Commonwealth of the Northern Mariana Islands (CNMI)

Department of Finance

JOURNAL ENTRY PROCEDURES

(FINANCIAL SERVICES-OPERATIONS)

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SECTION 1: PURPOSE

To outline the process for performing journal entries, ensuring accurate and compliant expense transfers between accounts. This procedure ensures proper documentation, accountability, and adherence to financial regulations when transferring expenses within the government.

Section 1.1. Background

Journal entries are used to record financial transactions in the organization's accounting system. They are important because they help keep financial records accurate and up to date. These records are used to create financial reports and make important department decisions.

Section 1.2 Applicable Statutes

Subchapter 70-20.1 Regulations for the control of Public Funds

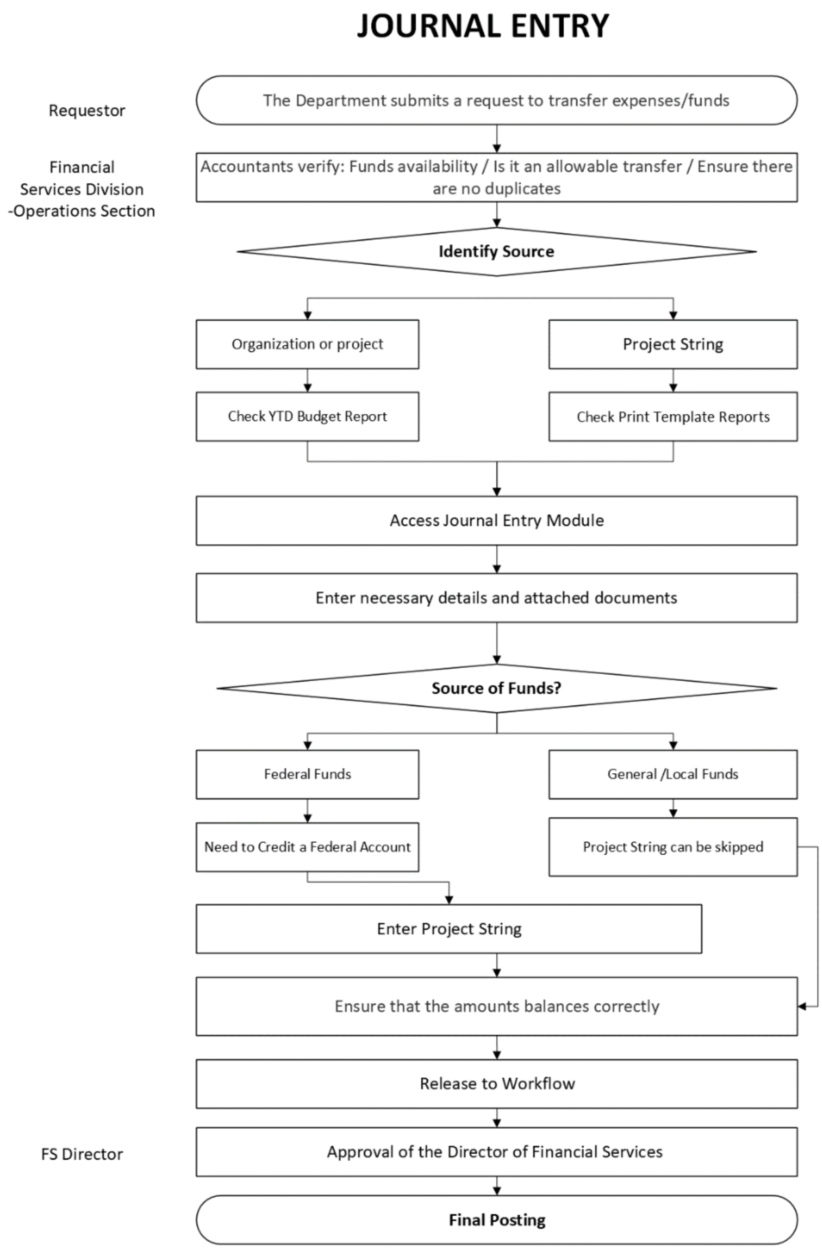
Section 1.3 Definition and Acronym

- Journal Entry (JE): A record used to document a financial transaction, usually by manually entering debits and credits into the general ledger. In Munis, journal entries are created to correct, adjust, or transfer amounts between accounts.
- Fiscal Year (FY): A 12-month period used for budgeting and financial reporting.
- General Journal Entry (GEN): Used to enter standard journal entries into the general ledger. These entries are typically for adjusting, correcting, or allocating amounts between accounts.

