




TASMAN COUNCIL

Manual Journal Policy

Policy Number	C 017
Responsible Officer	Corporate Services Manager
Policy Developed	March 2026
Policy Reviewed & Approved	March 2026
Review Date	March 2030



Contents

Purpose	3
Scope.....	3
Exclusions:.....	3
Definitions	3
Policy Principles	3
Roles & Responsibilities	4
Segregation of Duties (SoD)	4
Supporting Documentation Requirements.....	5
Standard Journal Types & Rules.....	5
Procedure (End-to-End)	5
Monitoring & Review Controls	6
Asset Journals & MAG Integration.....	6
Records Management.....	6
Non-Compliance	7
Evaluation & Policy Review	7
Policy Approval	7

Purpose

This policy establishes the principles, controls and procedures for creating, approving, posting and reviewing manual journal entries (MJE) in Tasman Council's financial system(s). It ensures the integrity of financial information, supports statutory reporting and prevents error and fraud.

Scope

This policy applies to all journals not generated by system subledgers (e.g. Accounts, payable, Payroll, Assets) and includes:

- General journals (accruals, prepayments, reclassifications, corrections)
- Year-end and audit adjustment journals
- Asset-related journals initiated outside the Asset Management system (MAG)
- Reversing and recurring journals configured manually

Exclusions:

Automated journals originating from integrated subledgers (posted via system interfaces), unless subsequently adjusted manually.

Definitions

Manual Journal Entry (MJE)	A non-automated entry posted directly to the general ledger (GL)
Preparer	Staff member who drafts the MJE and attaches supporting evidence
Approver	Only with delegated authority who reviews and approves an MJE they did not prepare. The only officers authorised to approve MJE (besides the General Manager and Deputy General Manager) are the Corporate Services Manager and the Senior Finance Officer
Poster	The system role that commits the approved MJE to the GL (can be the Approver where the system design requires, subject to segregation of duties controls below)
High-Risk Journals	Any MJE that is complex, material, unusual, outside business-as-usual patterns, or posted to sensitive accounts (e.g. revenue, equity, reserves)
MAG	Tasman Council's Asset Management Program (My Asset Guard, managed by Vanguard Consulting Group) that holds authoritative asset records and produces asset accounting outputs.

Policy Principles

Accuracy & Completeness: MJE must be accurate, complete, date-appropriate and supported by verifiable evidence.

Segregation of Duties (SoD): No individual may both prepare and approve the same MJE. Where system design allows, posting should also be segregated.

Documented Evidence: Every MJE must include a clear narrative, account reference, calculation workings and source documents.

Timelines: MJEs should be posted with the accounting period they relate to and in line with the published month-end timetable.

Minimal Use: Preference is given to system-generated entries. MJEs must not be used to bypass system controls.

Asset System Authority: For asset-related financial data, MAG is the system of record; journals must align to outputs from MAG unless formally approved exception handling is followed.

Auditability: All MJEs are subject to periodic review and audit; full traceability must be maintained.

Roles & Responsibilities

- Corporate Services Manager
 - Maintains this policy and ensures compliance
 - Determines risk thresholds and sensitive accounts register
 - Ensures financial system users only have the appropriate access level required to perform their required duties

- Senior Finance Officer
 - Prepares month-end and year-end journals; reviews high-risk MJEs
 - Maintains the journal template, checklists and controls
 - Creates MJEs with complete supporting documentation
 - Ensure correct coding, GST treatment (if applicable) and period

- Finance & Payroll Officer
 - Creates low risk system journals regarding payroll processes and internal plant hire
 - This Officer is not authorised to approve manual journals

- Administration & Communications Officer
 - Ensures the system generated journals from CouncilWise to Xero are correct before saving the journal ready for the approver
 - This Officer is not authorised to approve manual journals

- Approvers
 - Independently review and approve MJEs
 - Confirm rationale, evidence, coding and period accuracy

- System Administrator
 - Ensures user access and SoD controls are enforced

- Internal Audit / External Audit
 - Periodically test compliance and report issues

- Asset Accountant / MAG Administrator
 - Generate and validates asset journals and reconciliations from MAG
 - Coordinate with Vanguard Consulting Group for support and year-end processes

Segregation of Duties (SoD)

- **Mandatory:** Preparer must not be the MJE approver
- Where system limitations exist, the Corporate Services Manager must implement a

compensating control, such as:

- Post-entry review by the Senior Finance Officer (weekly/monthly)
- Exception report of all journals approved and posted by the same person, reviewed monthly by the Corporate Services Manager
- System access must reflect least privilege; journal approval rights are restricted to authorised delegates

