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**LAMAR UNIVERSITY**  
**MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES**

**SECTION: Financial Services**  
**AREA: Controller**

**MAPP 05.03.05**

**Procedures for Post Award Administration**

**I. POLICY**

- A. Lamar University (LU) has established procedures to ensure that the University complies with all applicable laws, regulations, and policies of the federal, state, local, and private sponsoring agencies that award funds to the University, as well as all applicable laws, regulations, and policies of the agencies that provide oversight of these funds, including, but not limited to, the Texas State University System (TSUS); the State of Texas; and the U.S. Office of Management and Budget (OMB).

**II. PURPOSE AND SCOPE**

- A. This policy falls under the authority of all applicable laws, regulations, and policies of the federal, state, local, and private agencies through which LU is awarded funds as well as the agencies to which LU is accountable for these funds, including, but not limited to, the Texas State University System (TSUS); the State of Texas; and the federal government, including the OMB and its [2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) and that document's [Appendix XI, Compliance Supplement](#).

**III. POST AWARD REVIEW OF PURCHASE REQUISITIONS, REQUESTS TO PAY VENDOR, TRAVEL REQUISITIONS, PAYROLL AND HUMAN RESOURCE DOCUMENTS**

- A. In addition to the rules and policies of the state, TSUS and LU, sponsored projects are governed by sponsoring agency requirements and the OMB's [2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) and that document's [Appendix XI, Compliance Supplement](#). To meet these requirements, Post Award personnel perform additional checks on all sponsored projects' financial transactions.
- B. Procedures for Post Award Review/Post Award Personnel
- Using the specific grant index and fund number assigned to the project, look up the available balance in the Grant Inception to Date report through the current date, giving special attention to the following:
    - Nature of the expenditure – check against grant guidelines to assure that the expense is included in the approved budget for the grant and is an allowable expense.
    - Amount of the expenditure – determine if the remaining budget allocated for the type of expenditure is sufficient to cover the expense request.
    - Timing of the expenditure – determine if the grant period in the approved documentation from the sponsor includes the date/dates of the expense request, i.e. salary for researcher, research assistant(s).

- Allocation of the expenditure – check the account distribution of the request to assure the expenditure is accurately recorded within the accounting structure.
- If the request does not meet the above requirements for nature, timing, allocation and amount, the principal investigator (PI) is contacted via email or phone call for requests that involve personnel. For other types of expenditure requests the principal investigator is contacted via email, phone call or by return of the request with a written explanation of the reason for denial of the request.
- If the request meets all the requirements for approval, the document is then electronically approved for processing in the accounting system.

C. Banner Accounting System

- Post Award personnel electronically approve transactions after entry into the Banner or Cardinal Purch system. As a final budget check, the transaction waits in the Banner queue for approval and will signal (NSF flag checked) if inadequate funds are in the budget to process the transaction. If an NSF condition exists, the transaction is either overridden or denied. No transaction can be processed without this online approval.

#### IV. COST TRANSFER POLICY FOR SPONSORED PROGRAMS

- A. A cost transfer is the movement of expense(s) between two different university funds.
- B. A cost transfer to a grant or contract-funded account (i.e., sponsored projects) may be made under the following conditions:
- The cost is proper and allowable under the project’s sponsor and university policies.
  - Justification for the transfer is documented.
  - Transfers are made as soon as possible after its need is discovered.
  - The Department and Principal Investigator submit adequate written explanation to withstand audit scrutiny.
- C. Since most transactions to grant accounts are reviewed by Post Award Administration, cost transfers are exceptional activities and should not occur frequently. Cost transfers to or from sponsored project accounts should represent corrections and must be made promptly after the error is discovered. The transfer must be supported by a written explanation of how and why the error occurred. An explanation that merely states that the transfer was made “to correct error” or “to transfer to correct project” is not sufficient.
- D. Appropriate written justification will detail:
- what the charge was for,
  - why the charge was made incorrectly.
- E. Cost transfers to sponsored project accounts are only allowable when there is direct connection to the project being charged.