Section 1.4 Effective Date

The Journal Entry Procedures will be effective in Fiscal Year 2025 beginning **October 1, 2025**, and the following Journal Entry activities will be enforced.

Section 1.5 Flowchart



SECTION 2: JOURNAL ENTRY

To ensure accuracy, compliance, and accountability, all journal entries must be thoroughly documented and properly approved prior to processing. Expense transfers may only be initiated once payments from both Local and Federal funds have been fully completed.

Each journal entry request must be supported by appropriate documentation, such as official receipts or other relevant proof, to validate the transaction. All debit and credit entries must reconcile to a net balance of zero to maintain financial integrity.

Transactions related to General and Special Revolving Funds must utilize the appropriate organization and object codes, whereas those under Project Ledger Accounts should be recorded using the designated project string.

Prior to final posting, all journal entries must be approved by the Director of Financial Services. This certification step ensures full adherence to the organization's financial policies and applicable regulatory standards, reinforcing a commitment to transparency, accuracy, and responsible financial management.

Section 2.1 Journal Entry Procedures

1. **Accessing the Journal Entries Module:**
   a. Ensure certification by Financial Services Division -Operation Section.
   b. Navigate to the Journal Entries/Proof Module.
2. **Entering General Journal Entries:**
   a. Click "Add" to initiate a new journal entry.
   b. Enter the Effective Date (date of entry).
   c. Source Journal: (GEN)
   d. Provide a Short Description

      EXPTRNF – Expense Transfer
      PRYLXFER – Payroll Transfer
      RJE – Reclass Journal Entry
      AJE – Adjusted Journal Entry

   e. Enter the Reference fields:
      i. Reference 1 (Journal Reference): Accountant's Initials
      ii. Reference 2: Reference Doc. No. (e.g. Purchase Orders, Contracts, and 7Journals) Department Control Number (If there are no information to reference)
      iii. Reference 3: Departments Control No. / Memo's Date

iv. Ensure that the debit and credit amounts match and balance to zero
v. Print the PDF file to attach it with the memo and upload the document linked to the journal.

3. **Processing Federal Fund Transfers:**
   a. The Operations Section shall only process journal entries related to Federal Funds when it is necessary to record a credit to a federal account.
4. **Processing General Fund Transfers:**
   a. If transferring within the General Fund, the project string can be skipped.
5. **Entering Project String Details:**
   a. Select the appropriate Project String Title from the dropdown (e.g., Advertising).
   b. Click "Tab" to auto-populate the Org and the Object field is entered manually.
   c. Enter Line Description (PO Number, Document Number or Invoice Number or any reference that relates to the transfer).
   d. Specify Debit (D) or Credit (C) and enter the amount.
   e. Click "Tab" to move to the next line if additional project strings need to be entered.
   f. Repeat the process for each project string.
   g. Ensure that the total of all project string amounts balances correctly.
   h. Click "Release" (Approval status will remain on "Held" until released).
6. **Approval**
   a. Once released, the journal is available for review and approval from the Director of the Financial Services.

SECTION 3: DEPARTMENT/AGENCY RESPONSIBILITIES PROCEDURES

Financial Services- Operations Section Responsibilities:

- Ensuring the memo submitted is complete and accurate. Providing debit and credit amounts that balance, account numbers and object codes.
- Reviews, certifies, and processes the journal entries in compliance with internal policies.

Financial Services (Approver):

- Ensure all journal entries are correctly documented and balanced before approval.

SECTION 4: OTHER DIVISION RESPONSIBILITIES

Requesting Department:

- Submits a request to transfer expenses and provides the necessary supporting documents.

SECTION 5: REVISION/VERSION HISTORY

*This Journal Entry Procedure will be periodically reviewed and updated to reflect changes in regulations or organizational requirements.

