

**FINANCIAL TRANSACTIONS AND GENERAL LEDGER PROCESSES**

**TABLE OF CONTENTS - CHAPTER 7**

Purpose.....1  
Descriptions of Financial Transactions.....1  
Cash Receipts.....1  
Cash Disbursements.....1  
Journal Entries .....1  
Budget Transactions.....1  
Finance System Processes.....2  
Chart of Accounts Request .....2  
Journal Entry .....3  
Payroll Expense Transfer.....3  
Journal Entry – Budget .....4

**FINANCIAL TRANSACTIONS AND GENERAL LEDGER PROCESSES**

**I. PURPOSE OF CHAPTER 7**

The purpose of this chapter of *The Guide* is to provide information about financial transactions and about the general ledger processes associated with the Finance System at ASC.

**II. DESCRIPTIONS OF FINANCIAL TRANSACTIONS**

A transaction is the basic unit of input to the Banner Finance Module. A transaction consists of

- The receipt or disbursement of cash **or**
- Any other financial activity within the college.

The list below describes the major categories into which college transactions are grouped.

**A. Cash Receipts**

Cash is received, recorded and deposited with the ASC Cashier. The Cashier or Controller, in turn, deposits the cash to the college's bank accounts.

**B. Cash Disbursements**

Cash is paid out for payroll, purchases of supplies and services, financial aid, and other items as a means of achieving the goals of the college.

**C. Journal Entries**

All transactions are fed as journals to the ledger within the Banner Finance System. Journal entries are used to do the following. This list is not all-inclusive:

- Make corrections to previously-recorded transactions
- Record cash transfers
- Enter accruals such as accounts receivable and revenue
- Record allowance for bad debt and bad debt expense
- Expense inventory to cost of goods sold.

**D. Budget Transactions**

Budget transactions increase or decrease the budget within an Org. Unit to reflect a change in appropriation, an adjustment in revenue or expense projections, or the creation of a new program or project.

**Every** transaction has an impact on the monthly financial statements. It is imperative that these statements be reviewed and reconciled regularly to verify that

- transaction amounts are recorded accurately *and*
- transactions are recorded in the correct fund, organization unit, account and program code.

**FINANCIAL TRANSACTIONS AND GENERAL LEDGER PROCESSES**

### **III. FINANCE SYSTEM GENERAL LEDGER PROCESSES**

Many administrative processes are associated with the Finance System. Some of these processes are offline, while others involve online data entry.

#### **A. Chart of Accounts Request**

Requesting a change in the Chart of Accounts involves both offline and online processes. To receive a new fund, organization, account or program, or to request additions or changes to an existing fund, organization, account or program, contact the ASC Controller, who will determine if this request is appropriate and make online adjustments as deemed necessary.

#### **B. Journal Entry**

A Journal Entry, (JE), is an accounting term that denotes an *intra-college* transaction. JEs are done online in the finance ledger of the Banner System. There are three types of accounting journal entries within the Banner Finance System: Journal Entry, Automatic Journal Entry, and Cash Transfer Journal Entry.

##### **1. Journal Entry**

Journal entries are made for the following purposes:

- a) To correct an error that occurred in recording an original journal entry to revenue, expense, cash transfer, asset or liability. This type of journal entry is commonly referred to as a **correcting** JE.
- b) To adjust a Finance System balance for purposes other than to correct errors. Examples include:
  - Accrue accounts receivable and revenue
  - Record allowance for bad debts and related bad debt expense
  - Expense inventory to cost of goods sold
  - Expense prepaid or deferred expenses.

##### **2. Automatic Journal Entry**

## FINANCIAL TRANSACTIONS AND GENERAL LEDGER PROCESSES

An Automatic Journal Entry allows the user to perform certain routine monthly financial transactions. An automatic journal entry may involve either fixed or prorated amounts. An example of a fixed amount automatic journal entry would be when one campus program provides a set amount of financial support, e.g., \$100.00 per month, to another campus program. A prorated automatic journal entry is referred to as an allocation. An example would be the monthly allocation of funds from a central administration ORG. UNIT to a number of direct operating ORG. UNIT on a percentage basis.

### 3. Transfers

A Cash Transfer Journal Entry denotes an accounting term that is used to describe a movement of cash from one ORG. UNIT to another ORG. UNIT when no goods and/or services are provided in exchange for the cash. A cash transfer journal entry is typically used to provide financial support for an activity, fund an over-expenditure, or reserve funds for future use. A cash transfer journal entry should not be used to move revenue or expense from one ORG. UNIT to a different ORG. UNIT.

#### JOURNAL ENTRIES INVOLVING ANOTHER DEPARTMENT'S ORG. UNIT

When doing a JE that impacts another department's ORG. UNIT, it is imperative to communicate with the respective department about the transaction **before** doing the online approval and posting of the JE. It is requested that the department **initiating** the JE do the following:

1. Contact the Program Manager or Fiscal Staff contact person for the offset ORG. UNIT *before the JE is prepared*, and explain the reason for doing the JE.
2. Once the JE has been approved and posted, notify the Program Manager or Fiscal Staff for the offset ORG. UNIT of the JE Date and Journal ID #.

Failure to follow the steps outlined above may result in confusion on the part of the department with the offset ORG. UNIT. It may also result in a duplicate entry in the event the department with the offset ORG. UNIT also prepares a

### C. Payroll Expense Transfer

A Payroll Expense Transfer, (PET), is a dedicated, online journal process used to correct a payroll error. Most PETs are done in the Human Resources module of Banner by the payroll administrator.

**FINANCIAL TRANSACTIONS AND GENERAL LEDGER PROCESSES**

***D. Journal Entry – Budget***

A Budget Journal Entry (BJE) is used to submit transactions for entering original budgets or doing subsequent budget adjustments in the Finance System.

**1. Budget Ledger**

The budget ledger is divided into four additional ledgers:

- Adopted Budget
- Budget Adjustments
- Adjusted Budget
- Temporary Budget
- Accounted Budget

**2. Additional Budget Information**

More information on Budget Theory and Practice at the College of Colorado at Boulder can be found in Chapter 8 of *The Guide*.