Financial Transaction SOP: **Financial Processing, Auxiliary Voucher (AV)**
SOP Owner: Financial Processing Manager
Version Number, Date Revised: #2, 09/09/14
Date Implemented:
Approval(s):

Standard Operating Procedure

1. **Purpose**

The Auxiliary Voucher (AV) e-doc is used to record entries (adjustment, accrual, and recode) to a transaction's proper posting period in order to ensure accurate and timely financial reports. Postings are allowed to open periods as set by central (based on parameters), which means that the AV is one of the few e-docs that can post to a prior period. Typically, an AV will be useful during the first 5 days of the calendar month.
The AV e-doc consists of three types:
   - Adjustment: The Adjustment type (AVAD) is used to post adjusting entries that do not automatically reverse. If the entry affects only one account there is no offset entry. Adjusting entries are made to recognize revenues in the period in which they are earned, and expenses in the period they are incurred. A reversal date is not allowed for this type.
   - Accrual: The Accrual type (AVAE) is used to post accrual entries that must be reversed in a designated month following the posting period. A reversal date is required for this type of AV, which is normally during the next fiscal period, though it may be later. If the entry affects only one account there is no offset entry. **Note**: accruals are not billing.
   - Recode: The Recode type (AVRC) is used to properly reclassify account balances posted to a prior period so that the reclassifications occur within the same fiscal period. The recode entry acts as an accrual and is automatically reversed. The reversal date defaults to the creation date of the e-doc and cannot be changed; however, the actual reversal occurs on the date the e-doc reaches full approval. A recode generates a Distribution of Income and Expense (DI) entry with Cash as the offset transaction, and posts in the current period.

Examples of common use at Cornell
   - AVAD—adjusting
     - Conference income collected for future periods. (Example: Cornell Adult University gathers money for a future trip; income is not recognized until the trip occurs.)
   - AVAE—accrual
     - Enterprise units: recognition of wages earned and not posted through month end.
     - Accounts Payable is not recorded at month end.
     - Accounts Receivable for deposits in transit.

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- AVRC—recoding
    - Pre-payment of annual subscription for library materials. Original transaction paid using a pre-paid object code. In the next fiscal year, pre-paid is reversed and the actual expense object code is used.
    - Booking monthly sales entries.

2. Scope

- Business Service Centers / Financial Transaction Centers
- Department Financial specialists
- Fiscal Officers (FO): due to the nature of these entries, FOs may be reluctant to delegate the AV e-doc. **Note**: any reference to FOs in this document is understood to include delegates.
- Central

3. Prerequisites (Forms / Tools)

- An understanding of accrual-based accounting
- Basic knowledge / training on KFS
- Basic understanding of Financial Processing transactions (requires a "Financial Processing, Overview" SOP and tutorial: will also cover scanning / attaching and transaction descriptions / line item descriptions)
- Auxiliary Voucher e-doc training

4. University Policy

Current:
- 3.14 Business Expenses
- 4.2 Transaction Authority and Payment Approval
- 4.7 Retention of University Records

5. Responsibilities

- Requestor: a proposed, optional additional step whereby a request for an AV is sent to a KFS-user who has the authority / ability to initiate the e-doc ("Initiator"). Requestor is not a KFS-user role, it is locally delegated authority. Requestor role is: an individual within local units who has been identified by the organization as having the authority to request an AV.

- Initiator: Initiator is responsible for preparing an AV and must understand the institutional need for an AV financial transaction. (This individual may or may not be the same as the Requestor.)

Before initiating an AV transaction on behalf of the university, it is the responsibility of the Initiator to assess whether the proposed transaction is in support of the university's mission.

- Other roles:
  - A. Within unit
    - o Fiscal Officers for the accounts used
  - B. Central, as an Initiator (central might use an AV in order to record accrual-based entries for financial reporting)

The following guidelines must be adhered to:

