

Justification Standards Job Aid

This justification standards job aid provides guidance in the appropriate application of the [Documenting Financial/Accounting Transactions policy](#) requirements in order to ensure that the benefit to the institution and compliance with regulatory requirements of all transactions can be clearly understood by both internal and external reviewers (e.g., managers, auditors, IRS, the public). In addition to the justification requirements covered by this job aid, supporting documentation (invoices, receipts, etc.) must be sufficient to verify the accuracy and appropriateness of a transaction, comply with institutional policies and procedures, and provide a clear audit trail.

Using Acronyms: To ensure justifications are clearly understood by all audiences, acronyms should be spelled out initially before using them throughout the justification unless it is universally known and used university-wide, such as EFS or NIH.

Legend:



GO = No additional justification required **WHEN** information can be clearly found in the supporting documentation, is part of completing the transaction in EFS, or is not applicable based on the type of transaction.



Warning Triangle = Conditional requirements



STOP = Justification required

Additional information related to Sponsored transactions:

















- When large purchases are made within the last 60 days of the project end date, such as equipment purchases, additional justification is required.
- F&A type charges such as office supplies are usually not allowable.
- When re-budgeting on a sponsored project provide an explanation for why the re-budget is necessary; identifying the reallocation or change in budget and verifying the allowability per the funding source.











For further information regarding sponsored transactions go to:
















<https://sites.google.com/a/umn.edu/certified-approvers-community-of-practice-cop/>












<http://www.ospa.umn.edu/policiesandprocedures/index.html>

Transaction Type	Who	What	Where	When	Why	Examples
Cash Advances/Travel Authorizations Resources	 Specify additional names, etc. when funds will be used for or distributed to individuals other than the recipient of the cash advance.	 Must include detailed calculation and explanation supporting amount requested.			 Must be one of the five reasons allowed by the Cash Advance policy.	Examples

Transaction Type	Who	What	Where	When	Why	Examples
	Exception: HIPAA guidelines must be followed for payments to human subjects.					
Credit Invoices (Non-Sponsored Accounts Receivable) Resources	 Specify when the person initiating the request is different than the preparer.				 Provide reason for credit.	Examples
Endowments (Endowment Module) Resources	 Specify who is authorizing the transaction (the person initiating the transaction typically does not have authority to spend or deposit endowment funds).	 PUF: Provide the corresponding Foundation Fund ID		 For Deposits transactions  Identify the fiscal year the funds will be used if different from the year the transaction is entered.	 Withdrawal: Specify how the funds will be spent. This should comply with the donor intent. Deposit: Specify what has created the surplus in funds that are being deposited and how they will be used in the future. PUF: Specify how the funds will be spent.	Examples
Entertainment, Hospitality and Recruiting (includes Dining Services or Campus Club expenses) Resources	 Regardless of number, provide names of attendees and their business relationship to the University (employees, alumni, donor, occupations or their titles).	 Provide a description /explanation of the event or activity. For entertainment and hospitality with non-University attendees, document the nature and duration of the business discussion or activity that occurred			 Provide business purpose, benefit gained or expected to be gained to the department, project, program or University. This activity has a higher element of risk and visibility, requiring thorough justifications. It is often challenging for external parties to understand	Examples

Transaction Type	Who	What	Where	When	Why	Examples
	1) <i>See exceptions.</i>	<p>immediately before, during or after the entertainment.</p> <p>Alcohol expenses must be itemized and reported separately from food expenses.</p> <p>1) <i>See exceptions.</i></p>			<p>how this benefits the mission of the University.</p> <p>Normally not allowed on sponsored projects.</p>	
<p>Journal Entries (cost transfers, mandatory and non-mandatory transfers)</p> <p>Resources</p>	 <p>Specify who authorized the entry if it is not the preparer.</p>				 <p>Explain why the entry is necessary.</p> <p>For cost transfers include information referencing the original charge/entry, as appropriate.</p> <p>If cost is moved to a sponsored chart field string, must provide additional explanation including how and why the error occurred. Must adequately support the validity of the cost being charged to the project.</p>	Examples
<p>Payment Transactions Non-PO (includes check requests)</p> <p>PO & Non-PO Resources</p> <p>Professional Services Resources</p> <p>Goods and Services Resources</p>					 <p>Required when:</p> <ul style="list-style-type: none"> Business purpose or direct benefit to the project is not apparent in existing documentation. 	<p>Non-PO Voucher Example</p> <p>Check Request Example</p>

