Purpose

The purpose of this operating procedure is to establish procedures for the College of Arts & Sciences Integrated Business Units (IBUs) regarding Journal Vouchers (JVs) as noted in BPM E-4-1 and Appendix 2 - Cost Transfers for Sponsored Projects.

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.

Definitions

- **WAGGLE**: College of Arts & Sciences’ internal ordering system; web-based and is located on A&S IBU website found [here](#). Only Arts and Sciences staff have access to this system which requires employee’s linkblue ID and password to access. Each request creates a number “story” that the end user is associated with and will receive emails as the story is updated by the IBU, Department Managers, or other A&S staff.
- **Journal Voucher**: The official document used to make entries between SAP funds, cost centers, internal orders and WBS Elements.
- **Cost Transfer**: A cost transfer is any transfer of an expense involving a sponsored project via JV.
- **Cost Object (CO)**: SAP cost objects are segregated into five major categories; funds, cost/funds centers, WBS elements, internal orders, and G/L accounts
- **General Ledger (G/L)**: Six-digit code that represent assets, liabilities, fund balances, revenues, expenses, recharges, and transfers
- **Cost Center**: An organizational unit within a CO that represents the location where revenues and costs occur.
- **Fund**: A fiscal/accounting object containing a self-balancing set of accounts used to control costs and identify source and use of funding.
- **Internal Order**: Similar to a cost center, an internal order is used to record and monitor costs and, in some cases, revenues. A guiding principle is that internal orders should be set up for programs that are short-term or finite in nature
- **Principal Investigator (PI)**: An individual who has primary responsibility for the design, execution, and management of a research project and who will be involved in the project in a significant manner
• **Signature Authority:** Formal permission to execute transactions up to limits established by relevant University policies and permission to approve transactions for execution on behalf of another individual.

• **Sponsored Project:** Projects and/or activities which are originated and conducted by members of the faculty or, in some instances, by staff members that are supported wholly or in part by external restricted funds awarded to the University.

• **WBS Element:** A cost object similar to a cost center and designed for project management. It is used to represent grants/contracts, land grants, and capital projects (unexpended plant) within CO.

• **IBU:** Integrated Business Unit, owner of all financial functions.

• **DM:** Department Managers, owner of all academic and department functions.

• **Resource Email:** Emails for each IBU (scienceibu@uky.edu potfinance@uky.edu kasfinance@uky.edu aspayroll@uky.edu ASGrants@uky.edu)

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**Policy**

**Department Responsibility:**

The Department Manager, Chair, and/or faculty/staff designee will review monthly reports as provided by the Office of the Treasurer and IBU staff to ensure that all expenses were posted appropriately and accurately. If discrepancies are discovered, the DM will notify the IBU staff via email through the appropriate resource email, creating a WAGGLE story, or verbally during regularly scheduled meetings with the IBU Financial Personnel to initiate a correction.

**IBU Responsibility:**

The IBU Financial Personnel will review cost centers and sponsored projects monthly to verify expenses are posted as intended according to the original request and approval process. Most errors should be identified during the pre-reconciliation process. The IBU is responsible for creating and submitting the journal voucher to the appropriate Office of the Treasurer (OT) unit.

**Procedure:**

1. Gather necessary documentation to complete the journal voucher – i.e. original procurement documents (procard edits), internal billing documents, travel vouchers, ledger reports to verify the original posting, etc. If multiple expenses are being transferred, include a summary document or spreadsheet that demonstrates the allocations or total amounts being transferred.

2. Create the journal voucher document in SAP using transaction code FB50. If possible, avoid creating vouchers with mixed cost objects to expedite processing time in the Office of the Treasurer. For example, do not include WBS-to-WBS only entries on the same document with cost center-to-cost center only entries.

3. Complete the document header in compliance with the appropriate OT Business Procedure (E-4-1 or Appendix 2), and enter the necessary line item transactions. Review the entry to ensure that all items have been entered using the appropriate GL and amounts.

4. Once all line items have been entered, click on the icon “Save as Completed” and record SAP assigned document number in appropriate control log and account spreadsheet as determined by the specific IBU.

5. Ensure that the SAP layout chosen includes all of the relevant information (fund, cost center, WBS element, internal order, G/L account, etc.). Print coversheet which includes the SAP layout, an
explanation for the JV and appropriate JV contact information and signature lines based on the age of the original transactions.

6. Obtain required signatures based on cost object type – i.e. endowment account, plant fund, sponsored project or cost center. For sponsored projects (304-WBS elements) varying levels of signature are needed:
   - \(< 90\) days IBU Financial Personnel
   - \(91-120\) days IBU Financial Personnel, PI, Chair
   - \(> 120\) days IBU Financial Personnel, PI, Chair + Dean (or Dean’s representative with signature authority) Any JV \(> 120\) days also requires an exception memo addressed to the Director of Sponsored Projects Accounting explaining the extenuating circumstances that led to the delay in the cost transfer.

7. 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 entries that include a 304- WBS element, the JV Explanation Form is recommended. Although not required, the following items must be included in the explanation:
   - What was the error?
   - When did the error occur?
   - How did the error occur?
   - What steps have been put in place to prevent this error from occurring again?
   - How does the expense benefit the project?

8. Once all signatures, explanations, and documentation have been acquired, make copies of the complete Journal Voucher (one copy for each fund, cost center or WBS element on the JV), and submit to the corresponding OT unit.

9. Monitor JV submissions using transaction code FBV3 – Display Parked Documents. If a document has not posted within 30 days follow up with the appropriate OT office. At fiscal yearend or during sponsored project close out, allowance for follow up should be shortened to meet the necessary published accounting deadlines.

Resources:

- E-1-3 Fiscal Roles & Responsibilities
- The Chart of Accounts Structure | University of Kentucky Information Technology
- General Accounting JV Helpful Hints
- Sponsored Projects Accounting FAQs
- Display Parked Documents