

FISCALLY FIT

News from the Controller

September 2008

GRANTS & CONTRACTS

Fall Workshop

The Southern Association of College and University Business Officers (SACUBO) will host their Fall Workshop 2008 in Savannah, Georgia November 2-4. The workshop will provide up to 17 hours of CPE and will have topics pertinent to internal controls, fraud prevention, and other topics of cost containment and efficiencies. To register go to: <https://www.mra-services.com/clients/SACUBO/WS08/content.asp?id=1369>

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IRS Form 990 (New definitions and processes)

With the advent of the new IRS Form 990 *Return of Organization Exempt from Income Tax*, the Internal Revenue Service has established a three-part test in determining a “key employee.” Officers, directors, and trustees retain “key employee” status; however, in order for other employees in the organization to meet the IRS definition of key employee, the person must 1) have reportable compensation exceeding \$150,000 for the preceding year; 2) had or shared organization-wide control of influence similar to that of an officer, director, or trustee, or managed or had authority over at least 10% of the organization’s activities; and 3) were in the group of the

organization’s top 20 highest paid persons for the year that satisfied the first tests.

Similarly, the IRS restructured the test for determining the independence of a board member with a three-part test. A voting member of a board is considered to have a lack of independence if the board member is compensated as officer or employee, receives more than \$10,000 annually as an independent contractor, or if the board member or board member’s family member is involved with a transaction with the organization or related organization that would be reported on Form 990 (Schedule L- Transactions with Interested Persons).

The new form increased the threshold of reporting business relationships among officers, directors, trustees, and key employees from \$5,000 to \$10,000.

One final note, the new Form 990 asks whether a copy of the form was provided to the organization’s governing body as well as a description of the review process.

BURSAR

The 1st bursar billing statement for the Fall semester generated September 1.

In efforts to assist our students in meeting financial obligations, Oklahoma State University offers an in-house administered payment option plan (POP) as an alternative to the traditional lump-sum payment method. This 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 placed if payments are made as promised.

Visit our website link for the POP application: <http://bursar.okstate.edu/forms/osupop.pdf>

Also available online is the handbook describing bursar information. Check it out:

<http://bursar.okstate.edu/forms/BursarCatalog.pdf>

OSU Enrollment Policy

Enrollment at Oklahoma State University incurs a financial obligation and responsibility of the student to pay all amounts owed in a timely manner. In order to remain in favorable financial standing with the University, and thereby continue to participate in its educational programs, services, and benefits, a student must meet all financial obligations incurred at the University on or before the due date. Any outstanding balance could delay registration for the spring semester. Spring enrollment holds will be placed September 16th.

**Check enrollment holds, spring registration begins
October 15th**

Bursar Optional Charge Monitoring Policy

Optional charges are monitored closely to reduce the bad debt risk to the University, to reduce student/employee exposure to unmanageable bursar balances, and to help students maintain continuous enrollment at OSU by keeping bursar bills low enough to be paid off each semester per University policy.

An automatic hold is placed on a bursar account with a past due balance of \$500 or greater; email notifications are sent with the automatic hold. In order to reinstate charging privileges on campus, the account must be brought current. A message for individuals that should no longer be allowed to charge can be viewed on SIS screen 448 with reason code OH "Charging Privileges Revoked – Current Term".

A visit with our financial counselor located in 113 Student Union may re-instate charging privileges if there are extenuating circumstances, or documentation of scholarships or financial assistance for the current semester that has not yet applied to the bursar account.

The following notification is emailed to the bursar account holder:

OPTIONAL CHARGING NOTIFICATION

Oklahoma State University extends bursar optional charging privileges to students in order to facilitate use of campus based services. You have recently charged a substantial amount to your bursar account. In order to maintain charging privileges with the University, a payment to cover these charges must be received by our office within 5 business days or your charging privileges will be revoked.

Payments are accepted at 113 Student Union by cash, cashier's check, money order, VISA or MasterCard. Payments by cashier check or money order may also be mailed to the Office of the Bursar, P.O. Box 1583, Stillwater, OK 74076. For your convenience, credit card payments are accepted at <http://prodosu.okstate.edu>, or calling (405) 744-5993 during regular business hours.