Transaction Type	Who	What	Where	When	Why	Examples
Payment Transactions PO Related PO & Non-PO Resources Professional Services Resources Goods and Services Resources					 Required when: <ul style="list-style-type: none"> • Variances from the Requisition/P.O. exist that do not warrant a Change Order. 	Examples
Purchases from External Vendors-Requisition Resources	 Specify who requested or initiated the purchase or transaction, or who will use it (can be name of department), if not in existing documentation.	 Provide a clear description of the product. For service, specify time period and description of service if not in existing documentation.			 Required when: <ul style="list-style-type: none"> • Business purpose or direct benefit to the project is not apparent in existing documentation. Common purchases such as office supplies on non-sponsored funds are generally low risk and require minimal justification. Conversely, office supplies are typically NOT allowed on sponsored projects, and if charged, would require clear explanation of the purpose and benefit to the project.	Examples
Purchases from Internal Vendors (ISOs) Resources	 Seller: Specify who requested or initiated the purchase or transaction, or who will use it (can be name of department) if not in existing documentation.	 Seller: Provide a clear description of the product. For service, specify time period and description of service if not in existing documentation.	 Seller to provide.	 Seller to provide.	 Buyer: Required when: <ul style="list-style-type: none"> • Business purpose or direct benefit to the project is not apparent in existing documentation. • Department must have information available that 	Examples

Transaction Type	Who	What	Where	When	Why	Examples
					<p>documents the benefit to the University or the project charged.</p> <p>Common purchases such as office supplies on non-sponsored funds are generally low risk and require minimal justification. Conversely, office supplies are typically NOT allowed on sponsored projects, and if charged, would require clear explanation of the purpose and benefit to the project.</p>	
<p>Purchasing Card</p> <p>Resources</p>	<p></p> <p>Specify who requested or initiated the purchase or transaction, or who will use it (can be name of department), if not in existing documentation.</p>	<p></p>	<p></p>	<p></p>	<p></p> <p>Required when:</p> <ul style="list-style-type: none"> Business purpose or direct benefit to the project is not apparent in existing documentation. 	<p>Examples</p>
<p>Travel and Employee Reimbursements</p> <p>*Also see Entertainment, Hospitality and Recruiting section.</p> <p>Resources</p>	<p></p> <p>For individual expenses.</p> <p></p> <p>Specify when requesting reimbursement for the expenses of others.</p>	<p></p> <p>Document the business purpose.</p>	<p></p>	<p></p>	<p></p> <p>Explain why travel or reimbursement was necessary and how it benefits/relates to the chart field string or project charged.</p> <p>Sponsored:</p> <ul style="list-style-type: none"> Specify whether the traveler is presenting research. If not presenting, a specific purpose statement must be included (i.e. collaborate with other researchers, off-site research, conferences, project planning meeting, etc.) or description of work to be accomplished. For reimbursement of pre-travel expenses, establish a beneficial 	<p>Examples</p>

Transaction Type	Who	What	Where	When	Why	Examples
					or causal relationship of the travel to the project or chart field string charged.	

1) Individual names and the nature of the business discussion do not need to be documented for:

- Staff meals provided less frequently than quarterly and that have a nominal cost per person (no more than an amount equivalent to the travel per diem rate associated with the location/meal of the entertainment expense).
- Meals or refreshments served incidental to an educational or training event that lasts at least half a day.
- Meals or refreshments served incidental to an event where the participants of the event and benefactors to the meals and refreshments must pay to attend.
- Meals or refreshments served at an event where the participants are not employees or independent contractors of the department sponsoring or paying for the event and the event is central to the University related mission of the department.