



Statewide Accounting Policy & Procedure

Accounting Manual Reference:

Section: Documentation Requirements
Sub-section: N/A

Effective Date: 05/31/2011**Revision Date:** 05/31/2011

Purpose

Given the increased use of electronic documents and systems, the form of what constitutes proper documentation is changing. The purpose of this policy is to provide some strategic direction with regard to this topic.

Policy

The following principles should be followed:

- Effective internal controls require the proper documentation and support of transactions. Transaction processing controls, including documentation requirements, should be designed with these objectives in mind:
 - Recorded transactions are valid and supported by appropriate documentation; none are fictitious.
 - All valid transactions are recorded; none are omitted.
 - Transactions are properly authorized.
 - Transaction dollar amounts are properly calculated and accurately recorded.
 - Transactions are properly classified in the accounts.
 - Transaction accounting/posting is complete; no required fields or sub-ledger entries are omitted.
 - Transactions are recorded in the proper accounting period (fiscal year).
- All transactions must be supported by appropriate documentation. The same documentation requirements apply to transactions entered directly into an accounting system, as well as those initially entered and processed in an organization subsystem that are transmitted through an automated interface. In all cases, the documentation must be complete and accurate and must allow a transaction to be traced from the source documentation, through its processing, to the financial reports. All documentation should be readily available for examination.
- Records of transactions and significant accounting events may be initiated and stored in a variety of media and physical formats, including the applicable database within the accounting system, scanned documents attached within the accounting system, paper documents, microfilm, microfiche, magnetic tape, digital images, and other electronic and recording media. These records should be retained the minimum length of time and authorized for disposition in accordance with the requirements described in the Secretary of State's documentation requirements as provided at:

http://www.sos.ga.gov/archives/who_are_we/rims/retention_schedules/default.htm.

In conclusion, if documentation of an accounting transaction is stored electronically a printed copy of that transaction is not required to be maintained as well. For example, a check or ACH paid to a vendor or employee within PeopleSoft does not need to be printed and attached to a voucher package.

Documentation requirements for accounting transactions (including records retention guidelines) should be incorporated into organization specific policies and procedures, with relevant training provided to organization personnel. Regardless of the format used for storage purposes, all recorded transactions (including adjusting entries and transfers) should be supported by copies of source documents (such as vendor invoices, receiving records, cash receipts, timesheets, loan documents, or bank statements) and other supporting information sufficient to provide clear evidence of the following:

- a) The authenticity of the transaction.
- b) The purpose or reason for the transaction.
- c) The vendor/customer involved in the transaction, when applicable.
- d) That the transaction was properly authorized.
- e) Adjustments reclassifying transactions should be traceable to the documentation supporting the original transaction.

Valid documentary evidence supports the financial statement assertions of existence or occurrence – that assets, liabilities and equities actually exist and that revenue and expense transactions actually occurred.