

CHAPTER 11

JOURNAL VOUCHER PREPARATION AND APPROVAL

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CHAPTER 11

JOURNAL VOUCHER PREPARATION AND APPROVAL

1101 GENERAL

110101. Introduction. Proper preparation and adequate support for Journal Vouchers (JV) is important to ensure JVs accurately record financial events and a detailed audit trail documentation exists. Proper preparation and adequate support for JVs is the joint responsibility of Headquarters Office of the Chief Financial Officer (OCFO), and Centers' OCFO personnel. The accurate and timely preparation of financial statements and other financial reports is often dependent upon accurate, timely and fully supported JVs. NASA Headquarters and each of the Centers shall take due care and diligence to fully comply with each of the following requirements:

- A. Internal controls;
- B. Use of JVs;
- C. Supporting documentation;
- D. Approval thresholds, and;
- E. Management oversight and review.

110102. Applicability. The requirements in this chapter are applicable to all NASA organizational elements.

110103. Scope.

A. For the purposes of this chapter, a transaction is considered to be a journal voucher when:

- 1. the general ledger accounts to be debited and credited are selected and entered by the user;
- 2. a transaction is corrected with a regular SAP document;
- 3. embedded system logic is not used to determine the general ledger accounts to be posted, or;
- 4. when transactions meeting the criteria in 110103.A.1. to 110103.A.3. above are reversed or when a reversing document is a correction.

B. Automated distributions of summary amounts such as the distribution of payroll charges provided by the Department of Interior (DOI) based on the automated labor distribution information are not within the scope of this Chapter.

1102 INTERNAL CONTROLS.

110201. Operational Controls. Operational internal controls shall be in place to ensure the proper recording of JVs. JVs may be prepared at the NASA Center level or at the Agency level. The Center CFO, and the Director of the NASA Shared Services Center (NSSC) are responsible for developing center level operating procedures that ensure full compliance with the requirements of this Chapter.

A. General Requirements. All journal vouchers shall be:

1. Sequentially numbered in the Center's JV log and systematically numbered by the core financial system when posted by the reporting unit.

2. Classified as a correction entry or a source entry based on user ID (identification) as listed in section 110301 below. Each SAP user has a duplicate user ID that starts with ER. These are to be used when recording transactions to identify those JVs and transactions that are correcting errors (including when a reversal corrects an error). Normal user IDs should be used on source JVs. Additional types of JVs may be added by the Agency OCFO in order to ensure greater management control and oversight of the JV process.

3. Reviewed and approved before posting to ensure proper recording of entries at the posting account, appropriation, and fund levels. JVs must at a minimum identify the data elements and information identified in Appendix A on the sample JV format.

4. Adequately documented to support the validity and amount of the JV transaction.

B. Authorized and approved at the appropriate level of management by the appropriate Agency or Center CFO or designee as specified in section 1105, below.

1. Annotated with the name, title, date, office symbol, and signature of both the preparer and the approver. In an electronic environment, the name, title, and office symbol may be represented by a user identification (user ID). A separate table shall be maintained to correlate user ID to identifying information.

2. Maintained in sequential order in a central location in either hard copy, electronic form or both. The Center OCFO and the Agency OCFO must each maintain a summary log of all JVs that identifies the JV numbers and dollar amounts. The log must also reference the SAP document number that was recorded for the JV, the SAP document that was corrected (where applicable) and the source document information supporting the entry.

C. In order to maintain the proper segregation of duties, the functions of preparation and approval of JVs must be performed by different individuals. Once the JV is prepared, the preparer submits the JV together with the supporting documentation to the approving official for approval. When the approver has approved and initialed the

JV, the preparer enters the JV into the core financial system. Centers must have adequate internal controls in place to ensure that JVs are posted as they were approved. This should be accomplished as part of the periodic monitoring and control processes.

1103 USE OF JOURNAL VOUCHERS.

110301. JV Groupings. NASA has two primary types of JVs: (1) correcting entries (JVs and transaction corrections), and (2) source entries.

A. Correcting Entries. (PZ and ER documents and all other transactional documents that are recorded to correct other documents.)

1. Error Correction. Correcting entry JVs adjust for errors detected subsequent to posting including errors identified during the financial statement reporting and review process. This type of accounting entry includes specific amounts, accounts, and/or transactions related to the required correction. In some cases, correcting entries are required to adjust for errors on previously prepared JVs. In those instances, correcting entries should both reverse the incorrect entries and record the correct amount. In some cases, both entries can be made with one JV properly documented by a single set of supporting documentation. Regardless of whether a single JV is prepared, or multiple JVs are prepared, the correcting JV shall include a copy of the original JV, documentation supporting the correct amount and a narrative explanation detailing the reason why the original entry is incorrect and why the correcting entry is necessary.