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

If there are extenuating circumstances or you have documentation of scholarships or financial assistance for the current semester that have not been applied to your account, please contact our office to visit with a financial counselor by calling (405) 744-6472 or visit our office in 113 Student Union.

This is the only notice you will receive pertaining to your charging privileges; therefore, not responding will result in you no longer being allowed to charge optional items/services to your bursar account.

Credit Card Convenience Fees

Many public universities find it cost prohibitive to accept credit cards for bursar account payments. Oklahoma State University is no different since budget challenges continue to significantly impact operations. In continuing efforts to control costs, OSU must change the way credit card payments are accepted for bursar accounts. Currently, the University incurs a fee for each credit card payment received. This equates to over \$1.5 million per year in fees, and costs continue to rise.

Beginning January 1, 2009:

- A 2.5% convenience fee will be added to all credit card bursar account payments (MasterCard, Discover, or American Express)
- **Visa cards will no longer be accepted for bursar account payments**, as they are unwilling to participate at this time
- Credit card payments can only be made via the web at <http://prodosu.okstate.edu/> (no longer in person at the teller stations, kiosks will be available for in person payments)

Bursar payment options with no additional cost to payor:

- **Online by Web Check/ACH.** You can pay via Web Check/ACH free of charge via SIS.
- **Mail checks, cashier checks or money orders:**
OSU Office of the Bursar
PO Box 1583
Stillwater, Oklahoma 74076-1583
- **In person by check, money order, or cash** at the Office of the Bursar, 113 Student Union. Hours 8:00 a.m. – 5:00 p.m. Monday –Friday. After-hour payments can also be placed in the secure depository slot adjacent to the Bursar Office Windows.

OSU works diligently to keep costs down while maintaining high quality academic programs and services. Changing the way credit card payments are accepted allows us to significantly reduce our costs. Understanding and cooperation during this transition is greatly appreciated as we strive to provide a number of payment options to meet your individual needs. This cost savings will be funneled directly back to our students to help negate future tuition and fee increases.

PURCHASING

Lack of Employee Fraud Education	1.3%
Lack of Reporting Mechanism	0.2%

Small Dollar Purchases

The Small Order System (Policy 3-0147) should be used for processing invoices for purchases of \$500.00 or less when the vendor does not accept the pcard.

The following are exceptions that regardless of the amount must be processed on a requisition: incentive awards, insurance, employee moves, and professional services such as doctors, lawyers, architects, engineers, etc.

Important Dates

Board Dates:

- Requisitions requiring Board of Regents approval (greater than \$150,000) are due in Purchasing October 1, 2008, for the October 24, 2008, Board Meeting.

Pcard Training:

- September 23, 2008, 8:30 AM, 412 Student Union.

Purchasing Policies and Procedures Seminar:

- October 23, 2008, 9:00 AM, 412 Student Union

You may register for either 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 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

Control Weaknesses Contribute to Fraud

The 2008 Report to the Nation on Occupational Fraud and Abuse incorporates data compiled from 959 cases of occupational fraud investigated between January 2006 and February 2008. The Certified Fraud Examiners (CFEs) who investigated the cases were asked to report on what they believed was the most important contributing factor that allowed the fraud to occur. Below are the primary contributing internal control weaknesses observed by the CFEs.

Internal Control Weakness Observed	Percent of Cases
Lack of Internal Controls	35.2%
Lack of Management Review	17.4%
Override of Existing Controls	17.4%
Poor Tone at the Top	8.6%
Lack of Competent Oversight	7.2%
Lack of Independent Checks / Audits	5.5%
Lack of Clear Lines of Authority	1.3%

Are any of these internal control weaknesses present in your area? What actions can you take now to strengthen your internal control systems to lessen the risk of occupational fraud and abuse? What can we learn from others? Over 77% of the victim organizations reported they altered their existing internal control systems in direct response to discovery of the fraud. Below are some of the control structures modified or implemented by the victim organizations in response to the fraud:

