Journal entries are transactions that affect financial balances and related reports, but do not create transactions with third party systems the way that cash disbursement transactions in the Accounts Payable module or Payroll modules do.

In ARC, we use a number of different kinds of journal entries. The purpose of this job aid is to explain the differences between them and to explain when to use each one.

Internal Transfers	Internal transfers (ITF) are the most common type of journal entries. They are used to allocate revenue and expenses from one ChartString to another and to move fund balances between projects or departments. Internal transfers are often made to execute transactions between departments, but they can also be made between projects, initiatives, segments, and sites. Examples of when an internal transfer is used: • **Allocated Revenues:** Allocation of revenues from one valid ChartString to another. • **Shared Expenses:** More than one department shares in a particular expense, but one unit pays in full and allocates a portion of that expense to the other department, e.g., shared supplies. • **Recharge Centers:** Charges for services provided by one department for another department, e.g., phone service provided by CUIT for departments. • **General Funds Transfer:** Transfer of funds from one ChartString to another, e.g., to cover overdrafts or overruns. • **Incorrect Posting of a Journal:** If a journal is accidentally posted to the wrong project, an internal transfer would be used to ensure that the journal is posted to the correct project. **Requirements for an Internal Transfer** With an internal transfer, either the account is the same for both the credit and debit side of the transaction, or a "matched pair" of accounts is used. A matched pair of accounts is an account pairing that is generated by the system, and is used to maintain the integrity of the transaction. If the user creates an internal transfer where the natural account reflected a debit for "animal care" for example, the natural account on the other side of the transaction would be generated by ARC and would reflect a credit for "animal care." As well, internal transfers must be created on a one-for-one basis. Where general journal entries might include three debits to offset (and equal) one credit, an internal transfer requires that one debit is used to offset one credit. Please see http://finance.columbia.edu/files/gateway/content/training/job_aids/Matched_Pair_Accounts.xlsx for a listing of accounts with their matched pairs.

	Internal Transfers and Sponsored Projects Internal transfers are used to move expenses incurred on projects internal to one department in service of sponsored projects belonging to another department. In cases where sponsored projects will be affected, internal transfers on sponsored projects will be routed to SPF for review. They also require a completed Internal Transfer Justification Form as an attachment. A sub-set of matched pairs are used to record "Recoveries" and are typically used on service recharge center transactions to credit the department providing the service (natural accounts 690XX). The "Recovery" natural accounts should not be used on a sponsored project account. The guidance below serves to clarify the process for internal transfers when they involve matched pair natural accounts: Service Recharge Center • When making a correction to a service/recharge center transaction, the matched pair must always be used; however, the "Recovery" natural account should always be associated with the service/recharge center project. It should not be used on the sponsored project. • To correct the initial transaction, reverse the signs of the transaction amount on the original transaction. Non-Service Recharge Center • Initiate the Internal Transfer Journal Entry in ARC. If the natural account selected has a matched pair the matched pair will automatically populate when the first natural account is entered. • If the matched pair that auto-populates is a "Recovery" natural account, you can override the natural account and use the same natural account on both the debit and credit side of the transaction. For more information please see: http://finance.columbia.edu/content/sponsored-project-cost-transfer-guide
General Journal Entries	General journal entries are less common, and are usually executed by the Controller's Office. Examples of when a general journal entry is used: • Accruals* of revenue or expense • Bank account expenses To record a change in balance that cannot be made via an internal transfer, i.e., if the account ChartField must be changed. General journal entries will be routed to SPF for review when sponsored projects are affected. If you do not have access to execute general journal entries, you may request that the entry be made by the Controller's Office. To do this, please speak with your school/department's

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	senior business officer. *An accrual is expense or revenue that has been incurred but not yet paid for/received. The transaction is recorded before any money is paid out or received.
Journal Vouchers	Journal vouchers are used to process an adjustment to a ChartString when a procurement voucher has already been posted and therefore cannot be modified. When a journal voucher affects a sponsored project, the initiator will be prompted by ARC to complete the Internal Transfer Justification Form. The journal voucher will be routed to SPF for approval when the original voucher has aged more than 90 days from the month in which the voucher accounting date falls.
Interfaced Journals	Interfaced journals are automatically generated when another system feeds transactional information to ARC. For example, for an entry made in the FEE Cash Module an interfaced journal is automatically created when this information is fed into ARC.

Getting Help

Please contact the Finance Service Center
http://finance.columbia.edu/content/finance-service-center

You can log an incident or request a service via Service Now
https://columbia.service-now.com

Or, you can contact the Service Center by phone: (212) 854-2122