- F. Costs should not be shifted between funds or from one budget period to the next solely to cover cost overruns. Cost transfers based on funding considerations are prohibited (i.e., cost transfers cannot be done to use up remaining funds).
- G. The intentional “parking” of charges on a sponsored project account pending transfer to another sponsored project account upon its funding is unallowable.
- H. Examples of Transfers or Corrections:
- **Clerical Errors** - Correction of clerical errors must be made promptly after errors are discovered. The transfer must be supported by written text explaining how the error occurred (i.e., obvious typographical error, etc.).
  - **Unallowable Cost** - If the cost is not appropriate on the sponsored project fund and is to be paid from state funds, designated funds, or discretionary restricted funds, simply state this fact.
  - **Closely Related Work** - When closely related work is supported by more than one funding source, a cost transfer may be made between those funds, provided it is a proper charge and the transfer is supported by a written explanation.
- I. Transfer Timing:
- To the maximum extent possible, cost transfers should be made as soon as possible. Charges older than one year (greater than twelve months) may not be transferred onto or between sponsored project accounts except in extraordinary circumstances.

## V. BUDGET FOR GRANTS/CONTRACTS SPONSORED PROGRAMS

- A. The budget is the financial representation of a sponsored project’s anticipated financial needs. The format and/or allowable costs may vary from one agency to another but the items comprising the budget are generally the same. Multi-year budgets present the total amount requested for the life of the award by annual increment and budget component (e.g. total salaries, salaries for year one, salaries for year two, etc.)
- B. **Direct costs.** Direct costs of sponsored projects are those that can be directly associated with the project with a high degree of accuracy. Direct costs are essential to the project's fulfillment

### Examples of direct costs:

**Salaries** - Each LU employee/position paid from the grant/contract.

Please note:

- Research time and effort are calculated according to guidelines for estimating the personnel effort level and associated compensation on grants. The goal is to facilitate a consistent accounting method for sponsored programs on campus. The guidelines address calculations based on different type of appointments/pay-cycles of faculty and research staff. This guidance is detailed in the policies of the LU Office of Research and Sponsored Programs Administration (ORSPA) and in

the memo "Guideline for Estimating Research Effort on Sponsored Grants," available upon request from the ORSPA.

- Salaries of administrative and clerical staff are allowed only as a direct charge if the project meets the federal requirements to be considered a major program.
- Once awarded, effort included in the proposal for a PI, Co-PI or other Key person becomes a commitment.

**Fringe Benefits** - All fringe benefits, vacation pay (including termination lump sum payments), holiday pay, sick leave pay and other paid absences are to be charged to the current paying account(s), including sponsored accounts, in such a manner that each paying account pays its prorated share of the actual costs based on the payroll distribution of the salaries for each particular period.

Please note:

- Budgeted Fringe Benefits are usually an ESTIMATE of the actual costs that might be charged based on University averages. ACTUAL fringe charges will be based on an individual's elections and may, therefore, vary significantly from the estimate used in the budget. The budget manager is responsible for reasonably estimating costs, while not knowing for certain what an individual's fringe benefits will really cost in the future.

**Tuition** - Programs specifically for the purpose of providing training to participants often allow the cost of tuition. Please see additional guidance in the ORSPA's Policy on Including Student Tuition in the Budget of Sponsored Grants.

**Travel** - Anticipated travel expenses of project personnel. Includes costs such as conference registration, personal car mileage, transportation (air and/or ground transportation, parking) hotel and meals. Foreign travel requires prior written approval before the travel takes place.

**Participant Support** - Expenses for Participant Support are for training projects, conferences, symposia, etc. These costs are for non-LU employees, which includes student trainees but not GRAs.

**Supplies** - Supplies include expendable items with a useful life of less than one year or a unit cost under \$10,000 (unless otherwise designated by the sponsor). This should be a best estimate of cost for items directly related to the project and that are to be expended or consumed during the course of the project.

