APPROVAL					
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1. Objective

Establishes the principal control and results of all financial and accounting operations for a Government agency, provides the necessary financial information for the administration of operations and the execution and preparing of the Budget, which constitutes effective control over income, expenses, funds property and other Government assets. It takes into consideration the necessity and responsibilities of the judicial branch, executive and legislature, so that they will provide the necessary financial information for the preparation, approval and execution of the budget. Accounting on a daily basis All State and Federal documents that affect the movement of funds of any program does this operation. This is done by record keeping by use of account reconciliation, journal entries, reporting on daily, monthly, semester, annual, special requests and work accomplished. It is composed of an Accounts receivable, Accounts payable, Journal entries and Financial Statements for both federal and State funds.

2. Legal Authority

For the execution of this procedure we should observe the followings laws and regulations:

- Law 230 of July 23, 1974, as amended, known as Government Accounting Law of Puerto Rico as disposed in its Article 12.
- Regulation Number 49, Chart of Accounts for expenses applicable to the assignment of Public Funds.
- All applicable Regulations and Circular letters from the Department of Treasury.

3. Applicability

Applies to Environmental Quality Board transactions whose funds are by Law under the custody of the Puerto Rico Department of Treasury.

4. Organizational Roles and Responsibilities

- Central Accounting Area-Hacienda.
- Support Group FIMAS.
- Finance Office (Managerial Accountant, General Accountant).
- Budget Division.

5. Definitions and Abbreviations

5.1. Definitions

Term	Definition
Journal Generator	The Journal Generator is a program that takes accounting entries from your feeder systems and formats them into journal entries. The journal entries may then be edited and posted to the appropriate ledger accounts in General Ledger.

5.2. Abbreviations

Abbreviation	Term
EQB	Environmental Quality Board
EPA	Environmental Protection Agency
GL	General Ledger

6. Procedure Description

General Ledger serves as the core of the Financial Management System. The subsystem applications, such as Payables and Receivables, create accounting entries that you select to process in the journal generator. Journal generator creates the appropriate journals from the accounting entries and sends them to General Ledger for posting to the appropriate ledgers. From this posted accounting data, you can obtain both detail and summary accounting information and produce numerous financial reports for your organization.

According to the current processes document, EQB does not keep double sided entries comprising debits and credits. Rather, its budget accounting deducts first the pre-committed budget from the budget entry balance, next the committed budget and, finally, the expense is incurred in and only then is the expense recorded as an accounting entry. GL module is used to perform the foregoing. It comprise all (non budget) accounting entries to produce EQB's purely accounting balance sheet.

For the automation of such process the following items are defined:
- Chartfield: Hacienda Account, Expense Purpose, used by all financial processes.
- Chartfield catalogue hierarchy.
- Combinations to be controlled by the process.
- Monthly, biyearly and budget closings are standardized.

The Hacienda Chartfield is applied (PRIFAS structure), according to the following chart:

ACCOUNT	FUND	DEPTID	PROGRAM	CLASS	GRANT/PROJECT	BUDGET PERIOD OR BUDGET REFERENCE
Purpose of the expense.	Fund	Regional Office	Program	Allocation	Grant Identification	Year o period
5 or 6 digits	3 digits	2 digits	4 digits	3 digits	2 to 3 digits	4 digits

6.1. Chartfield Maintenance

A new Chartfield is requested when an existing Chartfield value does not meet a need to capture unique financial activity for appropriate monitoring or financial accounting purposes. The request to create a new Chartfield is forward to the finance or budget division.

6.1.1. A new chartfield value is identified.

    a.   Finance Division or Budget Division identifies the creation of a new GL account or another chartfield component. The request is forward to FiMaS Support Group.

6.1.2. Complete Form SC6017.

    a.   Support Group personnel complete the form SC6017. The form contains sections for the following Chartfield:

- Fund
- Program
- Account
- Class

    b.   A detailed description of the request is also required.

6.1.3. Transaction is reviewed.

    a.   The completed form SC6017 will be submitted to the Central Accounting Area in Hacienda for review and approval.

6.1.4. Request is archived.

    a.   If the request is denied, the request is forward to the FiMaS Support Group for archiving.

6.1.5. New chartfield is approved.

    a.   If the request is approved, the following approval signatures will be required on the form:

- Director – Office of Central Accounting
- Director – Office of Fiscal Systems

    b.   The new chartfield is created in FiMaS

6.1.6. New chartfield is created in FiMaS.

   a. The approved request form is then submitted to the FiMaS Support Group. The Support Group personnel will add or modify the chartfield in FiMaS.

   b. The Support Group will also update the applicable trees related to the updated chartfield.

6.1.7. New chartfield is available for transactions.

   a. The Support Group informs to Finance\Budget Division that the chartfield is available for transactions.

