

## Accounting Services Guide

### Journal Entries

---

Journal entries are a significant component of the underlying data that comprises the University's financial records. Having journal entries processed accurately and in a timely manner is essential to ensuring the financial reports prepared for internal and external users are correct and reflect the most current financial position possible.

Journal entries consist of two sides: debits and credits. Each journal entry records both a debit and a credit for every transaction. The two amounts on either side must equal each other so that the fundamental accounting equation stays in balance.

Journal entries are used to initiate a variety of accounting transactions, including:

- Making corrections to previously recorded transactions
- Transferring funding between projects
- Moving revenues or expenditures between departments and/or accounts
- Recording sales of products or services to external customers of the University where payment is expected at a later date.

## Journal entry requirements

There are three key aspects to each journal entry:

- The accounts affected
- The direction of the affect (increase or decrease)
- The dollar amount involved

In addition, it is important that you provide:

- The transaction date which will determine the accounting period in which the transaction is recorded. It is only possible to record transactions to open accounting periods.
- A narrative description to identify the nature of the transaction and to provide reference to any document numbers that are being corrected or adjusted, and
- Any documentation available to further support the journal entry

## Accounting Services Guide

### Journal Entries

---

## Common journal entry issues

All Journal entries are reviewed and approved by financial services prior to posting. If there are any errors or questions about the transaction, someone in financial services will contact you. Some of the typical mistakes that delay processing or cause the journal entry to be disapproved are:

- **Insufficient narrative description**

A complete narrative description explaining why you are making the journal entry is extremely important. It allows anyone (staff or auditors) to review the transaction and understand the nature and purpose of the transaction.

- **Lack of supporting documentation**

Any documentation that you have that you can attach to the journal entry that provides additional support to allow anyone (staff or auditors) to review and understand the nature and purpose of the transaction is extremely important.

- **Reversing debits/credits**

To determine whether to use a debit or credit first, identify the account type you are using:

	<b>Accounts</b>	<b>Increase</b>	<b>Decrease</b>
<b>Assets</b>	1XXXX	Debit	Credit
<b>Liabilities</b>	3XXXX	Credit	Debit
<b>Revenue</b>	6XXXX	Credit	Debit
<b>Expense</b>	7XXXX	Debit	Credit
<b>Interfund Transfer</b>		Funding From: Debit	Funding to: Credit

then decide whether you want to increase that account or decrease it.

## Accounting Services Guide

### Journal Entries

---

- **Forgetting Sales Tax Adjustments**

If you are moving an expense from one Department/Fund to another remember to move all amounts related to the original posting. This includes the GST rebate and any self-assessed PST.

- **Original Transaction Information**

If you are correcting or transferring a previously posted transaction you must ensure that the adjustment is posted against the exact same original account and that the original document number is quoted on the journal entry.

- **Incorrect/Incomplete account numbers**

It is important that you maintain a current listing of account numbers for your department(s) so that you can ensure that you are using valid, complete account numbers.

## Journal entry forms

The University has three journal entry forms:

- Operating journal entry (Appendix A)
  - To be used for all journal entries where the first digit of the account number is “0”, except for those described below as inter departmental charge/transfer.
- Trust journal entry (Appendix B)
  - To be used for all journal entries where the first digit of the account number is “1”.
- Inter department charge/transfer (Appendix C)
  - To be used by departments to record corrections or re-allocations within their department(s)
  - To be used to record a financial transfer/cost recovery between departments.  
Note: The department that is being Debited must be the signor of the entry.



# Accounting Services Guide

## Journal Entries

---

### Appendix B

Month: _____	_____		JE _____				
<small>(month)</small>	<small>(Year)</small>	<b>THE UNIVERSITY OF WINNIPEG TRUST JOURNAL ENTRY</b>					
ACCOUNT NAME	ACCOUNT NUMBER					AMOUNT	
	<small>x-xx-xxxx-xxxxx-xxx</small>					DR	CR
						<b>0.00</b>	<b>0.00</b>
Prepared by:							
Approved by :		<small>mmm / dd / yyy</small>					
Entered by:							
<small>NOTE: Please attach all supporting documentation.</small>							

## Accounting Services Guide Journal Entries

### Appendix C

Charge Month: _____	J/E #: _____			
(Assigned by Financial Services)				
<b>THE UNIVERSITY OF WINNIPEG INTER DEPARTMENT CHARGE/TRANSFER</b>				
To Financial Services:				
Please record the under-noted charge/transfer to the departmental budget indicated:				
DEPARTMENT NAME	ACCOUNT NAME	ACCOUNT NUMBER <small>X-XX-XXXX-XXXX-XXX</small>	AMOUNT	
			DEBIT	CREDIT
TOTAL				
Particulars:				
Prepared by: _____ Please Print				
Authorization: (by Dept. being charged)				
_____			_____	
Department Head (Please Print)			Department Head (Signature)	
Date: _____				
NOTE: Please attach all supporting documentation.				
Please submit the <b>original form</b> to Anita Theroux-Comeault, Financial Services and retain a photocopy of the form for your Department files.				
Financial Services' Approval				
Approved by _____				
Date _____				

Link: <http://www.uwinnipeg.ca/financial-services/docs/inter-dept-charge-trans-form.xls>