

REGIONAL WATER AUTHORITY

POLICIES AND PROCEDURES MANUAL

Policy Type : Fiscal Management
Policy Title : Journal Entry Approval Policy
Policy Number : 500.7
Date Adopted : March 13, 2008
Date Amended :

JOURNAL ENTRY APPROVAL POLICY

Journal entries record accounting information into the accounting system general ledger that are not typically processed through the cash receipts or cash disbursement cycle. Journal entries can be classified as recurring and non-recurring. Recurring journal entries are typically routine in nature and can be repeated daily, weekly, monthly, or quarterly. Non-recurring journal entries are typically entries that record one time transactions, correct mistakes into the accounting records or are considered unusual.

Responsibility for RWA's day-to-day accounting records, including journal entry processing, support, and posting, is a function of the Finance and Administrative Services Officer Position. This policy provides guidance as to when additional approval is required for processing journal entries. All journal entries, recurring or non-recurring, shall be supported by appropriate supporting documentation maintained with the accounting records.

1. Recurring Journal Entries

- a. These journal entries would not require explicit approval by the Executive Director.
 - i. Automatically reversing journal entries that reverse a previous months' journal entry, which activity typically occurs in July of a new fiscal year.
 - ii. Recording the monthly amount of cash used or received by the Water Efficiency Program.
 - iii. Record quarterly LAIF interest earnings or other investment earnings.
 - iv. Recording the administrative costs allocation to the subscription based projects, including SGA. (Note: the allocation calculation is subject to approval by the Executive Director.)
 - v. Annual depreciation and amortization of fixed assets.
 - vi. Payroll and benefits related journal entries. (Note: the actual payroll register is approved by the Executive Director.)

2. Non-recurring Journal Entries:

- a. These journal entries would require explicit approval by the Executive Director:
 - i. Journal entries which correct errors in posting to accounts
 - ii. Year-end journal entries which adjust cash basis accounting records to accrual based records (i.e. accrual of income or expenses)
 - iii. Recording of non-cash transactions.

The Executive Director will review all recurring journal entries made by the Finance & Administrative Services Manager at least quarterly and document such review by noting any comments on and signing the journal entry ledger report reviewed.