding and posted to agency suspense collocation codes. Instead of rejecting payroll charges with erroneous financial coding, AKSAS records the charges to agency specific payroll suspense collocation codes and expenditure account 71965 (Payroll Exceptions). Agencies are responsible for clearing their payroll suspense CC and recording the payroll charges to the appropriate agency financial coding.

**One-Sided Journal Entry** - An agency journal entry used during the reappropriation period to correct a warrant transaction recorded with an incorrect fiscal period code. Two one-sided journal entries are processed; one to reverse the warrant amounts recorded to the incorrect fiscal period code and one to record the warrant to the correct fiscal period code.

**Overhead Accounts Table (SOH)** - Used in processing 450-xx: Time & Equipment transactions. Identifies overhead rate codes and account numbers.

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**Prepayment** - To pay a contract, lease, or other obligation in advance of receipt of the goods or services. All prepayments must be made in accordance with *AAM 35.100 - Prepayments of Charges, Contracts, and Lease Payments*.

**Time and Equipment** - An AKSAS process that calculates direct and indirect costs related to hours worked, equipment usage, and other work units reported on time sheets, and distributes those costs through AKSAS reporting structures according to the financial coding on the time sheet.

### AKSAS TRANSACTIONS

**410-xx: Finance Journal Entry** - Used by the Division of Finance and by authorized agencies to record adjustments to all account types and posting types in any posting month.

**430-xx: Agency Journal Entry** - Used to record adjustments to processed financial transactions such as warrants and to record interagency transfers. Also used to clear items posted to suspense.

**450-xx: Time & Equipment** - Used to record time sheet data (hours worked, equipment usage, and other work units) in AKSAS to calculate and distribute labor and equipment costs.

### FORMS

Time & Equipment Report Time Sheet (Form 25A-084)

### REPORTS

Both online and hard copy reports are available to verify the results of processed journal entry transactions. Online reports are available through Online Audit Trail (RO) and Management Reporting (RM). Hard copy reports are available through AKSAS Report Request Maintenance (RR) and GENEVA Reporting.

#### AKSAS Online Reports

**RO - Online Audit Trail** - Used to display a user-defined audit trail of processed journal entry transactions.

**RM - Management Reporting** - Used to display a user-defined report of financial activity summarized through reporting structures according to criteria defined in the report request. Financial information can be tailored according to agency-specific requirements to report actual account balances such as actual receipts and expenditures and calculated amounts such as the net available balance of an appropriation.

#### AKSAS Hard Copy Reports

**Transaction Index Listing (B30001)** - Provides a list of transactions processed in AKSAS. Specific RD codes and lower levels, transaction status, transaction codes, and/or source system ID may be specified in the report request.

**Financial Transaction (FTP) Register (B30003)** - Provides transaction detail for financial transactions processed in AKSAS. Report data is requested by specific RD codes and lower levels, transaction status, transaction codes, and/or source system ID. The report lists all financial line information for each transaction, including offsetting entries generated by AKSAS.

**Hard Copy Management Report (B60001)** - Provides a user-defined hard copy report of financial activity summarized through reporting structures according to criteria defined in the report request. Financial information can be tailored according to agency-specific requirements to report actual account balances such as actual receipts and expenditures and calculated amounts such as the net available balance of an appropriation.

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### GENEVA Reporting

GENEVA may be used to create user-defined views of reference and financial data. For more information, refer to *Accounting Procedures Manual, GENEVA Reporting*.