Please note:

- Office supplies are generally not allowed as they are items that should be provided by the home department and the cost for them is recovered through the F&A rate. Office supplies include general purpose computers and computer accessories. Office supplies, postage, local telephone costs and memberships may not normally be treated as direct costs. Exceptions may be made ONLY for different purposes or circumstances

**Equipment** - An item of equipment having a unit cost of \$10,000 or more (unless otherwise designated by the sponsor) and a useful life of one year or more includes the cost of

shipping, installation and fabrication. Items costing less than \$10,000 per unit (unless otherwise designated by the sponsor) should be included either in “Supplies” or “Other”.

Please note:

- General purpose equipment (equipment not limited to research, medical, scientific or other technical activities) is generally not allowable as a direct cost unless used primarily or exclusively for the research project and under different circumstances or for a different purpose. Allowable general-purpose equipment should be specified in the budget as it is specifically unallowable as a direct charge without advance approval of the awarding agency.
- Groups of lesser valued items that will be fabricated into an item of equipment should be included, in total, under the equipment category and, if funded, must be highlighted for special accounting treatment, otherwise, F&A may inadvertently be charged on the components.

**Consultants/Professional Services** - Budgeted for consultants, specialties or services to be provided to the project including “other services” to be purchased for the project such as service or maintenance contracts for equipment utilized on the project.

Please note:

- Sub-agreements are partially excluded from application of F&A costs and are, therefore, included in a separate category. It is important to appropriately distinguish between a professional service relationship (consultant/vendor) and a sub-agreement as there are budget implications related to the applicable F&A costs and differing monitoring requirements.
- University faculty serving as consultants should be presented in the Salary section by including a portion of their LU effort in the proposed budget. Additional pay during the academic year or for an individual with a 12 month appointments is allowable ONLY in unusual cases and must be specifically identified in the proposed budget.

**Sub-agreements** - A sub-agreement is a contract or award to another organization that conveys a portion of the LU project’s scope of work.

Please note:

- PIs have substantial responsibility for monitoring the progress and reviewing the financial reports of their subrecipients.

**Other Direct Costs** - Other costs typically include items such as research publications, lab usage fees, animal costs and/or other project related costs not proposed in the previously mentioned categories. Office supplies, postage, local telephone costs, and memberships may not normally be treated as direct costs. Exceptions may be made ONLY for different purposes or circumstances.

Please note:

- Office supplies, postage, local telephone costs, and memberships may not normally be treated as direct costs. Exceptions may be made ONLY for different purposes or circumstances.

- C. **Indirect costs.** Indirect costs of sponsored projects are those that cannot be directly associated with the project with a high degree of accuracy. Indirect costs are normally, therefore, recovered by the University through the Facilities and Administrative Cost Rate. IDC/F&A costs are computed using LU's federally negotiated rate, unless limited or prohibited by the sponsor's written policy. The negotiated rate is applied to a Modified Total Direct Cost (MTDC) base, which includes all direct costs except equipment, other capital expenditures, tuition remission, rental cost of off-site facilities, scholarships, fellowships and the portion of each sub-agreement in excess of \$25,000.
- D. **Original Budget.** The budget as awarded by the funding agency is followed by the Post Award office to establish the award in the University's accounting system, Banner. The sponsor's budget format, however, may not provide all the information needed for creation of the budget in Banner. If not included in the sponsor approved budget, you can expedite establishment of the Grant by providing the following on the internal budget for CGA:

**Salaries** - Any salaries need to be identified by category such as faculty, professional (non-faculty), graduate students, etc. in order to budget in the correct Banner account code (expense line). Remember an exception must be approved for charging the salary of clerical and/or administrative staff. Only PI and Co-PI salaries need to be identified by individual. This is necessary in order to monitor for a change in effort that would require prior agency approval (25% or more reduction). Other categories can be presented in total. Sponsored project funds are not budgeted by Position or Job.

**Travel** – Domestic and foreign travel should be shown separately. If foreign travel is not specified within the budget and prior approval from the agency is required, the approval must be obtained in writing before the travel begins. Regardless of the funding source, LU travel policies must be followed.