See General Ledger Users Manual for steps, descriptions and illustrations. Instructions for creating a Chartfield in FiMaS can be found begin on section 4.1 page 6 thru section 4.8 page 25.

6.2. Combination Rules

It is a process used in to check correct booking of the budget entry (chartfield), i.e. the combination of Fund, Organization, Program, Allocation, and Expense Purpose, to avoid errors and thus reduce future Fund Corrections.

6.2.1. Identify combinations rules.

   a. Possible combinations rules that limit loading errors from general ledger and all modules in this project are defined.

6.2.2. Parameterized in GL.

   a. They are parameterized in the system.

6.2.3. Combination rules are grouped.

   a. Upon setting, combination rules are grouped.

6.2.4. Linked GL Business Unit.

   a. They are linked with a GL business unit.

6.2.5. Combination creation process.

   a. The combination creation process is carried out. In doing so, combinations are updated and can be consulted (GL Standard consultation). All entered transactions must comply with such combinations. If the combination used is inexistent, transactions cannot be entered. In general ledger, this process is validated upon running of the Edition Process, which validates (effective and correct) combinations, among others.

6.3. Journal Entry

In General Ledger, Business Unit, Journal ID and Journal Date uniquely identify a journal. This allows you to use the same Journal ID throughout the year or even within the same accounting period, if desired.

General Ledger offers several ways to process journals to ensure control and maximize efficiency without losing flexibility. You decide when and by whom journals are validated and posted. Allow one user to only enter the journal entries, and allow another user to post these journal entries.

Before can post journals to General Ledger must edit them to verify that:
- ChartField values are valid.
- Debits equal credits.
- Journal entries are flagged for posting to the target ledger.

If the Journal Edit process encounters any errors, General Ledger responds based on whether you indicated that you want to recycle the journals with errors, correct the errors, and then post them, or whether you indicated that you want to post the journals with invalid Chartfield or unbalanced debit and credit amounts to your suspense accounts.

6.3.1. Journal is created.

    a.   General Accountant from Finance Division enters the on-line journal, including the Journal Header and Journal Line information into General Ledger module. See GL Users Manual page 28-35

6.3.2. Budgeting checking.

    a.   Once the journal entry is entered and saved, the end user would then run the Journal Edit and Budget Check Process on-line. See General Ledger Users Manual 35

6.3.3. Journal is printed.

    a.   If the Journal has a valid Edit and Budget Checking status, the end user would print the journal.

6.3.4. Submit journal for approval.

    a.   If the Journal has a valid Edit and Budget Checking status, the end user submits the journal for approval. See General Ledger Users Manual 36

6.3.5. Review Journal.

    a.   The Managerial Accountant will review the journals that have been submitted. He/she would review the journal and either approves or denies the journal and notifies the originator of the journal.

b.   If the journal is denied, Managerial Accountant notifies General Accountant and he/she proceeds to delete the journal. The Managerial Accountant can also delete the journal at this point if necessary. See General Ledger Users Manual 37

c.   Transaction is reviewed for resolution.

d.   The Budget Division personnel would do one of the following steps:

- Correct the budget journal error.
- Notify to Finance Division that the journal does not apply.

e.   Budget Division notifies Finance Division the result of transaction. If the journal error is corrected, the General Accountant prints the journal and submits for approval. See General Ledger Users Manual 38, 49, 54,

6.3.6. Journal is deleted.

a.   If the journal error cannot be corrected, the General Accountant deletes the journal. See General Ledger Users Manual 46

6.3.7. Journal is posted.

a.   If the journal is approved, the Managerial Accountant will post either on-line, or via the nightly batch posting process. See General Ledger Users Manual 49

See General Ledger Users Manual for steps, descriptions and illustrations. Instructions for creating a Journal Entries into FiMaS can be found begin on section 5 page 28

6.4. Journal Generator/Import Journals

6.4.1. Journal generator/Import journal is submitted

a.   At the end of the business day, the Operations Managerial Accountant submits the Journal Generator process to create journals from subsystems and payroll.

6.4.2. Identify and correct journals with errors

a.   The Operations Managerial Accountant verifies journals on error status. Journals are corrected, re-edited and re-budget checked.

6.4.3. Journals are Posted

a.   Finally journals are posted. See General Ledger Users Manual 49

6.4.4. Interface FIMAS - FiMaS is submitted

a.   FiMaS Support Group submits GL journal interface program. Interface file is forwarded to Hacienda FiMaS Support Group.

6.4.5. Data received

    a.   FiMaS Support Group receives and processes file.

See General Ledger Users Manual for steps, descriptions and illustrations. Instructions for creating a Journal Entries into FiMaS can be found begin on section 5 page 28

6.5. Accounting Closing

The system has a budget and an accounting closing, once steps 1 are 2 are defined, both closings are automatic.

6.5.1. Accounting Closing Rules.

    a.   Closing rules for the system must be defined: specify accounts and other chartfield involved.