2. All error corrections (regardless of the document type used) shall be recorded in SAP using ER user IDs so they can be identified by the Agency OCFO on a NASA-wide basis. This applies when transactional corrections or other document types are used for error correction. Where feasible, error correction JV transactions shall be linked to the original transactions that were corrected. In cases where corrections are processed through interfaces and an ER user ID cannot be used, the Center shall still employ the approval process and will log the transactions in a manner that will allow them to be identified and sent to the Agency OCFO on a monthly basis.

B. Source Entries. (ER, SA, BL, BX, and other documents entered manually.)

1. JVs record those accounting entries that, due to system limitations or timing differences have not been otherwise recorded. By nature, source-entry JVs are usually summarized at the entity level by general ledger account. The source entry accounting transaction shall be supported by documentation for the summarized amounts and identify the location of the transaction-level supporting detail. These documents shall be recorded in SAP using normal user IDs.

2. Source entry JVs generally are used for month-end closing and year-end processing and closing purposes. Source entry JVs also may include postings of information provided through data calls, such as those required to record values for property, plant, and equipment recognition; if so, such JVs must be supported

by documentation for the summarized amounts and identify the location of the transaction-level supporting detail.

C. Both correcting and source entry JVs normally will be summarized (net) amounts for which documentation is required. In these situations, the summarized accounting entry represents the amount to record the sum of the detailed transactions. In all such cases, the summarized accounting entry shall include documentation of the effect of the detailed transactions and identify the location of the transaction-level supporting detail.

D. JV Reversal Transactions. When JVs are reversed, the transactions must be prepared, approved, recorded, and documented in accordance with all of the requirements applicable to the original JV except when the JVs are reversed automatically as part of the routine (monthly or quarterly) JV reversal process. In those instances, documentation and approval for the original JVs will be considered as the documentation and approval for the reversing entry.

E. Both correcting and source entry JVs are further subdivided into audit-recommended JVs and customer-requested JVs.

1. Audit-Recommended JVs. If, as a result of their audit, auditors recommend a JV adjustment be made, the auditors shall be asked to provide copies of the appropriate work papers or relevant information from the work papers to support the recommended JV adjustment. The JV approving official shall perform an analysis of the recommendation using the auditors' work papers and other relevant information to determine if the recommended adjustments should be made. If the JV approving official in section 1105 below determines that the auditors' recommended adjustments are required, a correcting JV shall be prepared. If the JV approving official determines that the audit recommended adjustments are not required, no adjustment shall be made. All auditor recommended adjustments must be approved by the Center CFO and the Agency DCFO or designee. Any determination regarding JV preparation shall:

- a. Document why the adjustment is, or is not, required;
- b. Indicate how the JV approving official determined the audit recommendation should, or should not, be followed;
- c. Identify the audit recommendation serving as the basis for the actions taken;
- d. Include documentation of the decision to prepare or not prepare a JV, along with other pertinent information as the documentation for that voucher.

2. Customer-Requested JVs. When NASA personnel prepare proposed JVs to enter adjustments or corrections, the approving officials at NASA Centers or Headquarters must determine that they comply with this JV preparation

guidance. Evidence to support the adjustment must include at a minimum supporting documentation, which has been reviewed and approved by the JV approving official.

1104 SUPPORTING DOCUMENTATION.

110401. Documentation. Proper documentation, in either hard copy, electronic form or both is necessary to support all JV entries. This documentation must be sufficient for the approving official and auditors, to clearly understand the reason for preparing the JV and to be able to determine that it is proper and accurate. A request for a JV entry not supported by accurate or proper documentation shall be denied with a demand for additional information required to process the JV, along with any applicable authoritative guidance to support the need for the JV. The supporting documentation, whenever practical, should be attached to a copy of the JV. In some cases, however, due to the large number of detailed transactions summarized in the voucher, it may not be practical to attach all of the documentation. In those cases, specific and detailed information summarizing the content, and identifying the location of the supporting documentation shall be attached to the voucher.

110402. Types of JV and Supporting Documentation. The specific types of JV and the explanations of what is considered sufficient documentation are listed below. Note: Regardless of what method of documentation is used for any category of JV, i.e., whether it is a detailed listing, a narrative explanation, or a calculation supporting the amount, the dollar amount(s) on the JV shall be clearly and readily identifiable in the supporting documentation.

