Kuali Financial Systems Training
Journal Vouchers – Part I
The JV Process and How it Works

Catherine Maddaford
Director of Training
Office of the Comptroller
Why JV’s?

• Accounting documents that produce transactions that credit one account and debit another.
• Used to record debits and credits in the USC general ledger.
• Used when there is no cash transaction that is already recorded through another financial document.
What’s needed to create JV’s

• Understanding of basic USC accounting principles.
• Training on using the Kuali JV process.
• Request for JV access after training is completed.
• Access approved and set up.
• Include roles and JV numbers.
• Which role with which JV number will you need?
  – Preparer/initiator for which JV numbers?
  – Approver for which JV numbers?
• Are you going to hold a dual role?
  – If so, who are your alternates?
  – You cannot approve a JV that you prepare, so you need someone as an alternate if you choose to hold both roles.
Kuali@USC  Business Practices and Kuali

• Kuali can accommodate different sets of skills at different levels in the process.
  – Spreadsheets can be prepared by others and sent to the person who creates the JV.
  – The “initiator” of the JV can upload the spreadsheet into the JV, simply by applying a set format/template.
• Think carefully through who needs to review what, what their skills are, and write down or “chart” the flow. Use that to determine the roles and how you will process your department’s JV’s.
Initiators and approvers are set up for each JV number.

You will need at least two initiators and two approvers for each JV number for efficiency.

There are General JV’s and SPA JV’s.

You do not need more than one JV for your department unless you want to have a separate group of initiators and approvers.

Each JV number has a set description and contact person.
1. Initiator – Creates and submits the JV.
   – Initiator is assigned a specific JV number that he/she always uses.
   – Initiator inputs the lines or uploads a spreadsheet into the JV and submits the JV.
   – The JV is routed to ALL approvers for that JV number.

2. Department Approver – One of the approvers reviews the JV and approves it.
   – That sends it to the next node/step in the process.
   – When one person has approved it, it will disappear from the action list for ALL approvers.
   – It will not delete the email reminder.
• First approval - group
  – Receive the JV’s automatically after it completes the route nodes in the department.
  – One person in the group reviews and approves or sends it back for corrections or disapproves.
  – Adhoc routing added by this group when needed.
  – Each action will have an explanation entered when that action is taken.

• Second approval – group
  – Performs final review and approval.

Catherine Maddaford, Director of Training,
Office of the Comptroller
SPA JV workflow

• SPA JV’s are routed to SPA for approval before the Comptroller’s Office node and after the department workflow nodes are completed.
• SPA JV’s require a different JV number in order to add this SPA node to the workflow.
• One person in the SPA approval group will take action.
• The rest of the workflow is the same as it is for general journal vouchers.
• Reviews for accuracy and compliance.
• Can make changes or “send it back” to the initiator for corrections or additions.
• Initiator “APPROVES” JV after making changes and it is re-routed back to the approvers.
• Other approvers can send it back one level or back to the initiator.
• You need to have at least one alternate approver so that the JV will not be “stuck” in routing if the approver is not there.
• All approvers, by JV number, will receive an action list email and the JV in their action list.
• Approvers cannot select which action list items they will receive, since it goes by JV number, not by the person who initiates it.
Backup Documents

• Required for all JV’s for approvers to review.
• Can only be reviewed and attached by persons in the route nodes.
• Attachments are retained with the JV.
• Attachments can be formatted as PDF, Word (.doc), text (.txt), or images (.jpg, .tif)
• Paper documents can be scanned and saved as a file in these formats to attach.
Hints about Attachments

• Save the documents in a special folder in your network drive or on your desktop so that you can easily find them and use file names that you will understand when you later look for them to attach.

• 40MB limit on the size of attachments - watch the scan resolution so that the file size does not become too big.

• Convert Excel files to PDF to avoid issues.
Ad-hoc Routing

- Allows someone to send the JV to someone to review it with one of the following choices:
  - FYI – can view the JV if they want to.
  - Acknowledge – must open the JV edoc.
  - Approve – must approve the JV edoc.
- Ad-hoc 2 and 3 are steps that must be passed to continue.
- Approvals repeat when edoc is changed.
• **DO NOT** route it this way to someone who is already in the routing node because it causes confusion and multiple approvals for the same person.