- Management Review of Internal Controls
- Surprise Audits
- Fraud Training for Managers / Executives
- Fraud Training for Employees
- Job Rotation / Mandatory Vacation
- Anti-Fraud Policy
- Internal Audit / Fraud Examination Department
- Code of Conduct
- External Audit of Financial Statements
- External Audit of Internal Control over Financial Reporting
- Independent Audit Committee
- Hotline
- Management Certification of Financial Statements
- Reward for Whistleblowers
- Employee Support Programs

Source: *ACFE 2008 Report to the Nation on Occupational Fraud & Abuse*

Reporting Fraudulent Activity

Tips have been reported to be the most common means of detection of occupational fraud. Fraudulent financial activity or suspicion of fraudulent financial activity is to be reported to the Office of the Associate Vice President and Controller. This activity can be reported directly to the OAVPC (207 Whitehurst, 405-744-4188) or reported confidentially through EthicsPoint.

FINANCIAL INFORMATION MANAGEMENT

Initiating Requisitions Using AIRS

Beginning November 1, 2008, all requisitions originating from the Stillwater campus will be submitted and processed electronically utilizing the on-line requisition application module in the Administrative Information Resource System (airs.okstate.edu).

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This application has been available and tested since July 1 by selected units across campus. The results have been exceptional in time and processing savings.

Submitting a requisition electronically offers the following benefits:

- A quicker approval response rate when compared to paper
- Accountability (location of the requisition while being processed)
- Immediate validation/verification of selected information to reduce rejections
- Policy enforcement
- Common location of requisitions and supporting documents
- A green process to reduce paper usage and the University's carbon footprint

Training on the on-line requisition process and the associated routing hierarchy is being offered by Financial Information Management in September and October. Interested parties may enroll via the Training Services website located at http://hr.okstate.edu/hr/training/staff_dvpt08.htm.

The application of on-line requisitions is part of a larger initiative to increase paperless processing by Oklahoma State University and the OSU System. Continuous process reviews of administrative functions are being conducted to identify likely candidates for conversion to on-line processes. Your suggestions and comments regarding this application or other potential electronic administrative processes are always welcome at FIM@okstate.edu.

Thank you for your support of another "Going Green" project.

UNIVERSITY ACCOUNTING

OSU Policy and the Endowed Chair Program

With all the attention the endowed chair program has received in the media in the past few months, the following information is presented as a refresher for departments assigned the responsibility of overseeing endowed chairs, professorships and/or lectureships established in the Oklahoma State Regents Endowed Chair and Professorship Program.

Endowments are initially created by donations to the OSU Foundation and by making application to the State Regents for the establishment of an endowment account. Upon reaching funding levels set by the State Regents, the donated funds are matched with public monies when funds are available. After an endowment is matched by the State Regents, earnings from both funding entities (OSU Foundation and the State Regents) are available for reimbursement of eligible expenses.

According to Oklahoma State Regents policy, earnings are to be used specifically for the activities associated with the endowment and must not be used for the general operations and programs of the University. To guarantee compliance with the State Regents policy, Oklahoma State University established the following policy:

- Endowment accounts are included in the Educational and General Budget, Part I.
- It is the University's intent to be able to state that all funds, whether donated or appropriated, are spent consistent with Oklahoma State Regents for Higher Education policy.
- All expenses are considered to be the expenditure of state funds. Expenditures are to comply with the state rules and regulations pertaining to all state funded accounts.
- Invoices for payment are to be processed directly through the OSU Accounting System (OSU Policy & Procedures 3-0201, Section 3.05) to assure the State Regents of centralized, accurate reporting of all chair related expenses and to insure that expenditures are consistent with program guidelines and established state regulations.
- Prohibitions of expenditures are outlined in the Oklahoma Constitution, Art. X, Sec. 15 and the Office of State Finance Procedures Manual 1/91, Chapter 300.

At fiscal year end, University Accounting will invoice the funding entities (OSU Foundation and the Oklahoma State Regents) for reimbursement of expenses incurred during the fiscal year. **Vouchers for reimbursement submitted to the OSU Foundation by departments other than University Accounting will be rejected.**

For a complete copy of the policy, see Oklahoma State University Policy & Procedures #3-0260.

Contact Sherri Cochran in University Accounting, 405-744-5885, for questions or additional information.

Green Cards

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.

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
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

Phone: 405.744.5865
Fax: 405.744.1832

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