Revision History

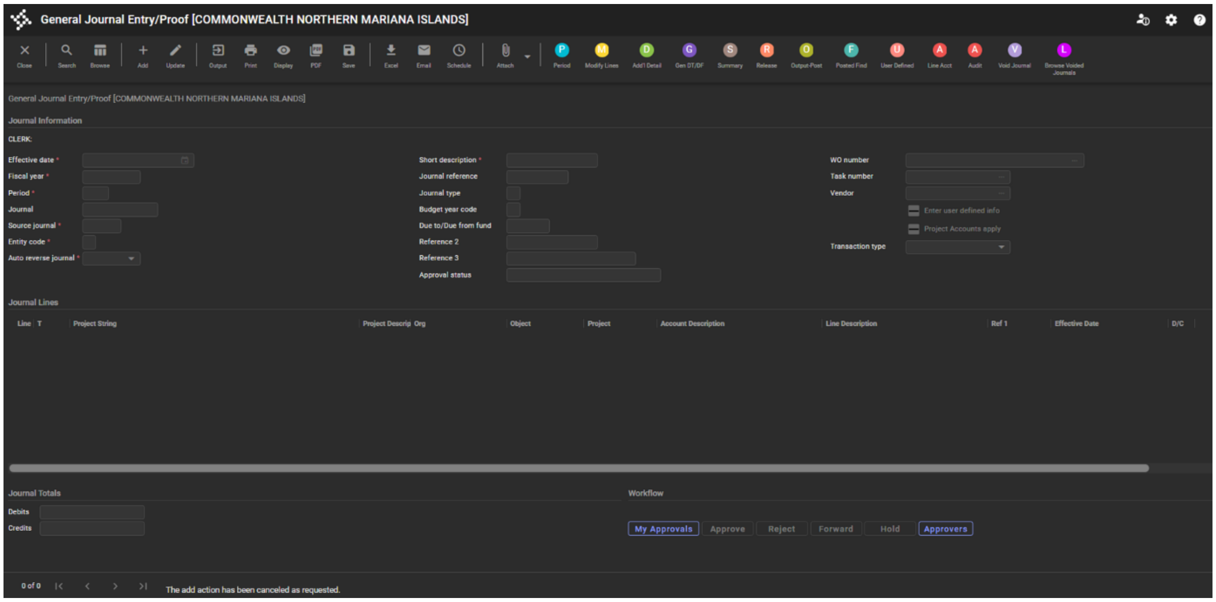
Originator:	Department of Finance, Office of the Secretary
Effective Date:	10/01/25
Reviewed By:	Bernadita C. Palacios, Division of Financial Services Director
Reviewer Signature:	
Approved By:	Tracy B. Norita, Secretary of Finance
Approval Signature:	
Procedure Purpose:	The propose of entering journal entries is to accurately record and track all financial transactions of an organization. These entries serve as the basis in accounting records and financial statements.

Version History:

Version Number	Version Date	Description of Change	Point of Contact
Version 1.0	10.01.25	Initial Release	SOF Office

SECTION 6: APPENDICES

Screenshot 1: On Tyler menu, search for General Journal Entry/Proof. Select "Add."



Screenshot 2: You must fill out required fields.

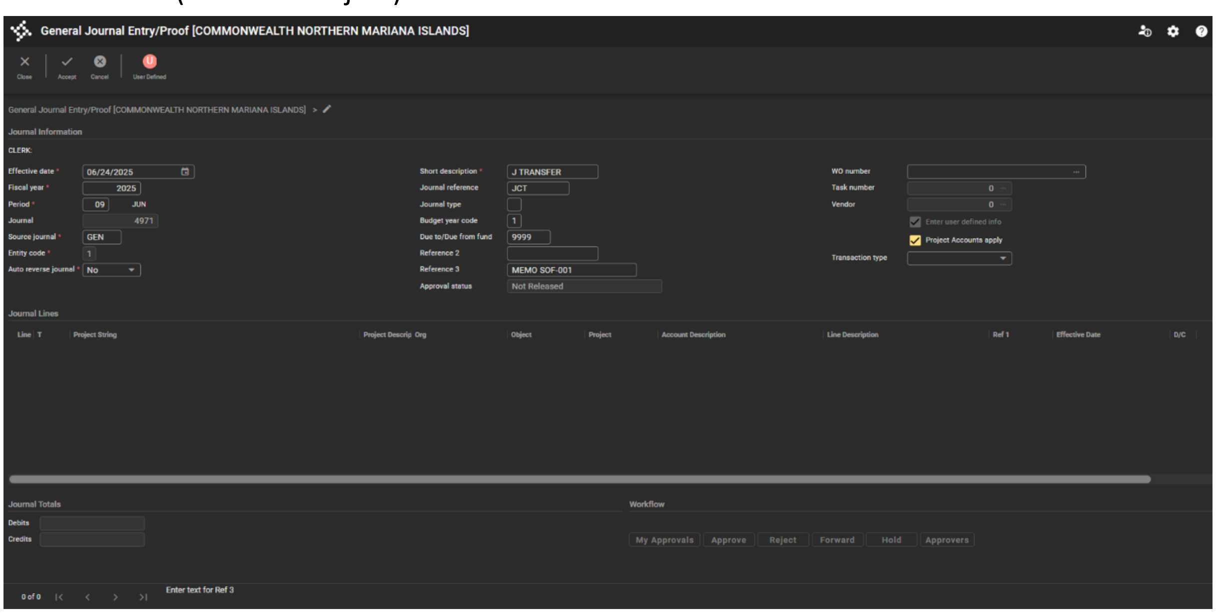
Effective date: (Apply with today's date.)