6.5.2. Define year and set to be closed.

    a.   Specify which accounting year is closed.

6.5.3. Closing.

    a.   In this case, the closing process is annual (the tool enables monthly closing as well). This process can be performed as many times as necessary to suit general ledger needs.

6.5.4. Close Period, Closing Entry (999), prevention of entry posting

    a.   The closing process generates a closing entry which will include it in the 999 period. This involves all Assets, Liabilities and Fund Balance accounts, the balance of which (pursuant to the account's characteristics) will be rolled forward to the following year. The balance of all Revenue and Expenses accounts will be set to "zero". Periods must be closed once all the information of the year to be closed has been properly arranged. This fact prevents the record of entries which EQB does not wish to post the current year but the following.

6.5.5. Next Year Balance Forward:

    a.   Commonly referred to as beginning balance of the New Year, this means the roll-forward of Assets, Liabilities and Fund balance.

See General Ledger Users Manual for steps, descriptions and illustrations. Instructions for Closing Periods into FiMaS can be found begin on page 79

6.6. Budget Closing Business Process Description.

6.6.1. Accounting Closing rules.

    a.   Closing rules for the system must be defined: specify accounts and other chartfield involved. It is here that the balance of certain entries having a life which exceeds one year may be requested to be rolled forward to the New Year.

6.6.2. Define year and set to be closed.

    a.   Specify which accounting year is closed.

6.6.3. Closing.

    a.   In this case, the closing process is annual (the tool enables monthly closing as well). This process may be carried out as many times as necessary to set all entry balances in zero, other than those having a life that exceeds one year. Once all Wages 1.5 GL have been paid, closing is repeated to set the balance of all entries in "0".

6.6.4. Next Year Balance Forward.

    a.   Only the balance of entries having a life that exceeds one year is rolled forward, if so specified in the Rules in item 1.

7. Forms

7.1. Finance Reports

Please refer to the explanation below and corresponding label on each form.

7.1.1. FIN2001 - Journal Entry Detail Report.

    a.   Displays all journal entries that were entered in the system for a business unit and ledger within the date range specified. Prints the journal entries in ascending ID order within the ledger and shows the journal date, the source, whether a reversal entry was created, journal status, posted date (if any), and a description. For each line that is included in the journal entry, lists the line number of the entry, the account number, a description, the department, product, and project ChartField values, and debit and credit detail. Also prints statistical information where included in a journal entry. (SQR)

7.1.2. GLC4003 - Combination Group.

    a.   Displays information on Chartfield combination edit groups for a selected setID. (Crystal)

7.1.3. GLC7501 - Journal Entry Detail

    a.   Shows journal entry detail information by business unit, journal ID, date, description, ledger group, source, reversal, foreign currency, rate type, effective date, and effective rate. It also shows line number, account, description, amount, rate type, exchange rate, foreign amount, base amount, and totals for the journal. (Crystal)

7.1.4. GLS1001 Summary Ledger Detail.

    a.   This is a template for designing reports based on user-specific ledger definitions. The record definition set consists of the following Chartfield: ACCOUNT, OPERATING_UNIT, DIVISION, PRODUCT_AREA, and PROJECT. (SQR)

7.1.5. GLS1002 – Closing Rules

    a.   Displays information about closing set rules. It prints a description of the close set, identifies the name of the account Chartfield, and shows the Chartfield to which that profit and loss account will be closed. Also shows the option for retaining earnings in the Chartfield. (SQR)

7.1.6. GLS7001 – Standard Journals Report

    a.   List standard journal entries list and their status. (SQR)

7.1.7. GLS7009 – Posted Journal Summary.

    a.   Provides the ability to report on journals that were posted during a specific run of the Journal Post process. The Journal Post process updates all journals that were posted with the value of the Process Instance. The Process Instance is part of the search criteria that is used by the Posted Journals - Summary report. (SQR)

7.1.8. GLS7011 – Journal Edit Errors.

    a.   Provides detailed information about journal edit errors: period, journal ID, date, source, reference number, error type, line, line description, field name, and error message. (SQR)

7.1.9. GLS7012 – Trail Balance.

    a.   Combines detail and summary balance information. Shows the ending ledger balances for the specified year and period by Chartfield combination. Also displays subtotals by Chartfield. Prints a final total for debits and credits. (SQR)

7.1.10. FIN0010 – Valid General Ledger Accounts.

    a.   Displays the valid general ledger accounts by SetID. For each account, the report prints a description, short name, and the account type. Shows if the account is a statistical account and if so, what unit of measure is used. If the account contains open items, lists their descriptions as well as the edit record and field that apply. (Crystal)

8. Tabular Summary of Procedure

N/A

9. Document Revision Table

Revision Number	Revision Date	Section	Modification	Justification
1	1/28/2010	All	New	New

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