



Schools Journal Transfers Policy and User Guide

Executive Summary

This document outlines when specific transactions within SAP should be used to generate journal postings.

Those transactions are:

- FV50 –
 - Purpose – to enter a journal
 - Park
- FBV0
 - Purpose – to post any previously parked document.
 - Post only*

1. Introduction

The accounts, are designed to accept primary income and expenditure from a number of associated systems; Accounts Payable, Accounts Receivable and HR.

There are occasions when there is a need to perform some form of accounting adjustment to the primary data received by those systems. This document states when these accounting adjustments are required and the method of adjustment that should be used.

Adequate supporting documentation and a clear audit trail showing segregation of duties between the preparer and authoriser must be maintained for all transactions.

2. Reasons for Adjusting Primary Postings

There are a number of reasons for adjusting primary postings, the main reasons are: -

- 3.1 The primary posting is incorrect and needs to be amended – this could be due to the wrong code being used.
- 3.2 The primary posting requires recharging internally

3 The primary posting is incorrect

The expectation is that as far as possible it would be best to adjust data in such a way that the integrity of the primary posting is maintained and included as part of the adjusting process. It is also expected that the likelihood of needing to make such adjustments will be reduced as systems are integrated into direct functions of SAP.

3.1 Recharging of internal costs.

Where departments are required to charge other departments for other specific services, such as for cluster meetings, the '3nnnnn' code range should be used as this will represent both a charge and an income thus resulting in a zero balance across the Council. In all cases where inter-departmental journals (negotiated journals) are created the receiving department will approve the journal through SAP business workplace.

4. Issues

4.1 Authorisation

An adequate division of duties is required to ensure, as far as possible, that transfers are accurate, valid and correct. It is essential that the preparer of the transaction and the approver are separate individuals.

Each journal authoriser requires a selection variant in transaction FBV0 that provides a list of individuals whose journals they can authorise. Officers must not attempt to authorise their own journal in any circumstances, instances where this occurs will be reported to the Director of Finance for investigation.

4.2 Attachments

When a journal has been made supporting information must be attached as an image on all SAP documents, doing so will significantly assist during the audit process, as External Audit have the ability to review all postings made in SAP. Where supporting documents are not attached, there will be a delay in the process of obtaining the required information, significant delays could result in an extended audit period and subsequently an additional charge to the Council.

Supporting documentation (evidence) must be attached to journals posted in SAP. There are 3 kinds of evidence:

Type	Use	Qualities	Examples
External Evidence	Very Good – this should be used in most cases	Not open to edit therefore is more reliable for audit	Bank Statement, AP Invoice, Remittance, Contract
Strong Internal Evidence	Acceptable – this should be used only where External Evidence does not exist	Evidence that is formally documented and therefore unlikely to have had internal influence	Cabinet Report, AR Invoice, Policy Document
Weak Internal Evidence	Poor – this should only be used as a last resort	Evidence that is open to editing	Email, Excel Documents, Word Documents

4.3 VAT

SAP will produce a warning message when a journal is entered without reference to tax. The vast majority of journal transfers have no implications for VAT.

If you are unsure of VAT implications, please contact the VAT Officer directly.

5. Standards

The use of journal transfer can materially affect both the operating financial position for budget holders and the statutory final accounts of the Council, therefore, it is essential that good practice is followed by all users of the transactions, including:-

- The journal must be for a proper purpose;
- The correct / appropriate transaction must be used;
- Text should be entered in the header / line item fields that indicate the basic purpose of the journal;
- Supporting documentation must be attached to all transactions;
- Authorising users must create a selection variant in transaction FBV0 that lists only the individuals that authorising user has responsibility for.