

Attaching Proper Documentation to Journal Entries for General Ledger Posting

To ensure journal entries are **accurate, auditable, and compliant** with state policies, proper documentation must accompany each entry. Adhering to these guidelines will streamline the review and approval process and reduce the need for additional information requests.

1. Provide a Clear Purpose for the Entry:

- Include a **concise description** of the entry's principal purpose in the journal entry header text field (e.g., "Remit IDC to General Fund").
- Ensure the description **clearly ties the entry** to its financial or operational rationale.

2. Include Sufficient Supporting Documentation:

- Provide comprehensive documentation to support the entry's amounts and purpose, ensuring it can withstand standalone audit scrutiny.
- Avoid relying solely on keying sheets, as they are **typically insufficient** without additional context or supporting records.

3. Attach Relevant and Substantiating Documents:

- Include primary source documents (e.g., invoices, receipts, bank statements, purchase orders, or contracts) that directly support the debit and credit entries in the general ledger.
- Verify that document details (e.g., amounts, dates, vendors) **match the journal entry exactly** to prevent discrepancies.
- For **cross-agency transfers**, attach copies of communications with the transferring agency confirming agreement on accounts and amounts recorded.
- For entries mandated by a **proviso or law**, include the specific proviso or legal reference as part of the documentation.

4. Ensure Document Accuracy and Legibility:

- Confirm that all attached documents are **complete, accurate, and readable** before posting to the general ledger.
- Provide comprehensive documentation to support the entry's amounts and purpose, ensuring it can withstand standalone audit scrutiny.
- Avoid relying solely on keying sheets, as they are typically insufficient without additional context or supporting records.

5. Use the Supporting Documentation Process Correctly:

- When attaching backup via the Supporting Documentation process, set the "Restrict to Agency" field to "ALL" unless the document contains sensitive information (e.g., medical data or Social Security numbers, which should not appear in journal entries).
- Restricting access unnecessarily may prevent CGO staff from viewing attachments, delaying the review process.

6. Prepare for Year-End Close-Out:

- As document volumes increase during year-end close, proactively ensure each journal entry includes complete and sufficient documentation.
- Thorough documentation reduces follow-up requests from CGO and staff, expediting the review and approval process.

By following these practices, agencies can maintain an accurate, compliant, and **audit-ready general ledger**. For questions or additional guidance, contact the CGO accounting team.

Additional Best Practices for Journal Entries

Refunds of Prior Year Expenditures

- **Do not reduce current year expenditures for reimbursements or refunds related to a previous fiscal year.** This will increase an agency's annual budget above what was approved in the annual Appropriation Act as well as understate actual current year expenditures, sometimes resulting in a credit balance for an expenditure line for the entire year.

Cash Transfers

- **It is highly unusual for an agency to need to transfer cash** from the general fund (1* or 2*) to non-general fund or vice versa using the 61/62 transfer accounts. **Consult with the Comptroller General's (CG) office before posting such an entry** if you believe it is necessary.

Permanent Improvement Projects (PIP) Funded in the Annual Appropriations Act (Recurring and Non-Recurring)

- **For PIPs that are funded by the State, agencies** must transfer cash from the General Fund to a Capital Projects Fund, specifically into the Permanent Improvement Project. In order to keep General Fund cash and budget in alignment, this involves recording an expenditure (debit) in the General Fund and recognizing revenue (credit) in the Capital Projects Fund using the following commitment items for each transaction:
 - Expenditure commitment item: 5170880000 - General Fund Transfer (Reduces related cash in the General Fund)
 - Revenue commitment item: 4890060000 - General Fund Appropriations Revenue Transfer (Increases cash in the Capital Projects Fund)
- Refer to the Executive Budget Office website (<https://admin.sc.gov/services/budget>) for additional guidance related to these transfers and for the accounting of any remaining cash for a closed project that had been funded with State appropriations.

Other Notes

- **Monitor the parked documents report regularly** using transaction code **Z_AGY_DOCLIST**. Rejected documents will remain in parked status until they are either deleted or restarted.
- **Establish and monitor your system of internal controls** to ensure that individual users are checking their workflow inboxes and responding to messages promptly for necessary actions.