
FISCALLY FIT

News from the Controller

April 2009

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FINANCIAL INFORMATION MANAGEMENT

Imaging

Imaging is converting physical paper documents to digital images, generally by scanning. Once documents are scanned, they are indexed into electronic files.

Imaging benefits the OSU campus in many ways. The use of file cabinets for physical storage is no longer needed. Therefore, the space devoted to file cabinets is freed up and the manpower to manage the files is gone. With imaging, there is no degradation of the document due to handling or exposure to the elements. Another benefit of imaging is the ease of document retrieval. A user is able to view the document without printing it. Document images are indexed, therefore, making retrieval of group information instantaneous.

To utilize the imaging application for your office, please contact Financial Information Management to learn more about how imaging can benefit you.

UNIVERSITY ACCOUNTING

Encumbrance Maintenance

Please review the encumbrances on your FRS accounts to be sure they are still valid and that the amounts are correct. It is important to review encumbrances before the end of the fiscal year so that invalid encumbrances do not roll forward to the next fiscal year. If you find encumbrances that are no longer valid or need to be adjusted, please send an email to Dorothy McLaughlin (dorothy.mclaughlin@okstate.edu).

Requests to Pickup Checks

In order to improve efficiency, checks should be mailed to vendors through the established process via Central Mailing. In emergencies or special situations, checks may be released to departments by attaching a green card to the invoice or by attaching a pdf file to an on-line requisition. A memo should accompany the green card to explain the special circumstances.

Also, if a green card is used, the check will be sent to the Bursar for distribution. Therefore, the green card should contain the name and phone number of the person who will be picking up the check.

BURSAR

Bursar News

Cancellation of summer enrollment will occur May 1st for accounts that have not fulfilled payment arrangements that still owe a past-due bursar balance. Please remember that bursar accounts must be current to enroll in future semesters and to continue charging items on campus to your account.

Spring bad debt assessment calculations and entries are prepared in April. The annual write-off of bursar accounts older than three years with no activity will occur in May.

Associate Vice President & Controller - 207 Whitehurst, Stillwater, Oklahoma 74078 - (405) 744-4188

Red Flag Rules

In late 2007, the Federal Trade Commission (FTC) and federal banking agencies issued a regulation known as the Red Flags Rules under sections 114 and 315 of the Fair and Accurate Credit Transactions Act (FACTA) of 2003. The regulation is intended to reduce the risk of identity theft by requiring stronger fraud prevention to protect consumers' personal data.

Certain business transactions conducted by colleges and universities mandate these rules to apply to higher education. Oklahoma State University has not had a problem with identity theft in the past, but we must be vigilant about protecting sensitive information vulnerable to identity theft, and we must be alert to attempts at identity theft. To learn more about this regulation visit: <http://www.ftc.gov/opa/2007/10/redflag.shtm>

A University committee prepared draft Policy & Procedure #3-0540 to comply with this regulation. The committee analyzed the type and scope of activity covered in the regulation, and our risk assessment of potential identity theft opportunities on campus. The policy enables us to be in compliance with the new Red Flags Rules, which focuses on our need to be alert to and respond to patterns, practices, and activities that signal possible identity theft attempts. Departments are encouraged to start identifying potential identity theft opportunities and have written procedures in place to deter the threat. During the policy implementation, more formalized procedures will be developed around information protection and being alert to identity theft attempts.

PURCHASING

Maintenance Agreements

Equipment Lists (EL's) for FY10 lease and maintenance agreements will be sent to vendors the week of April 20, 2009.

- Vendors will send completed EL's to departments for processing.
- Process EL's only if maintenance is desired by the department.
- If total is less than \$5,000 per year, department head may sign EL and departments may process invoices in arrears on pcard.
- If total is more than \$5,000 per year, a requisition must be processed through the Purchasing Department.

FY10 Requisition Processing

Requisitions against fiscal year 2010 funds may be submitted at this time. If an FY10 purchase order must be issued prior to July 1, 2009, please attach a note to the requisition to request earlier processing. Receiving Reports for FY10 will be mailed to departments on July 1, 2009.