• **Approval** adhoc route nodes must be entered when the edoc is submitted and cannot be added later.

• **DO NOT** use the send ad hoc request button if you have not yet submitted the JV.
Tracking the JV

- Use doc search to find the JV after it has left your action list – doc type is GJV or SJV.
- Approvers can also follow the JV once it is routed to them and beyond through the steps of approval.
- “In action list” indicates where it is now, and “pending approval” is where it will go only after the action list person approves it.
How do I find a posted JV?

• Posted to GL only after status is FINAL.
• See Kuali inquiries to view it once it is posted of to view it as a pending transaction.
• JV from a system to system feed (JV’s not created in Kuali)
  – Cannot be opened in Kuali but only via special reports.
• Kuali JV’s
  – Document Number: 345678 (the edoc no.)
  – Reference Number: 599
  – Batch Number: 345678
Part II – Types of JV’s

• Specific JV’s by reason and type.
• Specific business and accounting rules associated with the types of JV’s.
• Examples of the specific JV types for illustration.
Knowledge required

• Basic USC accounting
  – What is an account and account type?
  – What is an object code and object type?
  – What is a fund group?
  – What is a debit and a credit?
  – What is an organization code?

• Why and when is a JV necessary?
  – How do I correct previous transactions?
  – How do I obtain supporting documentation?
  – How do I create and balance a JV?

Catherine Maddaford, Director of Training,
Office of the Comptroller
1- Expense Transfer JV’s

• Transfer expenses that were already posted to the GL to a different account and/or object code.
• Used to make corrections when the incorrect account and/or object code was used in a transaction.
• Original and transfer transactions must both be in the same fiscal year.
• Example – Use to move expenses that occurred on the procurement card when the reallocation window was missed.
Use when an expense transfer is required that involves a sponsored project account (accounts beginning with 5).

The cost transfers are requested by the department using the SPA form found on their website under forms (Sponsored Projects Accounting.)

SPA processes cost transfers submitted to them by the departments.
- SPA creates the expense transfer JV’s, not the department.
- They are processed through the Kuali JV process.

When do you use a cost transfer?
- When a correction on posted expenses/transactions to/from a sponsored or non-sponsored account is submitted using a Payroll or Non-Payroll Expense Transfer form. The department must provide sufficient backup documentation and justification for the allowability of the transfer.
- Includes reallocation of P-Card charges if the department missed the distribution ‘window’.
When SPA JV’s are required:

- When a department has a recharge account and needs to redistribute costs to sponsored project accounts.
- When there are special services provided by a department and need to bill other departments’ sponsored accounts that used their services.

Need to attend training with SPA.

- Form to request SPA JV access and training is on SPA’s website.
- Contact person is Gina Galang in SPA.
- SPA JV numbers are assigned by SPA.
3- Paper Internal Req’s

• General Journal vouchers are required to record internal requisitions that are still being submitted via paper requisitions.

• The paper requisition is scanned and attached as the backup documentation and authorization for the journal voucher transactions.

• Debit the paying account and credit your income account for the amount to be charged for the internal services or goods.
• The Internal Billing Journal Voucher (IBJV) is new and being used by authorized service centers to process Kuali internal billing edocs, which have replaced some paper internal requisitions.

• The IBJV is initiated by the Service Center process or the Internal Billing Journal Voucher.
4- ID income JV’s

• ID income (interdepartmental income) is usually how a service department credits funds received from an internal requisition for services or goods.

• The ID income object codes are 05000 – 05999.

• ID income can only be credited to an unrestricted EXPENSE account. (It is not revenue to the university.)