Source journal: (GEN)

Short description: (J TRANSFER)

Journal reference: (Accountant's initial)

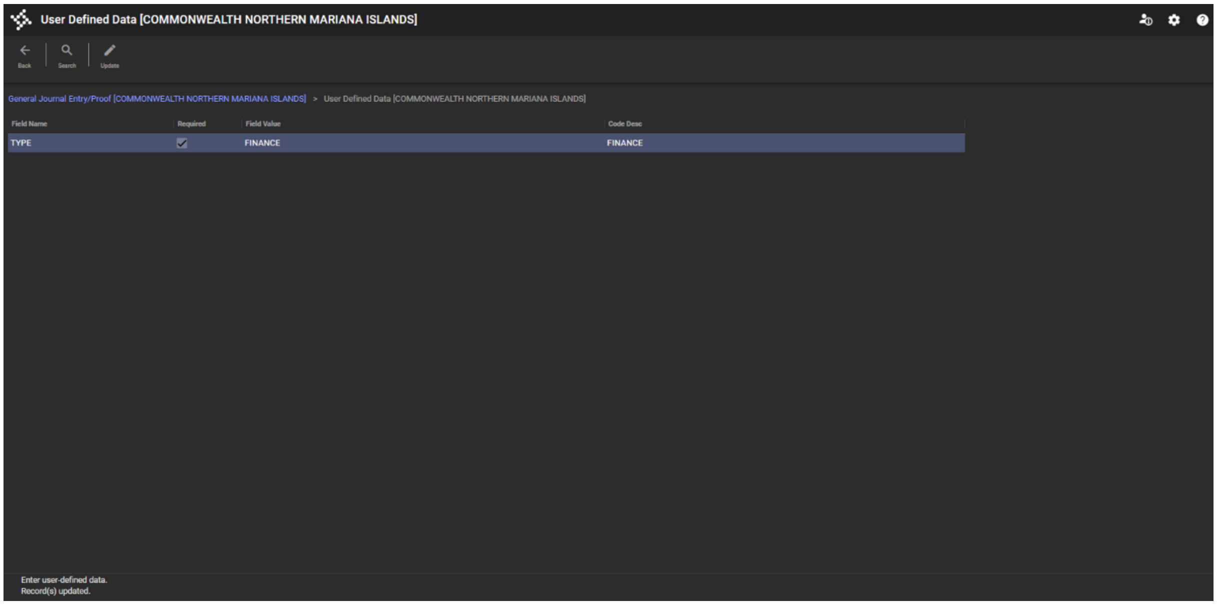
Reference 3: (Memo's subject)



Screenshot 3: Select "Update"

Field Value: (Finance) afterwards hit "accept."

Then select "Back" to direct you back to the journal.



Screenshot 4:

<u>Line 1</u>

Org: (51130100)

Object: (74000)

Project: (3022)

D/C: (C)

Amount: (2,000)

<u>Line 2</u>

Org: (51170100)

