CM-19 Journal Entry Approval Overview

Purpose

The purpose of this Quick Reference Guide (**QRG**) is to provide conceptual information on the journal approval process in the NCFS Cash Management System in the North Carolina Financial System (**NCFS**).

Introduction and Overview

A journal must first be entered and completed before it can be approved and posted. Journal Approvers receive a notification that a journal is ready for approval. The Journal Approval role is comprised of controlling and monitoring the approval process, sending notifications to journal batch preparers and approvers when necessary. The approver must review/validate the journal inputs to ensure that the information is accurate. Once the approver has validated whether the inputs are correct, he or she must then either approve or reject the journal. More information on the “what” and “how” a journal approver reviews journal entries can be found in the GL101, IC101, and other quick reference guides. If the journal approver approves a journal entry, it is routed for posting. If a journal approver rejects a journal entry, it is routed back to the journal entry organization and user to review and action. Users receive a system notification informing them the transaction has been approved or rejected.

Key Terms	Description
Journal Entries	Journal entries are NCFSs capability used to record financial transactions to the system's general ledger. Journal creation, posting, and editing work together in the recording process to produce accurate financial records.

Key Terms	Description
Journal Approval	A journal notification is sent to an approver who reviews and validates the journal information and approves it for posting.
Journal Posting	The GL account is updated to reflect State business transactions and provides data for financial reporting.
Ledger	The ledger is the main record-keeping ledger. It records transactional balances by using a chart of accounts with a consistent calendar and currency, and accounting rules implemented in an accounting method.
Journal Batches	A journal batch is a single or group of journal entries processed under a combined "header".

Journal Review by Transaction Types

The “who” in reviewing a journal entry is dictated by a journal entry’s transaction type. All deposits are auto reviewed and approved, except for ACH and Wire Deposits which are approved by the Department of the State Treasurer (DST). All disbursements and transfers must first be reviewed by the Office of the State Controller (OSC) Central Compliance. Once the journal has been approved, it is then ready for posting. More information on the parties responsible for reviewing and posting can be found in the table below.

The table below illustrates the reviewing organization and schedule for approvals for a transaction to post that same day.

Transaction Types	Reviewing & Approving Organization	Approval Time	Posting Time

ACH/Wire	DST	An ACH/Wire Deposit must be approved by 9:44 a.m. to be posted on the same day.	An ACH and Wire Deposit posts daily (Monday – Friday) at 9:45 a.m.
Cash	Auto Approved	A Cash Deposit must be approved by 9:44 a.m. to be posted on the same day.	A Cash Deposit posts daily (Monday – Friday) at 9:45 a.m.
Check	Auto Approved	A Check Deposit must be approved by 9:44 a.m. to be posted on the same day.	A Check Deposit posts daily (Monday – Friday) at 9:45 a.m.
Credit	Auto Approved	A Credit Deposit must be approved by 9:44 a.m. to be posted on the same day.	A Credit Deposit posts daily (Monday – Friday) at 9:45 a.m.
Transfer	OSC Central Compliance	Transfer must be approved by 12:59 p.m. to be posted on the same day.	A Transfer posts daily (Monday – Friday) at 1:00 p.m.

*Note: Schedule is subject to change

Journal Rejection

If a journal is rejected by a user with a journal approval role, the journal entry user who initially created the journal entry receives a notification that the journal entry has been rejected and that additional action is required. A journal can be rejected due to incorrect deposit/disbursement categories, insufficient funds, and transactions have a future date. The journal entry user must then search for and begin editing the journal, updating incorrect or outstanding information that led to the rejection. After the necessary information has been input, the journal entry user must complete and resubmit the entry for approval.

Wrap Up

Once a Journal Entry has been approved, it is then eligible for posting. Once a journal entry has been posted the General Ledger (GL), account balances are updated accordingly.

Additional Resources

- Web Based Training (WBT)
  - GL 101c: Journal Approval
- Instructor Led Training (ILT)
  - GL100c: Journal Entry
- Quick Reference Guides (QRGs)
  - GL-36: Approving Journal Entries
  - CM-11: Editing a Journal Entry

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