A. Identified Errors and Reasonableness Checks/Timing Differences due to Monthly/Annual Closing. When the JV approving official has identified errors through analysis, reasonableness checks, quality control procedures, subsequent activity occurring after a period closes, or other means, a correcting JV shall be prepared. In the event an auditor identified an apparent error or omission and provided the documentation for the JV, the JV approving official will be a management official at the appropriate authorizing level as specified in paragraph 1105 below, consistent with the entity internal control structure. Evidence to support either an “authorized official” or “auditor identified” correcting JV shall include a detailed listing of identified errors, narrative explaining why the original entry is incorrect, why the correcting entry is necessary, a related analysis documenting the calculation of the correct amount, and the sources of the data used in the analysis.

B. Reconciliation of Trial Balance and Budget Execution Reports. When the JV approving official has determined during a reconciliation of data between two or more sources that a discrepancy exists, a correcting JV may be necessary. JV entries included in this category often are made to reconcile trial balances or other source data reported by NASA Headquarters or Centers to NASA’s budget execution reports. Evidence to support this type of JV includes reference to specific documents, other source data (sales orders, contracts), and a complete analysis that supports the correct amount. If a JV is necessary, the voucher shall document why the discrepancy exists in the data, it shall contain evidence to support the proposed correction, and a description of the methodology used to validate the entries on the JV.

C. Reversing Entries for Prior Reporting Period. When monthly or yearly accruals or correcting entries have been made for reporting purposes, they may need to be reversed in the following reporting period. The JV reversing entries shall include documentation regarding the original accrual or correcting entry and an explicit statement that the JV is a reversing entry.

D. Data Call Entry. Frequently, during the financial statement preparation process, source-entry information is provided by data calls where data are not recorded on a detailed transaction basis. For example, transactions at the detail levels from sources external to the OCFO may not be available in the core financial systems or information required from external government agencies to prepare the financial statements are available only in summarized forms. If this occurs, JVs shall be prepared to record the summarized data call amounts, so these amounts can be recorded in the general ledger trial balance. The data call entry shall be supported by documentation for the summarized amount and shall identify the source or location of the transaction-level supporting detail and/or information for the entry.

1. Data call information, in most cases is not contained in the core financial systems and is provided by sources outside of the CFO's office. Examples of an independent source include the NASA logistics data calls, environmental liability data calls, and accrual information from the Department of Labor and the Office of Personnel Management. Evidence to support the JV includes the transmission record of the data.

2. Examples of data call entries include:

- a. property, plant and equipment;
- b. operating materials and supplies;
- c. environmental liabilities;
- d. contingent liabilities; and
- e. employee benefits data, Federal Employees Compensation Act (FECA) data, and other information from other federal sources.

E. Other Accruals. A number of typical month-end and year-end adjusting entries are made, and subsequently may be reversed at the beginning of the next period to accrue amounts for payroll, workers compensation, judgment fund liabilities, unfunded leave, and other transactions. The supporting documentation for these other accrual JVs shall include a narrative explaining the basis for the accrual, a worksheet documenting the calculation of the amounts being recorded, and the basis for any subsequent reversal.

110403. Prior Period Adjustments. All JVs that adjust amounts reported in audited financial statements issued for a previous fiscal year, regardless of amount and type, must be approved by the Center CFO, and the Agency DCFO or designee.

1105 APPROVAL THRESHOLDS.

110501. Journal Vouchers Prepared at the Center Level.

A. Approval of the JV also constitutes acceptance of the supporting documentation. The organizational level within the Center or NSSC, at which JVs must be approved, varies by the dollar amount of the voucher as shown by the following table.

**Table 11-1
Approval Thresholds for Center Generated JVs**

JV Dollar Amount	JV Approving Official
0 to \$10 Million	Center Reporting Branch Chief
Over \$10 Million to \$25 Million	Center Reporting Branch Chief and Center DCFO
Over \$25 Million to \$50 Million	Center DCFO and Center CFO
Over \$50 Million	Center CFO and Director for Financial Management, Agency OCFO
Prior period adjustments – JVs that are adjusting beginning balances (should be rare)	Center CFO and, Agency DCFO

B. As stated in section 110403 above, all JVs regardless of the type or amount that adjust amounts reported in audited financial statements issued for a previous fiscal year must be approved by the Agency DCFO or designee.

