

UNIVERSITY *of* HOUSTON
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

SECTION: Finance and Accounting
AREA: Expenditure Management

Number 05.02.03

SUBJECT: Expenditure Reallocation and Correction

I. PURPOSE

The purpose of this policy is to define the allowable and appropriate method for University departments to use to reimburse another department for goods or services provided by a non-service unit of the University or to correct an expenditure which has posted to the incorrect cost center or account.

II. POLICY STATEMENT

When a University department reimburses another department for goods or services provided by a non-service unit of the University, the transaction must be recorded through the use of a journal entry. The journal entry will credit the service provider's cost center and will charge the procuring department's cost center. When a University department needs to correct an expenditure which has posted against a cost center or account 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). 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 UH or UHS	Accounts Payable
Payroll	All	Payroll Reallocation	Payroll

Non-payroll reallocations must include adequate documentation to indicate when and where the expense originally posted, and thus require a printout or Excel listing from the UGL01074 report with the transaction or balance underlined.

Expenditure corrections must conform to this policy; those not meeting the standards described will not be processed.

III. DEFINITIONS

- A. Non-service Units: All University departments not specifically authorized as service centers or auxiliaries.
- B. Service Centers: Service departments from which University departments may obtain goods or services via transactions called Service Center Vouchers (MAPP [04.03.01](#)).

IV. LIMITATIONS ON TYPES OF TRANSACTIONS ALLOWED

The following restrictions apply to expenditure reallocations and corrections:

- A. Acquisition of goods and services from authorized University service centers and auxiliaries must be made with a Service Center Voucher (MAPP [04.03.01](#)). However, high volume transactions, such as postage, long distance, and telephone charges may be processed through a data feed without a Service Center Voucher.
- B. A journal entry may not be used for payroll reallocations and adjustments. The Payroll Reallocation process must be used for those transactions.
- C. 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.
- D. Reallocations or corrections charging (debiting) state-appropriated cost centers are only allowed when the charge is reimbursable under state purchasing guidelines (MAPP [04.01.03](#)). Only expenditure accounts may be used with these reallocations.
- E. 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. At the end of the fiscal year, the time frame is shortened to meet the end-of-year processing cycle.

Prior fiscal year payroll and non-payroll reallocations will not be permitted. Reallocation of contract and grant expenditures must be processed in accordance with the rules provided by the Office of Contracts and Grants.
- F. All expenditure corrections and reallocations for sponsored project cost centers must be approved by the Office of Contracts and Grants before they are processed.

- 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.

V. REVIEW AND RESPONSIBILITIES

Responsible Party: Associate Vice President for Finance

Review: Every three years, on or before March 1

VI. APPROVALS

Carl P. Carlucci
Executive Vice President for Administration and Finance

Renu Khator
President

Date of President's Approval: June 9, 2009

VII. REFERENCES

MAPP [04.01.03](#)

MAPP [04.03.01](#)