Supporting Documentation Requirements

Every MJE must include, at a minimum:

- **Narrative/Rationale:** Why the journal is required, including business context
- **Date & Period:** The period the transaction relates to; note if a reversing entry is needed
- **Accounts & Costings:** GL account(s), project(s) and appropriate tax information
- **Amounts & Calculations:** Clear workings (spread sheets may be attached but key figures must be summarised in the narrative)
- **Source Evidence:** Invoices, contracts, MAG reports, emails authorising adjustments, system screenshots or other documentation
- **Prepared by / authorised by:** Names, dates and digital signs-ffs

Note: For asset journals, attach the MAG output report (e.g. depreciation run, asset additions/disposals report) and the reconciliation to the GL.

Standard Journal Types & Rules

1. **Accruals & Repayments**
 - Basis: Valid invoice/contract/schedule; calculate pro-rata with clear workings
 - Reversing: Use auto-reversing journals on day on of the next period where appropriate
2. **Reclassifications**
 - Must not change net result; document the miss-posting and correct coding
3. **Error Corrections / Prior Periods**
 - Correct in the current period with narrative referencing the original entry and reason
 - Prior-period adjustments require Corporate Services Manager approval and appropriate disclosure
4. **Asset Journals (additions, disposals, depreciation, revaluations)**
 - **Source:** MAG system outputs and reports
 - Manual override only with formal exception approval (see Section 12)
5. **Recurring Journals**
 - Must be re-validated at least annually to confirm continued relevance and accuracy

Procedure (End-to-End)

1. **Prepare**
 - Use system's journal template
 - Attach supporting documents and MAG reports where relevant
 - Select period and tick auto-reverse if required
2. **Quality Check (Preparer)**
 - Validate coding, tax/GST, period and amounts

- Confirm it's not replacing an upstream fix (e.g. check if the subledger should be corrected instead)
- 3. Submit for Approval**
 - Route to the Approver with appropriate delegation and no SoD conflict
- 4. Approve**
 - Approver reviews rationale, evidence, accounts, period and amounts
 - Approver signs off digitally
- 5. Reconcile & Review**
 - Include the MJE in monthly reconciliations (bank clearing, suspense, revenue, asset control, etc)
 - Finance runs exception and trend reports

Monitoring & Review Controls

- **Daily/Weekly:**
 - Exception reports of MJEs posted to sensitive accounts
 - Review any same-person prepare/approve cases (should be none; if any, investigate and document)
- **Monthly:**
 - GL accounts reconciliations signed off by reconciler and reviewer
 - Trend analysis of key accounts (e.g. depreciation, provisions, grant revenue)
 - Listing of all MJEs over \$50,000 reviewed by the Senior Finance Officer
- **Quarterly/Year-End:**
 - SoD access review (user access report, role changes)
 - Recurring journal validation
 - MAG-to-GL reconciliation for assets (additions, disposal, depreciation, WIP)
- **Audit Trail:**
 - Maintain a complete audit trail in the finance system

Asset Journals & MAG Integration

Data of Record: MAG is the authoritative source for asset accounting data (additions, disposals, depreciation, revaluations)

Process: Asset Accountant runs MAG processes and exports journals/reports. Finance posts to GL using the attached MAG output

Exceptions: If timing or system issues require a temporary manual asset entry, the Senior Finance Officer must:

1. Approve the exception,
2. Document the reason and calculations
3. Reconcile back to MAG at the next run

Support: Vanguard Consulting Group provides support, guidance and assistance each financial year. Issues impacting journals must be logged with Vanguard and noted in the journal file traceability.

Records Management

- All MJE documentation must be stores in the finance system

- Retention: In line with State Government records management retention requirements
- Do not store the only copy of supporting evidence on local drives or email

Non-Compliance

Breaches of this policy (e.g. inadequate evidence, SoD failure posting without approval) will be escalated to the Corporate Services Manager. Repeated or material breaches may lead to disciplinary action and will be reported to the General Manager and Audit Panel Committee.

Evaluation & Policy Review

This policy is reviewed internally each year or upon:

- System changes (e.g. new GL, changes to MAG integration)
- Updates to delegations
- Significant audit findings or control incidents

Policy Approval

This policy has been reviewed by the Tasman Council Audit Panel on 19 March 2026.

This policy has been approved by Tasman Council on 25 March 2026.

Belinda Nutting

Acting General Manager

Disclaimer

That this policy be read in conjunction with any and/or all other Council and/or management policies.