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News from the Controller

February 2009

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FRAUD DETERRENCE & COMPLIANCE PROGRAM

Tenure of a Fraudster

Although it has been difficult to find a strong correlation between the length of time an employee worked for an organization and when that employee was likely to begin committing a fraud, it has been reported that longer-term employees generally tend to commit larger frauds. This could be attributed to the increased trust given to an employee with a longer tenure or due to a longer tenured employee's familiarity with the organization and its systems. The results of the 2006 and 2008 Report to the Nation on Occupational Fraud and Abuse were consistent with those findings.

Tenure of Fraudster	Median Loss – 2008 Report	Median Loss – 2006 Report
Less Than 1 Year	\$50,000	\$45,000
1 – 5 Years	\$142,000	\$100,000
6 – 10 Years	\$261,000	\$205,000
More Than 10 Years	\$250,000	\$263,000

Sources: *2008 ACFE Report to the Nation on Occupational Fraud & Abuse*
2006 ACFE Report to the Nation on Occupational Fraud & Abuse
Corporate Fraud Handbook, Joseph T. Wells

Purchase of Clothing and/or Uniforms

Most clothing purchased by an employer is taxable to the employee who receives it per Internal Revenue Service guidelines. In order for clothing / uniforms to be considered non-taxable to the employee:

- the clothing / uniform must be specifically required as a condition of employment, **AND**
- the clothing / uniform must not be worn or be **adaptable** to general usage as ordinary clothing.

Both requirements must be met. In addition, it is not enough that the clothing is distinctive. The clothing must not be **suitable** for taking the place of regular clothing or **suitable** for everyday wear.

Administration is in the process of drafting an official University-wide policy statement on clothing and uniforms to address the potential tax issues. Until these issues can be resolved, Pcards should **NOT** be used to purchase uniforms and/or clothing. Invoices must be processed through University Accounting so the University can capture the information needed in order to comply with IRS guidelines.

Reporting Fraudulent Activity

Fraudulent financial activity or suspicion of fraudulent financial activity is to be reported directly to the Office of the Associate Vice President & Controller or confidentially through EthicsPoint. The EthicsPoint link can be found on the homepage of various departments, including the Vice President for Administration & Finance, Associate Vice President & Controller, Bursar's Office, Financial Information Management, Human Resources, Payroll Services, Purchasing, Risk Management, and University Accounting. A report can be filed through the EthicsPoint website or by calling toll-free 866-294-8692.

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

PAYROLL

Spring Break Payroll Processing

This year, Spring Break is scheduled for March 16 – March 20, 2009. It is not unusual for many employees to take that time off while children are out of school. During Spring Break, biweekly EAs will be due on Monday, March 16 and biweekly paper ENPs will be due on Friday, March 20 for the biweekly pay period March 7 – March 20.

Payroll will also be processing the March monthly payroll during Spring Break. The 2nd test for the monthly payroll is scheduled for March 16. This payroll will final on March 17th. It is very important that your department has staff available during Spring Break to process EAs and ENPs for the biweekly payroll and to review the monthly payroll prior to the final. Your cooperation in this matter will ensure timely and accurate processing of pay.

ENVIRONMENTAL HEALTH & SAFETY

Disaster Restoration Services



As a part of OSU's disaster response plan, the University has established contracts with three restoration companies to hopefully shorten the disruption and downtime following a catastrophic event.

These companies can provide fast, emergency intervention to stabilize critical components so that facilities and mission-critical equipment, vital records and computers can be saved and quickly restored. Having three companies under contract ensures that we have access to restoration services whenever and wherever they are needed throughout the OSU System.

As part of their rapid response in mitigating property damage caused by fire, smoke, water, chemical contamination, storms, etc., they can provide equipment such as generators, dehumidifiers, temperature control equipment, air compressors, or whatever the situation requires to assist in restoring facilities to at least a pre-loss condition.

These services should be coordinated through Risk Management and Environmental Health & Safety, who will work closely with the affected departments, Physical Plant, and other campus administrators to restore order in as short a time as possible. <http://ehs.okstate.edu/Emergency.htm#Damage>



PURCHASING

Important Purchasing Dates

Board Dates:

- Requisitions requiring Board of Regents approval (greater than \$150,000) were due in Purchasing: February 11, 2009, for the March 6, 2009, Board Meeting.
- Requisitions requiring Board of Regents approval (greater than \$150,000) are due in Purchasing: March 25, 2009, for the April 17, 2009, Board Meeting.

Pcard Training:

- February 26, 2009, 8:30 AM, 416 Student Union

Purchasing Seminars:

- Ethics in Purchasing, April 8, 2009, 9:00 AM, 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 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.

UNIVERSITY ACCOUNTING

Interest on Late Payments

The guidelines established by the Office of State Finance, in conjunction with the Oklahoma Statutes, allow for the payment of interest on late payments as follows: "If an agency fails to make payment to a vendor within forty-five days of receipt of proper invoice, the vendor shall be entitled to claim interest. The rate of interest is annualized and computed on a 360-day calendar, per \$100 per day. The rate of interest may change on July 1st of each year. All state agencies are notified of the interest rate at the beginning of each fiscal year."

