

## HOONAH SCHOOL DISTRICT

**SOP No. 13**

### ADJUSTING JOURNAL ENTRIES

1. **PURPOSE:** To establish procedures for identifying, preparing, authorizing and recording adjusting journal entries. The majority of the transactions entered into the general ledger are through the cash receipts, cash disbursements, and payroll processes. However, to make corrections to account balances or to book items such as indirect expense/revenue, prepaid expenses, etc., it is necessary to enter journal entries.
2. **AUTHORITY:** Superintendent
3. **RESPONSIBILITY:** The Business Manager, and all budget supervisors are responsible for ensuring compliance with this procedure.
4. **PROCEDURES:** The following are control activities for the journal entry process:
  - a. Identify the activity to be recorded, the account balance that is incorrectly stated or the transaction that was incorrectly recorded in the general ledger.
  - b. If applicable, identify the original entries or transactions that caused the account balance to be incorrectly stated.
  - c. Determine what the correct account balances should be or identify what the transactions should have been.
  - d. Prepare the journal entry to correctly state the account balance or correctly record the transaction. The journal entry should be manually prepared using the approved journal entry form and any supporting documentation should be attached to the form.
  - e. The journal entry form should be signed by the individual preparing the entry.
  - f. The journal entry form and supporting documentation should be submitted to for superintendent for review and approval.

- g. The Business Manager should enter the journal entry into the software system. The entry should be printed from the software system and compared to the original entry form to ensure that it was properly input. The Business Manager should date and initial the journal entry form and attach the entry from the system.
- h. The signed and approved journal entry form and all the supporting documentation should be kept in the folder or binder titled, "Adjusting Journal Entries" for the proper year. Periodically the AJE's shall be scanned so they are easily transmitted to the auditors during the annual audit.