

Expense Transfer JE Documentation/Explanation Examples

Example 1:

Inadequate

“To allocate chemicals from department cost object to the appropriate WBS.”

Adequate

“Department X used a department general cost object to collect all department chemical charges. All charges to sponsored projects were proposed and approved consistent with MIT and sponsor policy and included in the proposal budget . Documentation, including allocation methodology, is in departmental files.”

Reason:

The inadequate justification does not address the questions of whether or not the chemical charges are allowable and allocable to the WBS to which they are being charged through the cost transfer. The adequate justification states that the department is aware of the documentation requirements for these charges, attests that all requirements have been met, and states where the documentation records may be found. The length of a justification is irrelevant. A justification must include the pertinent facts, be concise, and be easily understood by anyone who may read it now and in the future.

Example 2:

Inadequate

Laboratory A purchased \$600 in laboratory supplies in June 2014. They processed a JE in October 2014 for the supplies, stating in the remarks, “per a conversation with the PI, it was determined that these expenses were charged to an old cost object in error. This journal entry is to transfer that expense to an appropriate WBS for a different project.”

This journal entry would not be accepted as adequate documentation for this transfer for the following reason:

- Based on the information provided, it is unclear how to evaluate the appropriateness of the transaction. The types of questions raised by auditors include:
 - How did the PI know that those supplies benefited the other project?
 - Did he or she review an expenditure statement or a project budget?
 - Why was this error not identified in a timely manner?