A link to the letter disclosing the new interest rate for FY2009 can be found on the Purchasing web site at the following address:

<http://purchasing.okstate.edu/Notices.htm#LatePaymentstoVendors>

A vendor must claim interest within ninety (90) days of receiving payment by submitting a proper invoice which shall itemize all calculations for interest claimed.

BURSAR

Bursar News

Priority enrollment for Summer and/or Fall begins **March 4th**. Enrollment hold notification emails (February 18th) provide sufficient time to clear financial holds prior to enrolling.

Enrollment Policy Reminder:
Bursar accounts must be cleared before enrolling in future semesters.

Any outstanding balance could delay registration for the Summer and/or Fall Semester. If a student encounters enrollment difficulties, please direct him/her to check his/her bursar account for any outstanding charges. Confirm all payments, scholarships, and financial aid have been received. To check account balances online, visit the Student Information System (SIS) website at <http://prodosu.okstate.edu/>.

Payment Option Plan provides an opportunity for families and students to pay University-billed expenses in regular monthly payments either by the semester or annually. No finance charges are associated with the payment option plan or enrollment holds if payments are made as promised. Visit our website link for the POP application: <http://bursar.okstate.edu/forms/osupop.pdf>

FINANCIAL INFORMATION MANAGEMENT

Microsoft Outlook and FRS FAQs

The Financial Information Management website has useful resources that you may or may not be familiar with. For a list of frequently asked Microsoft Outlook and FRS questions visit our website at <http://vpaf.okstate.edu/FIM/>. These tools are intended to be a quick look-up or learning aid concerning Outlook and FRS issues that we find commonplace.

GRANTS & CONTRACTS

Tuition Remission for Externally-Supported Graduate Research Assistants

General

Oklahoma State University' Graduate College has determined **graduate teaching assistants** (GTAs) and **graduate research assistants** (GRAs) that are employed at least 0.25 FTE are, in exchange for services provided to research projects, eligible for a full waiver of the non-resident portion of tuition for all

eligible¹ hours taken, plus resident tuition remission for up to six eligible graduate credit hours each Fall and Spring semester, and up to three hours each summer term. The amount of resident tuition support depends on the employment level of the GRA; for 0.5 FTE or more, the level of resident tuition support is the maximum 6/6/3 (Fall/Spring/Summer; for employment levels at least 0.25 FTE but less than 0.5 FTE the level of resident tuition support is 3/3/3; for employment levels below 0.25 FTE no tuition support (either resident or non-resident) is provided. The tuition remission does not include fees, books, housing, or other costs. The tuition remission will be provided by the University under certain conditions.

1. the GRA is enrolled in an advanced degree program;
2. the GRA is participating in a research project sponsored, in whole or in part, by Oklahoma State University, federal, state agency, local agency, private organization, or other outside organization; and
3. the courses concerned are "eligible" courses.

Oklahoma State University will support a GRA with resident tuition remission up to the above levels with institutional funds. While some GRA salary and stipends are funded by University/departmental budgets, most GRAs receive salary funding from outside sponsors such federal, state, and private organizations. If and when a GRA is assigned to a specific grant or contract, the research project's College of record should prepare appropriate "employment action" forms.

OMB Circular A-21 Guidelines

According to A-21, scholarships and student aid costs are allowable only when the purpose of the sponsored agreement is to provide training to a participant and the charge is approved by the sponsoring agency. However, tuition remission and other forms of compensation paid as, or in lieu of, wages to students performing necessary work on externally sponsored grant are allowable provided that:

1. the individual is conducting activities necessary to the sponsored agreement;
2. tuition remission and other support are provided in accordance with established educational institution policy and consistently applied in a like manner to students in return for similar activities conducted in non-sponsored as well as sponsored activities;
3. during the academic period the student is enrolled in an advanced degree program at the institution or affiliated institution and the activities of the student in relation to the federally-sponsored research project are related to the degree program;
4. the tuition or other payments are reasonable compensation for the work performed and are

¹ An "eligible" course is a regular on-campus course offering. Courses offered through correspondence or outreach are not "eligible."

conditioned explicitly upon the performance of necessary work; and

5. it is the institution's practice to similarly compensate students in non-sponsored as well as sponsored activities.

Unless the grant is expressly deemed a training grant for the participant, a scholarship or tuition remission for the general purposes of paying a student's tuition is not allowed. However, if a student is active and performing necessary work on a project, some type of compensation is allowed to be given to the student in direct proportion to the amount and complexity of work performed by the student. This is allowed if the institution treats sponsored projects and non-sponsored research activities the same, an institutional policy is in place, and the compensation is reasonable. The compensation can be in the form of a stipend, tuition remission (scholarship), wages, or some combination thereof.