Employee Owned Companies

Purchases from employee owned companies must be processed on a requisition regardless of the amount due to the requirement for the solicitation of competitive sealed bids. Purchases from employee owned companies cannot be made using the Pcard. Employee owned companies must notify OSU customers that purchases from their company can only be made through the competitive sealed bid process.

Pcard Transaction Log

The Pcard Transaction Log has been modified and now includes a space for the cardholder and the approver to date their signatures. To download an updated form, click on the link to Pcard on the Purchasing website. Per Pcard Policy and Procedures, be sure that both the approver and cardholder date their signatures.

Pcard Holder Access to PVSnet and Monthly Statements

Purchasing Card Policy and Procedures 4.2.7.2 Cardholder Responsibilities have been amended as follows:

- 4.2.7.2 Cardholder responsibilities:** Cardholder must reconcile the individual receipts to the on-line transaction file **or with their monthly statement** to verify that purchases and returns are accurately listed and charged to the appropriate account. **Monthly statements must be made available to the cardholder, and after review and reconciliation departments may store in a central location.** Departments may choose to delegate the reconciliation of cardholder receipts to another individual. However, the cardholder is responsible for the purchases, as well as obtaining appropriate documentation, and maintaining a Transaction Log. The cardholder shall sign the Transaction Log and date the signature, indicating that the cardholder did make those purchases.

To ensure that all cardholders have access to their Pcard transactions, each cardholder will be given look only access to PVSnet unless the department has requested approver access for that cardholder. Cardholders will be notified by email with their user ID and password. This process should be completed by the end of the fiscal year.

Important Purchasing Dates

Board Dates:

- Requisitions requiring Board of Regents approval (greater than \$150,000) were due in Purchasing: March 25, 2009, for the April 17, 2009, Board Meeting.
- Requisitions requiring Board of Regents approval (greater than \$150,000) are due in Purchasing: May 27, 2009, for the June 19, 2009, Board Meeting.

Pcard Training:

- April 28, 2009, 8:30 AM, 412 Student Union

Purchasing Seminars:

- Ethics in Purchasing, October 27, 2009, 2:00 PM, 412 Student Union
- Purchasing Policies and Procedures, August 4, 2009, 9:00 AM, 412 Student Union
- Purchasing and Purchasing Card Refresher, October 13, 2009, 9:00 AM, 412 Student Union

You may register for any of these sessions by calling Human Resources at 405-744-5374, on the Human Resources web site at http://fp.okstate.edu/hrosu/training_enroll.htm, or by email at osu-trng@okstate.edu.

The Purchasing Department is available to conduct purchasing training on an as needed basis to departments and colleges. Please contact Purchasing to schedule a date.

FRAUD DETERRENCE & COMPLIANCE PROGRAM

Corruption

Black's Law Dictionary defines corruption as:

“an act done with an intent to give some advantage inconsistent with official duty and the right of others. The act of an official or fiduciary person who unlawfully and wrongfully uses his station or character to procure some benefit for himself or for another person, contrary to duty and the rights of others.”

Over one-fourth of the frauds reported in ACFE's 2008 Report to the Nation on Occupational Fraud and Abuse involved some form of a corruption scheme. In this context, corruption refers to schemes in which the fraudsters use their influence in business transactions in a way that violates their duty to their employers in order to obtain a benefit for themselves or someone else. Corruption includes conflict of interest, bribery, illegal gratuities, and economic extortion schemes. The median loss resulting from a corruption case was \$375,000.

Under Oklahoma's Ethics Commissions Rules, a state employee is not to use his position to obtain personal or private benefits. In addition, a state employee is to avoid action which creates the appearance of using his state position to obtain a private or inappropriate benefit.

Sources: *2008 ACFE Report to the Nation on Occupational Fraud & Abuse*
Black's Law Dictionary
Constitutional and Statutory Provisions and Constitutional Ethics Rules Governing the Ethical Conduct of State Officers and Employees and Campaigns for State Office or State Issues (Effective July 1, 2008)

Reporting Fraudulent Activity

Fraudulent financial activity or suspicion of fraudulent financial activity may be reported directly to the Office of the Associate Vice President & Controller or confidentially through EthicsPoint. A report can be filed through the EthicsPoint website or by calling toll-free 866-294-8692.