• ID income must be processed on its own JV and not intermingled with other transactions on that same JV.
Transactions Not done by JV

- Non cash transfers:
  - Budget changes or SPA budget reallocations
  - Payroll expense transfers (PET)
- Payments:
  - Payments on eMarket purchase orders
  - Disbursement Vouchers
  - DVQE’s: Reimbursements or payments on travel cards
- Deposits of cash or checks or credit card receipts
Special Journal Types

- **Internal Billing Journal Vouchers** – IBJV
  - Processed only by the service centers
  - Processed to expense only Kuali Internal Billing requisitions

- **Labor Ledger Journal Vouchers**
  - Special JV’s done only by payroll for labor ledger or PET corrections

- **Feeder system Journal Vouchers**
  - Process interface transactions between Kuali and other systems that send transactions to the general ledger
Non-mandatory transfers

- Used to transfer funds between different fund groups, when the transfer is not required or automatic.
- Can be to or from restricted accounts, as long as general accounting principles and business rules are followed.
  - Special object codes must be used for non-mandatory transfers, both on the debit and the credit sides of the JV transaction.
  - When a restricted fund is used for a non-mandatory transfer, the fund balance account must be used, not the current fund expense account.
  - Used to transfer expenses that were posted in a previous fiscal year.
Non-mandatory transfers

DEFINITION:

- Transfer funds when the transfer is not automatic or required.
- Transfer funds from one account to another when the accounts are in different fund groups.
- Increase funding or cover overdrafts.
- Transfer funds from one account to another to correct transactions that occurred in a prior fiscal year.
- Transfer funds for start-up funding of a new account.
**PURPOSE:** Use the funds from one gift account to “fund” a new account.

- You must use the fund balance accounts for this non-mandatory transfer (they start with 9.)
- Endowment funds have separate income fund balance accounts for recording income earned on the endowment or new additions to principal.
- When using an endowment account in a non-mandatory transfer, you must post to the income, not the principal fund balance account.
- When choosing the object codes, look at the account and identify the source of the credit for that account and the destination of the debit for the other account.

Catherine Maddaford, Director of Training, Office of the Comptroller
Debit – choose the object code that indicates where the funding is “going”.

Credit – choose the object code that indicates where the funding is “coming from”.

Used in the entry for the fund balance accounts (9X-).

– 90401 – Debit is going to or Credit is coming from a restricted fund balance account.
– 90406 – Debit is going to or Credit is coming from an endowment fund balance account.
– 90403 – Debit is going to or Credit is coming from a fund balance account in the plant funds group.
– 90590 – Debit is going to or credit is coming from an unrestricted account.
Use these object codes for non-mandatory transfers on the unrestricted accounts (1X-)

- 15590 – Debit or credit to the unrestricted account to or from a restricted account or another fund group.
- 15594 – Debit or credit to the unrestricted account when the opposite entry is to a sponsored project account.

Catherine Maddaford, Director of Training,
Office of the Comptroller

USC University of Southern California
Transferring funding from one restricted account to another

- The “Friends” endowment fund has granted funding for a new project, a “Memorial” fund. You need to transfer funds to create the new project, which will also be a restricted fund.
- Each object code, when viewed on the one account where it was used, tells the story of the source or the destination of the funds in that transaction. The account receiving the funds can see that it came from endowment income (not principal) and the endowment account can see where the income was sent.
- Note that each account started with a 9 and each object code started with a 9, indicating the fund balance accounts were used.

**JV entries:**

**Debit** the Friends endowment income fund balance account, starting with 97-, using object code 90401 “to/from restricted” because you are transferring to a restricted fund.

**Credit** the new “memorial” project account, starting with 92-, using object code 90406, “to/from endow inc” because you are taking money from the endowment income.
Correcting where the income was posted in the general ledger

*Debit* the fund balance account for the restricted account that was used in error. The income should have gone to the endowment fund, so the object code you will use is **90406**.

*Credit* the fund balance income account for the endowment fund. This is where the income should have been posted in the prior year. You need to show the source by using object code **90401**, because the transfer is coming from a restricted account.

**JV entries:**

*Debit*: 92- account, Object code 90406 (this is the wrong account where the income went in error)

*Credit*: 97- account, Object code 90401 (this is the right account, an endowment income account).