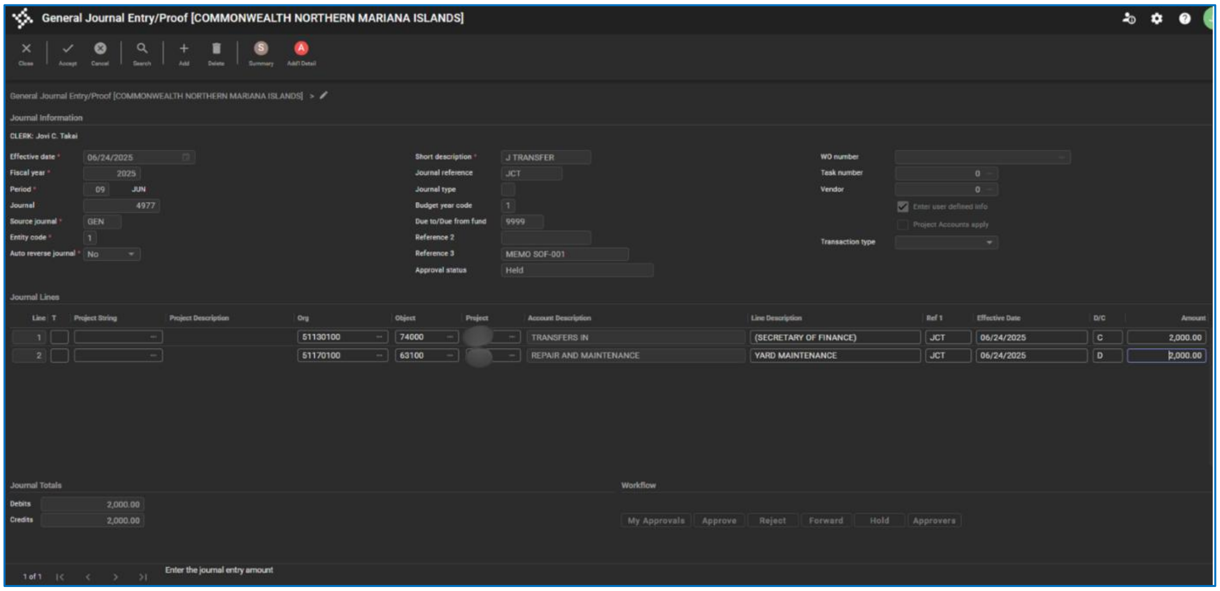
Object: (63100)

Project: (9044)

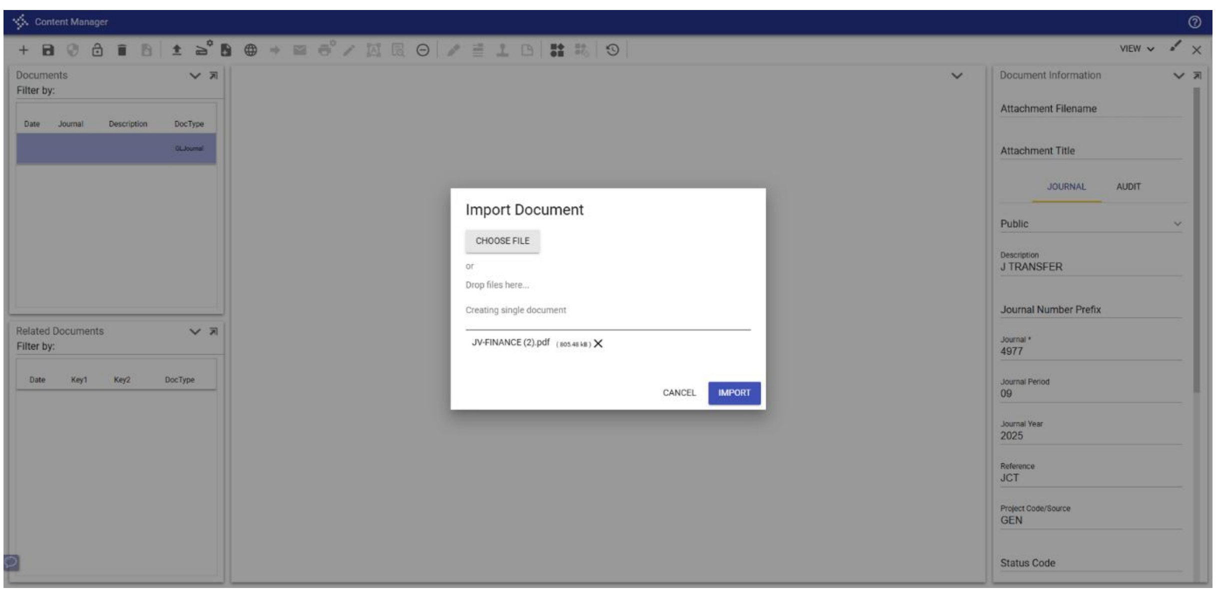
D/C: (D)