C. As stated in Section 110301.E.1. above, all auditor recommended adjustments must be approved by the Center CFO and the Agency DCFO or designee.

D. Within each of the foregoing thresholds, other approval thresholds with lower dollar values than those specified may be established to accommodate the organizational level of those preparing the JV. The Center CFO shall designate in writing the approval threshold structure--dollar thresholds and position of approving officials within the Center. In the event that the approval authorities listed above must be delegated to an individual other than the one identified, that delegation must also be documented in writing and signed by the Center CFO.

110502. Journal Vouchers Prepared at the Agency Level. JVs prepared at the Agency level must be reviewed by the Financial Management Division (FMD) Branch Chief and approved by the FMD Director. If the JV is over \$100 million, the FMD Director will discuss the JV with the Agency DCFO prior to posting in SAP.

1106 MANAGEMENT OVERSIGHT AND REVIEW.

110601. Managerial Controls. Adequate managerial internal controls shall be maintained at each level of management to ensure proper oversight of JV preparation.

A. The Center CFO's and the Directors of the NSSC must ensure the validity and accuracy of the JVs processed as part of their normal monthly financial management monitoring process by ensuring that adequate documentation exists to support the JV entry before it is recorded.

B. All corrections made by the Competency Center or by the Agency OCFO on behalf of the Centers or Agency OCFO are subject to this process. The Competency Center and/or the Agency OCFO will only make corrections/adjustments once this documentation is received. Copies of the documentation of the corrections will be attached to the Service Request and originals maintained in the Centers' logs and records. Service requests shall be established for activities performed either by the Competency Center or the Agency OCFO.

APPENDIX A

SAMPLE JOURNAL VOUCHER FORMAT

Center or Agency Assigned Sequential JV Number: _____(Enter in the text field in SAP)

Core Financial System Journal Voucher Number: _____

(1) Doc type	(2) GL Account	(3) Debit/Credit	(4) Balance Amount	(5) Trading Partner	(6) Fund Center	(7) Fund	(8) WBS	(9) Commitment Item	(10) Business Area	(11) Functional Area

Explanation of JV: _____

Attach additional explanation as needed.

Indicate type of JV
 Correcting entry ___
 Source entry ___

Is all of the Supporting Documentation Attached? Yes ___ No ___
 Description and location of supporting documentation that is not attached: _____

Prepared By:
 Name: _____
 Title and Office Symbol:

 Signature: _____
 Date: _____

Approved By:
 Name: _____
 Title and Office Symbol:

 Signature: _____
 Date: _____

**INSTRUCTIONS FOR COMPLETION OF THE SAMPLE JOURNAL
VOUCHER**

1. Section One:

Center or Agency Assigned Sequential JV Number – Enter the sequential number assigned by the preparing office that is used to maintain the JV log.

Core Financial System Journal Voucher Number – Enter the number assigned by the core financial system when the JV is entered into SAP.

2. Section Two: Minimum data elements for each JV.

Column 1 – Doc Type. Enter the core financial system document type code.

Column 2 – GL Account. Enter the 8-digit general ledger number to be debited or credited.

Column 3 – Debit/Credit. Enter a D in this column if the GL account identified in Column 2 is to be debited or enter a C if the GL account identified in Column 2 is to be credited.

Column 4 – Balance Amount. Enter the dollar amount to be posted to the GL account identified in Column 2.

Column 5 – Trading Partner. Enter the applicable trading partner code for each line.

Column 6 – Fund Center. Enter the applicable Fund Center code for each line.

Column 7 – Fund. Enter the applicable Fund for each line of the transaction.

Column 8 – WBS. The WBS (For 2007 funds and forward) must be entered so that the funded program field is derived properly and if a JV is related to a reimbursable activity.

Column 9 – Commitment Item. – Commitment item must be entered (NONR for no FM update) and the correct commitment item for an FM update.

Column 10 – Business Area. Enter the appropriate Business Area for each line.

Column 11 – Functional Area. Enter appropriate functional area for each line.

3. Section Three: Section three has three parts. First is an explanation of the reason for and intent of the JV. In the second part of Section Three the preparer indicates whether the JV is a correcting entry or source entry. In the third part of Section Three, the preparer either confirms that all of the required supporting documentation is attached to the JV or, provides a description of the supporting documentation and identifies where that documentation can be found.

4. Section Four: Section 4 contains the names, titles, and signatures of the preparer and the approver of the JV along with the dates that each individual signed the JV.