(Note that you do not credit the endowment principal account but rather the income account.)
Non-mandatory transfer to move a sum of expenses from an unrestricted account to a plant fund account

Start-up charges for construction were posted to an unrestricted budget and now need to be allocated to a specific construction project. Because we are transferring a total of expenditures rather than individual expenses we need to process this as a non-mandatory transfer instead of an expense transfer.

The unrestricted account 1X- is in the current funds group and the construction account 69- is in the plant funds group.

Notice that the two object codes have the last same three digits, and that the object code starting with the 1 is used for the unrestricted account.

**JV entries:**

- **Debit** 1X-XXXX-XXXX, object code 15590
- **Credit** 69-XXXX-XXXX, object code 90590
Kuali@USC

Expense Transfer JV’s

DEFINITION

• An expense transfer is a JV done to reverse an expense transaction that has already been posted to the general ledger.

• The JV will do the opposite of the original transaction, debit what was credited and credit what was debited, using the same accounts and object codes, but posting the opposite.

• The end result will look like you “moved” the expense from one account to another.

• If you are moving an aggregate or sum of expenses, then it becomes a non-mandatory transfer.
Expense transfer to cover overdraft

- Like a correction, i.e. you will credit the account originally charged and debit the new account you want to charge.
- Use the same object code for the correction as used in the original transaction, just do the opposite, debit for credit and credit for debit.
- Note this is not a non-mandatory transfer because we are transferring individual transactions rather than aggregates.
- Expense transfers look like an exact reversal or opposite of the original transaction.
- Original transaction was a payment on a purchase order.

Original transaction: PO payment
Account charged 12-1234-5678, object code 15120, $10,000.00

**JV entries:**

**Credit** 12-1234-5678, object code 15120, $10,000.00.

**Debit** 12-1234-1123, object code 15120, $10,000.00

Attach a copy of the ASR transaction detail section with the original charge as backup.
Expense transfer from a prior fiscal year restricted account  
– Non-mandatory transfer

A restricted expense account starting with 22- was charged incorrectly, but the charge occurred in a previous fiscal year. To correct that charge the fund balance account associated with that fund must be charged, not the 22-accounts. 22- accounts represent only transactions happening in the current fiscal year.

Original transaction: PO pmt  
Account charged 22-1234-5678, object code 15120, $10,000.00, prior fiscal year

JV entries:

Credit 92-1234-5678, object code 90401, $10,000.00.

Debit 92-1234-1123, object code 90401, $10,000.00

Attach a copy of the ASR transaction detail section with the original charge as backup.

Catherine Maddafor d, Director of Training,  
Office of the Comptroller

USC University of Southern California
Reclassifications

DEFINITION

• Reclassifications are used to move funds from one fund group to another, changing the nature or use of the funds.
• Must be done by JV.
• Special object code is required for the restricted fund balance accounts – 90550.
• Funds are moved between fund balance accounts, not expense accounts.
• Usually processed centrally, not at the department level.
The following is a list of special fund balance object codes that are used when the fund balance accounts are affected in a JV. Some of the examples illustrated up to now used these object codes. Note that each fund group has its own object code for the fund balance account transactions associated with that fund group.

<table>
<thead>
<tr>
<th>Fund Groups</th>
<th>Object Codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>CFB</td>
<td>90401</td>
</tr>
<tr>
<td>EFB</td>
<td>90402</td>
</tr>
<tr>
<td>PCB,PFB</td>
<td>90403</td>
</tr>
<tr>
<td>SFB</td>
<td>90404</td>
</tr>
<tr>
<td>AFB</td>
<td>90405</td>
</tr>
<tr>
<td>CEB</td>
<td>90406</td>
</tr>
<tr>
<td>CU</td>
<td>90590</td>
</tr>
<tr>
<td>AFB,CEB,CFB,EFB,PCB,PFB,SFB</td>
<td>90550</td>
</tr>
</tbody>
</table>
• Please consult your SBO or your supervisor for help with identifying your JV numbers and your role.
• Should you need further assistance with the Kuali JV process, please contact Catherine Maddaford, maddafor@usc.edu, or 213-821-1950.
• For general Kuali questions contact Kuali User support at 213-740-5857.
• For help with a specific returned or rejected JV please contact the persons shown on the route log.