Amount: (2,000)

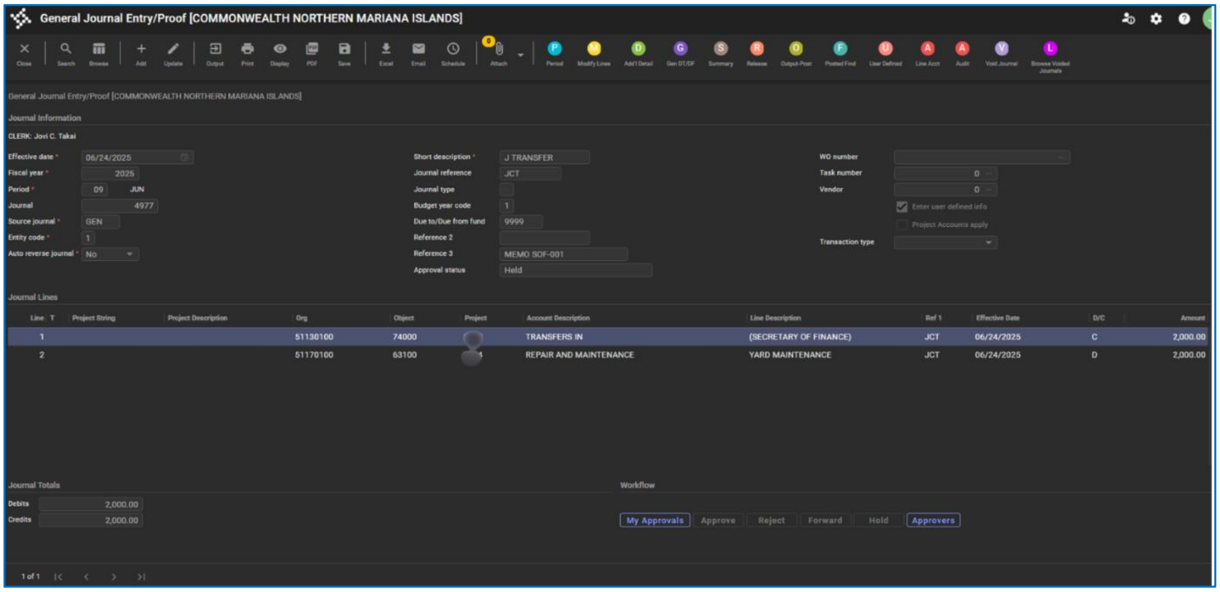
When done processing, select "Accept" to finalize, then select "PDF"



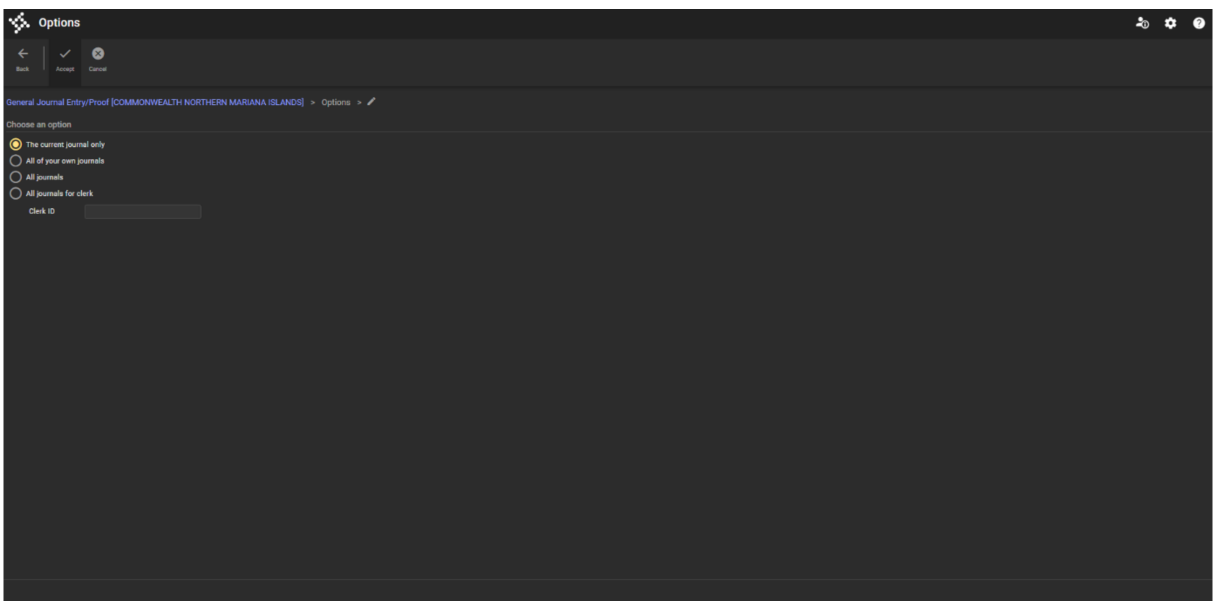
Screenshot 5: Select “Attach” to navigate to the screen shown below. Click the “+” icon, then select the (arrow up) and the “Choose File” to upload your document. Select the file and click “Import” and save it, icon of a (floppy disk).