GRANTS & CONTRACTS

Human Subject Compensation

There has been some concern over the method in which participants in research programs are compensated for their involvement in the study. Until the policy is approved the information below should offer general assistance in compensating human subjects for their participation.

Compensation for Research/Study Participation

A principal investigator (PI) may engage participants as part of a research protocol. In these cases it may be necessary to compensate these individuals for their time and/or expenses incurred during the program. It is Oklahoma State University's responsibility to:

- Ensure the confidentiality of the participants
- Compensate the participant in a timely and convenient manner
- Facilitate the research process
- Maintain adequate financial information to meet the cash management and recordkeeping and reporting requirements of the University, State of Oklahoma, and the Internal Revenue Services.

Compensation may be in form of cash or checks. As such, it is necessary for records of such payments to be maintained for fiscal and IRS reporting purposes. If, however, a principal investigator decides to give small items that may be considered promotional in nature and less than \$10 in value, these items are not considered compensation and are outside the scope of this policy/procedure.

Not all research projects compensate participants, and participants in projects that offer compensation may decline payment if the person so chooses.

Scope:

This policy is to be used for the payment of check, cash, or cash equivalents greater than \$10, and the scope shall pertain to all research participants to include, but not limited to, Oklahoma State University faculty and staff, students, and non-University employees.

Privacy and Protection of Confidential Information of Participants

OSU strives to protect the confidentiality of participants and will not disclose specific research information to unaffiliated parties. However, certain Federal, State of Oklahoma, and University reporting requirements and fiduciary responsibilities must be followed in the course of University business processes.

The University will not include the title of the research program or nature of study on any documentation used to issue payment to the research participant.

Fiscal Reporting Considerations

The Internal Revenue Service requires compensation in the aggregate of \$600 or more paid to an individual during a calendar year be reported on Form 1099-Miscellaneous income.

Anyone participating as a human subject will be considered an independent contractor for purposes of compensation. Oklahoma State University employees choosing to participate as a human subject will be doing so outside the role of their employment and will likewise be considered an “independent contractor” for the purposes of compensation as a human subject.

Compensation “Cash vs. Check”

A research participant may be paid in cash if the compensation is less than or equal to \$100 at any one time during the research project. Some research projects may make multiple disbursements to participants creating an aggregate sum greater than \$100. However, the participant may be paid in cash provided no disbursement is greater than \$100 at any one time, and the aggregate paid to the participant does not exceed \$300.

If a person participating as a human subject will receive a single compensation greater than \$100, the person must be paid through the University’s requisition/accounts payable system. .

Use of Imprest Cash

In order to establish a fund for the “cash” payment of participants, the principal investigator must contact the College Fiscal Officer. The College Fiscal Officer will request a check made payable to the principal investigator for the total cash required to pay the recipients. The principal investigator should cash the check, take precautions to secure the cash until disbursement, and have the participant sign for the payment at the time of disbursement. The participant must also sign a Research Participant Payment Form Less than or Equal to \$100” at the time of disbursement and sign the disbursement roster.

Individuals being paid by check must sign a “Research Participant Payment Form Greater than \$100” before a check may be issued.

Disbursement Records:

If paid by check, the records generated for the issuance of the check will serve as appropriate disbursement records. If the participant is paid in cash, the principal investigator or designee must use the “Roster of Disbursement” to record the name, date, amount paid, and signature of the participant. This roster will be submitted to the College Fiscal Officer to support the funds disbursed.

In those cases where complete confidentiality precludes a disbursement list containing names and signatures, the principal investigator must include the IRB form "Document of the Disbursement of Funds." This form will support the need for extensive confidentiality. However, the PI may recognize the need for maintaining additional records. In these cases, a PI may support the release of funding to participants by creating a "Roster of Disbursement" using pseudonyms for the participants and allowing the participants to initial and date the roster.

The follow is a chart classifying compensation

Classification	≤ \$100	> \$100	Giveaways/Food Nominal < \$10	Giveaways/Food Nominal Amount > \$10 < \$20	Coupons (No Cost to University)
OSU Employee	Cash/check	Acct Payable	No action	Logged	N/A
Non-OSU Emp	cash/check	Acct Payable	No action	Logged	N/A

For Giveaways

Consideration must be made before the principal investigator offers "giveaways" in lieu of monetary compensation. Giveaways maybe considered by the IRS as cash equivalents and subject to tax. When at all possible the principal investigator should compensate the participant in monetary form.

