



## POLICIES AND PROCEDURES

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Subject: Journal Entry Policy

Policy No.: 330

Effective Date: 05/22/2026

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**A. General Information**

**B. Policy Requirements**

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**A. General Information**

The purpose of this Journal Entry (JE) Policy is to establish standardized procedures and internal controls for the preparation, review, approval, posting, and retention of journal entries. This policy is intended to ensure the accuracy, completeness, validity, and integrity of financial reporting while maintaining appropriate segregation of duties and compliance with internal control requirements.

This policy applies to all employees involved in the preparation, review, approval, and posting of journal entries for the Philanthropic Foundation via CPPE/Enterprises.

**B. Policy Requirements**

**1. Segregation of Duties**

CPPE maintains segregation of duties over the journal entry process through system-based access controls and assigned responsibilities.

**Key Requirements**

- Employees may either:
  - Create/Edit journal entries, OR
  - Post journal entries
- No employee may perform both prepare and post the same journal entry.
- Manager-level personnel or above are designated as authorized approvers/posters.
- System roles and access within the financial system are reviewed periodically to confirm appropriate access and segregation of duties.

**Key Control Point**

- System-level security prevents unauthorized posting and ensures independent preparer/approver responsibilities.

**2. Journal Entry Preparation**

Journal entries must be prepared completely, accurately, and supported by appropriate documentation.

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### Required Procedures

- Preparer enters the journal entry into the financial system.
- Batch proof must be generated for each journal entry batch.
- Supporting documentation must be attached to the batch proof and retained.
- Supporting documentation should clearly justify:
  - Purpose of the entry
  - The accounts used

### Examples of Supporting Documentation

- Invoices
- Spreadsheets/calculations
- Reconciliations
- Contracts or agreements
- Financial reports
- Emails or approvals supporting the transaction

### Key Control Point

- All journal entries must agree to underlying support before approval and posting.

### 3. Journal Entry Review and Approval

All journal entries must undergo an independent review prior to posting.

#### Required Procedures

- A manager-level employee or above who is authorized to post journal entries must:
  - Review the batch proof
  - Review all supporting documentation
  - Verifying the journal entry is accurate, complete, and properly supported
- The reviewer must confirm:
  - Account coding is appropriate
  - Amounts are mathematically accurate
  - Supporting documentation agrees to the journal entry
  - The entry is properly authorized

#### Approval Documentation

- The posting manager must sign and date the batch proof after review and posting.
- The signature indicates:
  - The journal entry was independently reviewed
  - The entry agrees to underlying support
  - The reviewer determined the entry is appropriate and accurate

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### Key Control Point

- Independent preparer and approver responsibilities reduce the risk of errors or unauthorized entries.

#### 4. Balanced Journal Entry Requirements

All journal entries must be balanced prior to posting.

##### System Controls

- The financial system automatically validates whether journal entries are in balance.
- The system generates a warning on the batch proof if a journal entry is out of balance.
- The system prevents posting of out-of-balance journal entries.

##### Correction Procedures

- If a journal entry batch is identified as out of balance:
  - The reviewer will request corrections from the preparer.
  - The preparer must update the batch.
  - A revised batch proof must be generated and resubmitted for review.

### Key Control Point

- Preventative system controls ensure only balanced journal entries may be posted.

#### 5. Monthly, Quarterly, and Annual Close Procedures

CPPE uses standardized closing checklists to ensure all required journal entries are identified, prepared, reviewed, and posted timely.

##### Required Procedures

- Monthly, quarterly, and annual close checklists shall be maintained.
- Checklists must include required recurring and adjusting journal entries.
- Responsible personnel must complete and review checklist items during each close cycle.

### Key Control Point

- Close checklists help ensure completeness and timeliness of financial reporting.

#### 6. Post-Close Journal Entry Review

A post-close review process shall be performed to identify and evaluate journal entries posted after the accounting close.

##### Required Procedures

- Management shall review journal entries posted after the close period.
- The review should evaluate:
  - Appropriateness of the entry



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- Adequacy of supporting documentation
- Reason for late posting
- Potential impact on financial reporting
- Significant or unusual post-close entries may require additional management review.

### **Key Control Point**

- Post-close reviews provide oversight for late or unusual journal entries.

### **7. Record Retention**

Journal entry documentation must be retained in accordance with record retention requirements.

#### **Required Documentation**

The following documentation must be retained:

- Journal entry batch proof
- Supporting documentation
- Reviewer approval/signoff

#### **Retention Standard**

Documentation shall be retained in accordance with CPPE/Enterprises' record retention policies and applicable regulatory requirements.