- In cases where the Initiator and Requestor are not the same person, the Initiator ensures that the Requestor has the authority to request an AV transaction.
- There is appropriate documentation. *Best Practice recommendation*: attach back-up / relevant documentation whenever possible; in situations where documentation is not attached, clearly indicate where back-up documentation is located.
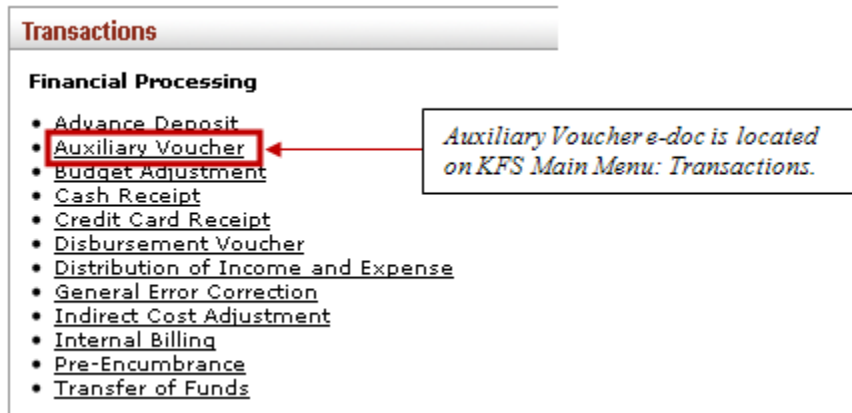
6. **Procedure**

Figure 1– KFS Financial Processing Transactions menu

In addition to the standard financial transaction tabs, AV e-doc has a unique tab called **Auxiliary Voucher Details**, and a field called **Total Amount** in Document Overview tab.

Figure 2 – Auxiliary Voucher e-doc

The **Auxiliary Voucher Details** tab is used to indicate the type of AV e-doc being created (Adjustment, Accrual, or Recode) and the Accounting Period to which the transaction should be posted. **Reversal Date** appears only when the **Accrual** or **Recode** type is selected.

Figure 3 – Auxiliary Voucher Details tab

Table 1 Auxiliary Voucher Details tab definitions

Field Name	Description (* indicates a required field)
Accounting Period	* Select the period the transaction should be applied to from the Accounting Period list.
Auxiliary Voucher Type	* Select the option for the type of AV e-doc you wish to process (Adjustment, Accrual, Recode)

Reversal Date	Appears only for the AV type of Accrual or Recode. Conditionally Required, depending on the selected AV type: * Accrual: Select the date when the transaction entries are to be reversed from the Calendar. Recode: Display-only. Defaults to today's date and cannot be changed.

Note: initiating the AV e-doc is similar to initiating any Financial Processing transaction, with the exception of the following steps, which is unique to the AV:

- Select the type of AV you wish to create on the Auxiliary Voucher Details tab.
- Select the Posting Period and Reversal Date, if applicable.

Business Rules

- The accounting period chosen must already exist and be open.
- If the AV type is Accrual Voucher, a reversal date is required. An accrual entry may have a reversal date that reverses in the future—even the next fiscal year.
- There must be at least one accounting line in the e-doc.
- On an accounting line, you must enter a credit or debit amount, but not both.
- Negative amounts are not allowed.
- Debits must equal credits.
- Certain Object Code Sub-Types are restricted from being used on the Auxiliary Voucher
- Fiscal Officer for each account must approve.

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Auxiliary Voucher [?]

Doc Nbr: 10003687	**Status:** ENROUTE	**Copied from Document Id:** 100036
Initiator: rld46	**Created:** 06:37 AM 04/01/2011	

expand all collapse all
* required field

Document Overview   ▼ hide

Document Overview

* Description:	Accrual March postage
Org. Doc. #:	

Explanation:

Financial Document Detail

Total Amount: 1,000.00

Auxiliary Voucher Details   ▼ hide

Auxiliary Voucher Details

* Accounting Period:	MAR. 2011
* Auxiliary Voucher Type:	Accrual (AVAE)
Reversal Date:	Apr 18, 2011

Accounting Lines   ▼ hide

Accounting Lines [?]   hide detail

	* Chart Code	* Account Number	Sub-Account Code	* Object Code	Sub-Object Code	Project Code	Organization Reference Id	Debit	Credit	Line Description	Actions
1	IT Ithaca Campus	G234715 UNIVERSITY FINANCIAL SYSTEMS		2000 Accounts Payable				0.00	1,000.00		
2	IT Ithaca Campus	G234715 UNIVERSITY FINANCIAL SYSTEMS		6100 Postage and Shipping				1,000.00	0.00		
							Debit Total: 1,000.00	Credit Total: 1,000.00			