OSU Policy on Tuition Remission for GRAs

Each student at Oklahoma State University is charged tuition based upon the course level (graduate or undergraduate) as well as miscellaneous fees associated with attendance. The phrase "tuition" should be understood as being not inclusive of enrollment fees; the University does not pay the miscellaneous fees associated with the course of study. For consistency as defined under A-21, an external sponsor will not be asked to support charges that the University would not ordinarily pay if the GRA was sponsored by an internal entity. In some circumstances, where full disclosure is made to the sponsor and the sponsor specifically stipulates, additional tuition costs over and above the normal resident tuition remission and/or required enrollment fees may be charged to the sponsor (see below).

The Vice President of Research and Technology Transfer, through the Dean of the Graduate College, has requested all grant and contract proposals to prospective funding sources (regardless of federal, state, private) to include in their proposed budgets the customary level of resident tuition remission for graduate students working in support of the project. Consistent with the practice for internally-funded GTAs and GRAs, the Graduate College will continue to waive the non-resident portion of tuition for all eligible courses for such GRAs.

The request made to the funding source is secondary to the University's commitment to the GRA. Should the University discover that a funding source will not allow resident tuition remission as a direct charge, the University will not retract a GRA's resident tuition remission. The Graduate College, through coordination with Financial Aid and the Office of the Bursar, will provide funding to pay the student's specified resident tuition amount, whether or not this is an allowed charge to the contract/grant on which the student is supported.

Grant Proposals and Recouping the Tuition Cost

Each November, the Graduate College will develop a "tuition remission rate" for the upcoming fiscal year. This rate will be determined from the ratio of the total prior year resident tuition waiver dollars offered to all GRAs to the total prior year salary/stipend dollars offered to GRAs. The tuition remission rate may fluctuate from year to year. Principal investigators and college research officials should begin proposing this "tuition remission rate" for any grant or contract beginning or continuing in August of the next fiscal year. The tuition remission rate will be 14% effective August 1, 2009.

The University will multiply the GRA's monthly salary or stipend by the tuition remission rate (14% -August 1, 2009) to determine the amount of tuition to be charged to the external contract or grant. This calculation will be conducted through the payroll process and the amount calculated will be charged to the sponsor's account on a monthly basis, for those accounts for which resident tuition is an allowable direct cost. For accounts on which tuition is not an allowable charge, no tuition will be charged.

The tuition remission neither is part of the "fringe benefit rate" nor is to be confused with fringe benefit costs.

Request for Additional Sponsor Support

Projects specifically written as training grants for graduate/undergraduate students (not including GRA's) may include costs over and above tuition. These costs may include mandatory fees, books, housing, board, supplies, or other costs typically not borne by performance type grants. Federal rules are specific and clear. If

1. a sponsor will pay cost of attendance over and above the normal amount for the employment level of the student, and
2. the University expressly requests the additional support and fully discloses the University's normal policy of tuition support to the sponsor,

then the GRA's support can include extra tuition and/or fees. This request, however, is more than a mere exception. It is traditionally an unallowable charge to federal/federal flow-through grants or contracts, and a full disclosure to the sponsor is expected. This disclosure includes providing budget lines for tuition and fees independently of one another in the proposal. The following is representative of narrative language offering full disclosure and should be provided in the proposal:

"Graduate Research Assistants at Oklahoma State University are generally provided a waiver of the non-resident portion of tuition and a remission for a specific number of hours of resident tuition, based on their FTE level of employment. In this project, Oklahoma State University is requesting the sponsor to provide support for required enrollment fees in addition to the cost of tuition and for xx hours of resident tuition in excess of the normally applicable amount."

Should the sponsor refuse to pay the required enrollment fees, the researcher, through coordination with the college dean, may use discretionary funds to pay for the enrollment fees over and above the cost of tuition. However, state appropriations may not be used to cover a GRA's cost of attendance.

Exhibit A, and the Payment of Costs Over and Above the Normal Tuition Remission Rate

Exhibit A is the process Oklahoma State University uses to process the payment of costs of attendance over and above the normal resident tuition remission and costs such as fees and miscellaneous costs.

If the sponsor agrees to pay any support over and above the normal amount of resident tuition support, the GRA's College of Record must submit an Exhibit A to GCFA for approval; this form should include the amount of tuition over and above the normal GRA tuition remission rate and/or other pertinent costs (e.g., fees, books, housing, board). If the sponsored agreement allows for payment of the requested costs of attendance, then

1. if the request is only for charges other than additional tuition, the form will be forwarded to the Bursar's Office for processing;
2. if the request is for additional tuition only, GCFA should forward the Exhibit A to the Graduate College, who will complete a *campus vendor invoice (CVI)* and enter the additional tuition amount (if any) to the student's Bursar account;
3. if the request is for both additional tuition and other costs, GCFA should send a copy of the Exhibit A to the Bursar/Graduate College for processing according to (1) and (2) above.

The Bursar's Office will apply approved credits to the student's account and Financial Aid will be notified of the additional support. If the originator of any *Exhibit A* wishes to receive a copy of the CVI, this request for copy should be noted on *Exhibit A* when submitted.

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

Purchasing

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Phone: 405.744.5984
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Risk & Property Management

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University Accounting

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