

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

SECTION: Financial Services

AREA: Controller

Expenditure Reallocation and Correction	MAPP 05.03.01
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I. POLICY

- A. When a Lamar University (LU) department reimburses another University department for goods or services, the transaction must be recorded through the use of a journal entry. The journal entry will credit the provider's cost center and will charge the procuring department's cost center. When a University department needs to correct an expenditure that has posted against a cost center improperly, the appropriate process to make this correction depends on the type of transaction (payroll or non-payroll) and the type of funds involved (all state, all local, or state and local).
- B. The matrix below indicates the appropriate process to use for each type of expenditure correction:

Type of Expenditure Correction	Type of Funds	Process/Document	Submit Form To
Non-payroll	Local to local	Journal Entry	General Accounting
	State to state	Journal Entry	General Accounting
	State to local	Voucher payable to Comptroller	Accounts Payable
	Local to state	Voucher payable to LU	Accounts Payable
Payroll	All	Payroll Reallocation	General Accounting

- C. Non-payroll reallocations must include adequate documentation to indicate when and where the expense originally posted.
- D. Expenditure corrections must conform to this policy; those not meeting the standards described will not be processed.

II. PURPOSE AND SCOPE

- A. This policy defines the allowable and appropriate method for University departments to use to reimburse another department for goods or services or to correct an expenditure that has posted to the incorrect cost center.

- B. This policy falls under the authority of the Texas State University System (TSUS) Rules and Regulations, Chapter III.6; and the Texas Education Code, Title 3, § 51.

III. LIMITATIONS ON TYPES OF TRANSACTIONS ALLOWED

The following restrictions apply to expenditure reallocations and corrections:

- A. A journal entry may not be used for payroll reallocations and adjustments. The Payroll Reallocation process must be used for these transactions.
- B. Equipment and furniture transfers between University departments are not financial transactions; therefore, journal entries may not be used to document such transfers. Appropriate Property Management forms must be used.
- C. Reallocations or corrections charging (debiting) state-appropriated cost centers are only allowed when the charge is reimbursable under state purchasing guidelines. Only expenditure accounts may be used with these reallocations. All transactions affecting state-appropriated cost centers must be processed by voucher or payroll reallocation.
- D. In accordance with good business practices, the University requires departments to reconcile cost centers on a monthly basis. Consequently, all units must process reallocations and corrections within 90 days of the transaction date.

Reallocations may be processed between 90 and 180 days after the transaction date if the College/Division Administrator determines that the reallocation is necessary and submits a written justification.

- E. Transaction processing deadlines apply to both contract and grant expenditures and noncontract/grant expenditures with the following differences:
 - 1. Non-contract/grant expenditures:

At the end of the fiscal year, the time frame for reallocations is shortened to meet the end-of-year processing cycle.

Prior fiscal year payroll and non-payroll reallocations will not be processed.

Prior year reimbursements must be processed as an equity transfer within allowable funds.
 - 2. Contract/grant expenditures:

Prior fiscal year payroll and non-payroll reallocations will be processed within the processing deadlines.

Prior fiscal year payroll and non-payroll reallocations that also involve noncontract/grant expenditures will be processed within the processing deadlines.

All reallocations of contract/grant expenditures between sponsored projects or between non-contract/grant funds and sponsored projects must be approved by the LU Office of Research and Sponsored Program Administration (ORSPA).

F. Exception criteria to reallocation deadlines

1. All expenditures:

- Account code corrections within a fiscal year
- Changes in funding source or transfers between sibling projects on capital/construction projects
- Billing corrections within a fiscal year
- Liability account clearing within a fiscal year
- Payroll suspense within a fiscal year

2. Contract/grant expenditures:

- Account code corrections required for sponsor compliance
- Changes in funding source
- Transfers between parent-child or sibling projects
- Expenditure transfers across fiscal year required for sponsor and/or audit compliance

G. It is the certifying signatory's responsibility to ensure that expenditure transfers to different cost centers are appropriate and in compliance with the requirements or restrictions of the new cost center.

IV. REVIEW AND RESPONSIBILITY

Responsible Party: Vice President for Finance and Operations

Review Schedule: Every three years on or before September 1

V. APPROVAL

Jeremy C. Alltop	07/28/2021
Vice President for Finance and Operations	Date
Dr. Jaime R. Taylor	07/29/2021
President	Date

REVISION LOG

Revision Number	Date	Description of Changes
1	10/08/2020 06/17/2021	Version created (10/08/2020). Revised by subject matter experts in Financial Services to reflect current practices (06/17/2021).
	07/29/2021	Version approved by President.