General Ledger Pending Entries   ▶ show

Figure 4 – *AV example*

Workflow

Auxiliary Voucher

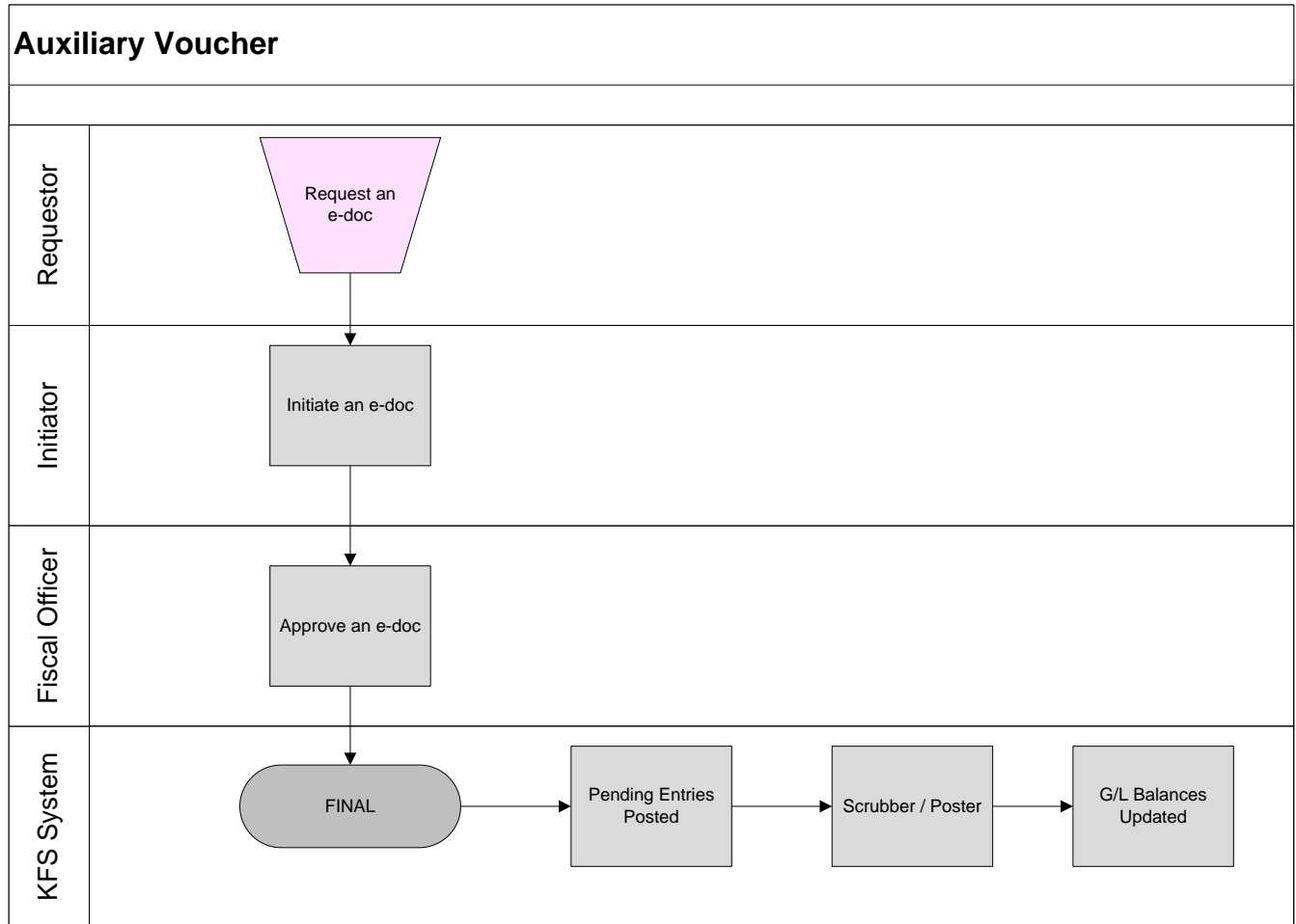*Figure 5 – Auxiliary Voucher workflow*

7. Definitions

- KFS at CU: Chart of Accounts
- KFS at Cornell Glossary
- Old World / New World, Definitions, Helpful Information

8. References

- KFS "Basics" tutorials
- FP: "Auxiliary Voucher" tutorial