For giveaways that may be considered promotional in nature and less than \$10, no record keeping is required.

For giveaways greater than \$10 and less than \$20, the principal investigator must maintain a log of the recipient and item given to the participant.

For items of value greater than \$20, the principal investigator must treat the giveaway as though it was a cash disbursement.

University Employees Participating in Research Projects

An OSU employee chooses to participate in a research program at their discretion. Participation as a research participant is not a requirement of the person's employment.

The participant shall be treated and paid as an independent contractor.

University Students Participating in Research Projects

An OSU Student chooses to participate in a research program at their discretion. Participation as a research participant is not a requirement of the person's enrollment.

The participant shall be treated and paid as an independent contractor.

Non-University Employees and Non-Students:

All participants in a research project do so at their discretion.

Participants who choose to take part in a research project and are not currently classified as employees of the University will not be recognized nor receive employment benefits as an OSU Employee while participating in a research project.

Likewise, a person not classified as a student at Oklahoma State University will not achieve student status while participating as a research participant.

Individuals without employment or student status at Oklahoma State University will be treated and paid as independent contractors for purposes of compensation.

Principal Investigator Fiscal Responsibilities

The principal investigator must keep a log identifying the subject and amounts in order to ensure calendar year payments do not exceed \$599. The principal investigator must insure that any payments to research participants exceeding \$599 will cause the issuance of an IRS form 1099 to the participant.

The PI accepts fiduciary responsibility for cash and/or checks entrusted during a research project. The PI must maintain the cash and/or checks in secure locations and take proper precautions in accepting, disbursing, and reconciliation of funds. The PI, when disbursing cash should collect receipts from the person receiving cash by requesting a signature or initial upon a disbursement log at the time of disbursement.

Questions may be directed to:
College Fiscal Officer
IRB Office
University Accounting
GCFA

Office of the Bursar

Oklahoma State University
113 Student Union
Stillwater, OK 74078

Phone: 405.744.5993
Fax: 405.744.8098

Website: <http://bursar.okstate.edu/>
Email: bursar@okstate.edu

Environmental Health & Safety

Oklahoma State University
120 Physical Plant Services Bldg.
Stillwater, OK 74078

Phone: 405.744.7241
Fax: 405.744.7148

Website: <http://ehs.okstate.edu/>

Financial Information Management

Oklahoma State University
334 & 335 Student Union
Stillwater, OK 74078

Phone: 405.744.7457
Fax: 405.744.7872

Website: <http://www.vpaf.okstate.edu/fim/>
Email: fim@okstate.edu

Fraud Deterrence & Compliance Program

Oklahoma State University
207 Whitehurst
Stillwater, OK 74078

Phone: 405.744.2296
Fax: 405.744.6404

Email: fraud.deterrence@okstate.edu

Grants & Contracts

Oklahoma State University
401 Whitehurst
Stillwater, OK 74078

Phone: 405.744.8239
Fax: 405.744.7487

Website: <http://vpaf.okstate.edu/gcfa/>

Payroll Services

Oklahoma State University
409 Whitehurst
Stillwater, OK 74078

Phone: 405.744.6372
Fax: 405.744.4149

Website: <http://vpaf.okstate.edu/payrollservices/index.htm>
Email: payroll.services@okstate.edu

Purchasing

Oklahoma State University
1224 North Boomer Road
Stillwater, OK 74078

Phone: 405.744.5984
Fax: 405.744.5187

Website: www.purchasing.okstate.edu
Email: purchase@okstate.edu

Risk & Property Management

Oklahoma State University
C070A Bennett Hall
Stillwater, OK 74078

Phone: 405.744.7337
Fax: 405.744.7888

Website: <http://vpaf.okstate.edu/rpm/index.htm>

University Accounting

Oklahoma State University
304 Whitehurst
Stillwater, OK 74078

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Website: <http://www.vpaf.okstate.edu/ua/>