**Other direct costs** – Other costs need to be identified in sufficient detail to budget them within the appropriate account code in Banner (e.g. lab supplies, consulting, subcontracts).

**Tuition** – Although included as “other” in most sponsor budgets, tuition must be budgeted separately within Banner.

**Facilities and Administrative (F&A) rate** – Please ensure the budget for F&A charges is calculated based on the appropriate account codes. If changes were identified in preparing the budget for Banner, F&A should be recalculated and adjustments should be made to appropriate categories to ensure the budget correctly adds to the amount awarded.

E. **Revision of Budget and Program Plans:**

**Requirements** - The Post Award Office requires that the PI or someone with PI delegated signature authority authorize a budget change request. The request or change must follow the pertinent requirements of a project's funding agency. Most agencies will allow the University to depart from the original budget provided that:

- Expenditures are necessary for the successful completion of the project,
- Expenditures are allowable under the governing cost principles and agency specific policies, and

- Prior approval is obtained when required.
  - If prior approval is required, written approval from the sponsoring agency prior to submitting Budget Revision Request will be obtained by the ORSPA. The request should be routed through your Grant Specialist and must include an explanation for the need for the change and what impact the change will have on the scope of the project. The ORSPA may refer questions to the appropriate official listed in the award document.

## **Federal Awards**

### **For Non-Construction Awards**

The University will request prior approval from Federal awarding agencies for one or more of the following program or budget related reasons.

- Change in the scope or the objective of the project (even if there is no associated budget revision requiring prior written approval). Agencies may view significant re-budgeting as a change in scope.
- Change in a key person specified in the application or award document.
- The absence for more than three months, or a 25% reduction in time devoted to the project, by the approved project director or principal investigator.
- The need for additional Federal funding.
- The transfer of amounts budgeted for indirect costs to absorb increases in direct cost, or vice versa, if approval is required by the Federal awarding agency.
- The inclusion, unless waived by the federal awarding agency, of costs that require prior approval in accordance with provisions of OMB's [2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) and that document's [Appendix XI, Compliance Supplement](#).
- The transfer of funds allotted to training allowances (direct payment to trainees) to other categories of expense.
- Unless described in the application and funded in the approved awards, the subaward, transfer or contracting out of any work under the award.
- If restricted by the Federal agency in the award document, the transfer of funds between direct cost categories, functions and activities for which the Federal share of the project exceed \$100,000 and the cumulative amount of the transfer exceeds or is expected to exceed 10% of the total budget as last approved by the Federal awarding agency.

### **For Construction and Non-Construction Awards**

If the funds awarded are expected to be greater than the total cost of the project by more than \$5,000 or 5 percent of the Federal award whichever is greater, then the Principal Investigator must notify Sponsored Programs promptly in writing.

### **Non-Federal Awards**

The University will refer to the sponsored agreements to determine if budget revisions are allowed and require prior approval. If the sponsor requires approval, then the principal investigator must draft the letter to the Non-Federal agency and forward the letter to Sponsored Programs for countersignature by the official of the University.

- F. **Budget Management Best Practices.** When in doubt, please contact Post Award Administration or the ORSPA with any issues related to post award budget management.

#### **Monitor Budgets**

Throughout the life of the grant, expenditures and budgets should be reviewed periodically, at least quarterly. Timely identification of the need for a budget change will ensure the necessary processes (including potential sponsor prior approval) can be completed before problems occur. Monitor benefits, particularly near the end of an award, as the proposed budget is based on estimated rates and an unanticipated deficit may require funding from unrestricted sources if funds are not available for re-budgeting from other expense categories within the grant fund. Equipment and large supply purchases near the end of a grant raise questions of allocability. Post Award will require additional documentation to support the allocability of equipment, or other questionable items, purchased within the last three months of a project.