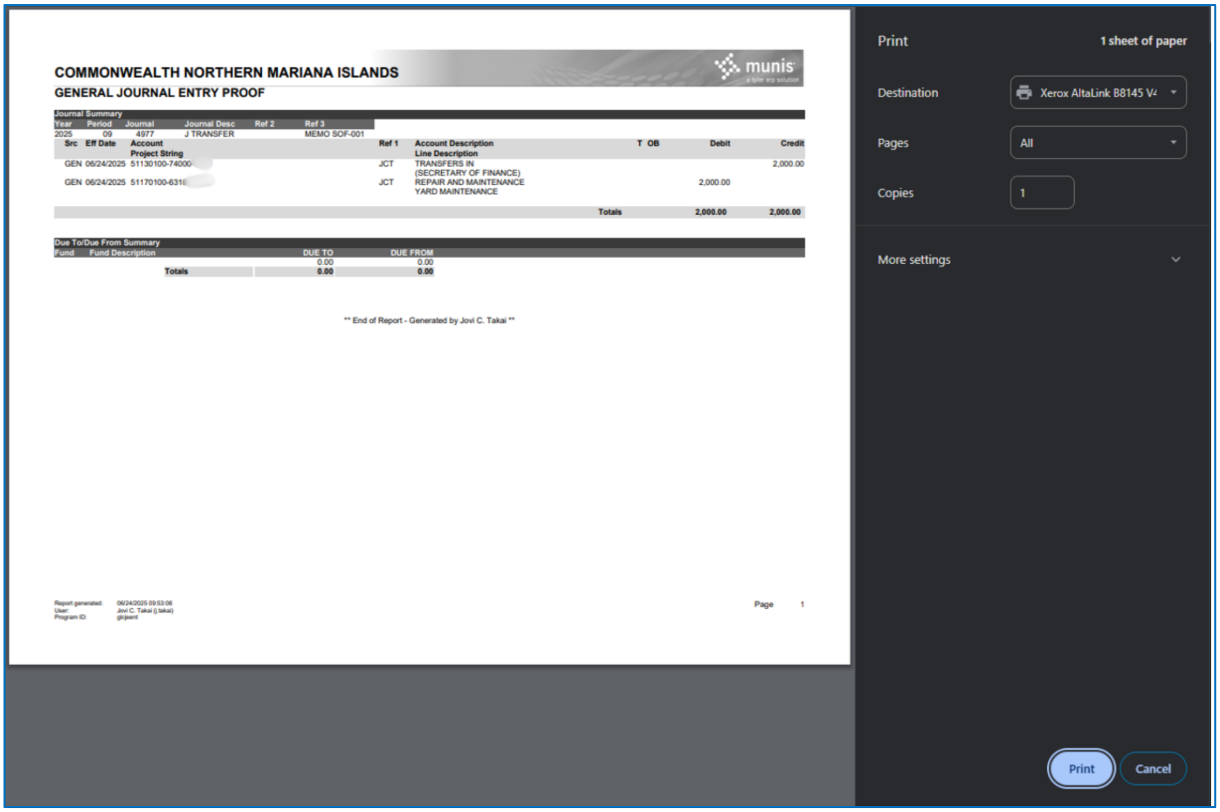
Screenshot 6: Go back to journal and select "PDF."



Screenshot 7: Select "The current journal only"



Screenshot 8: Print PDF to attach with Bank Statement for Director of Financial Services to approve.



Go back to the Journal and select “Release” to update the approval status to Pending and to initiate the journal workflow.