

## **Common Audit Findings: Material Journal Entry Errors/Audit Adjustments**

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Municipal officials should ensure that a management level employee periodically reviews the cash receipts journal, cash disbursements journal, general ledger and subsidiary ledgers to ensure that they are in balance and don't require material adjustments.

These monthly management reviews are essential to good internal control. Timely corrections help with accuracy and in pinpointing potential problem areas. Any journal entry should be approved by management.

Of course, every general ledger account balance must be reconciled or "balanced" with outside documentation such as the year end bank statement. From an internal control standpoint, monthly balancing is far superior to an annual correction although both methods will produce identical reconciled amounts at year end.

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This series will review the 10 most common audit findings as reported by the Tennessee State Comptroller's Office. All published parts in this series can be read here:  
<https://www.mtas.tennessee.edu/knowledgebase/10-most-common-audit-findings-tennessee-municipalities>

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