#### **Monitor Spending Rates**

Sponsors consider expenditure rates to be an indication of project progress. If, for example, the project is half-way through the period of performance but only 25% of the funds have been expended, the sponsor may question whether appropriate progress is being made, even if progress reports have been submitted. Also, standard Federal Terms and Conditions for Research Grants, <http://www.nsf.gov/awards/managing/rtc.jsp>, require that the Federal sponsor be notified if the amount awarded is expected to exceed the needs for the project period by more than \$5,000 or five percent of the Federal award, whichever is greater (unless an application for additional funding is submitted for a continuation award). Fixed Price terms (payment is not subject to adjustment based on costs incurred) do not eliminate the need to follow cost accounting principles. A large residual, such as 25% or more, may indicate a change in scope, a shift of expenses to departmental or other sponsored agreements or falsification or negligence during preparation of the proposed budget. If there is a residual of 25% or more at the end of the project, CGA will require justification (e.g. explanation of what expenses were less than anticipated), verification that the sponsor was satisfied with the deliverable and an assurance that all expenses allocable to the project were charged to the project. If appropriate, a no cost extension may be granted at the end of a fixed price agreement. For example, if the sponsor allows for more time to complete the project or related activities will occur subsequent to the end of the project period and completion of the deliverable. Please contact Post Award Administration or the ORSPA for further information.

- G. **Spending in Advance of Award Notice.** When it has been communicated by the sponsor that a particular project will be funded but the award instrument will be delayed, it may be appropriate to establish a grant fund to which allocable costs can be charged if a written consent has been issued by the sponsor. While the federal government's standard Research Terms and Conditions (<http://www.nsf.gov/awards/managing/rtc.jsp>) state that the recipient is authorized "to incur pre-award costs 90 calendar days prior to award", they also state that "All costs are incurred at the recipient's risk (i.e., the Federal awarding agency is under no obligation to reimburse such costs if for any reason the recipient does not receive an award or if the award is less than anticipated and inadequate to cover such costs)." In addition, the terms and conditions do not apply to all programs and Sponsor and program specific rules related to advance spending should be followed. Advance Spending Authorization avoids cost transfers

and potential misallocation of costs. It is never appropriate to charge a grant or cost share fund for costs that are not allocable to it, even temporarily because another sponsored project agreement has not yet been received. Instead, the Advance Spending Authorization process should be utilized or charges should be applied, temporarily, to a departmental operating account and transferred when the award is received.

## VI. BILLING, REPORTING, AND CLOSEOUT

- A. Billing is to be processed monthly unless otherwise designated by the sponsor. The Banner Grant Module will be used to process the billing from costs recorded during the billing cycle. Costs will be reviewed to verify transactions are recorded in the proper period. All invoices will be reviewed by the Director or Controller.
- B. Reporting is completed quarterly for federal grants and as request for all other grants. Reports are reconciled to Banner and reviewed by the Director or Controller.
- C. Closeout procedures will be followed for the expiration of all grants. This process will begin no later than two months prior to the grant's expiration and will finalize all grant requirements.

## VII. REVIEW AND RESPONSIBILITY

Responsible Parties: Associate Provost for Academic and Research Administration  
Chief Financial Officer and Vice President for Operations

Review: Every three years on or before September 1

## VIII. APPROVAL

Dr. Gene Theodori  
Associate Provost for Academic and Research Administration  
Approved: 04/28/2026

Mary Wickland, CPA  
Chief Financial Officer and Vice President for Operations  
Approved: 04/29/2026

Dr. Jaime R. Taylor  
Lamar University President  
Approved: 04/29/2026

**POLICY LOG**

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**Version 1**

10/21/2020

06/17/2021

08/03/2021

Version created (10/21/2020). Revised by subject matter experts in Financial Services to reflect current practices (06/17/2021). VPFO review: change V.B to clarify Salaries: "LU person/position" changed to "LU employee/position" (08/03/2021).

09/29/2021

Policy approved by President.

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**Version 2**

04/28/2026

Based on recommendations from a recent internal audit, Finance added a section specific to reconciliation & closeout.

04/29/2026

Policy approved by President.