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Occupational Fraud Schemes in Education

As a part of their 2010 Report to the Nations on Occupational Fraud & Abuse, ACFE reviewed the industry classifications of the organizations victimized. An educational organization was the victim of 90 of the cases included in the study.

Some form of corruption (i.e. conflicts of interest, bribery, illegal gratuities, and extortion) was involved in 22 (or 24.4%) of the 90 cases in the Education industry, while financial statement fraud (i.e. concealed liabilities, fictitious revenues, improper asset valuations, improper disclosures, and timing differences) was involved in only 1 (or 1.1%) of the 90 cases. The asset misappropriation schemes identified for Educational organizations included the following:

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Description</th>
<th># of Cases</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billing</td>
<td>Any scheme in which a person causes his or her employer to issue a payment by submitting invoices for fictitious goods or services, inflated invoices, or invoices for personal purchases</td>
<td>38</td>
<td>42.2%</td>
</tr>
<tr>
<td>Skimming</td>
<td>Any scheme in which cash is stolen from an organization before it is recorded on the organization’s books and records</td>
<td>19</td>
<td>21.1%</td>
</tr>
</tbody>
</table>
| Expense 
Reimbursements | Any scheme in which an employee makes a claim for reimbursement of fictitious or inflated business expenses | 15         | 16.7% |
| Non-Cash        | Any scheme in which an employee steals or misuses non-cash assets of the victim organization | 11         | 12.2% |
| Cash Larceny    | Any scheme in which cash is stolen from an organization after it has been recorded on the organization’s books and records | 11         | 12.2% |
| Payroll         | Any scheme in which an employee causes his or her employer to issue a payment by making false claims for compensation | 9          | 10.0% |
| Check 
Tampering     | Any scheme in which a person steals his or her employer’s funds by intercepting, forging, or altering a check drawn on one of the organization’s bank accounts | 7          | 7.8%  |
| Cash on 
Hand         | Any scheme in which an employee misappropriates cash kept on hand at the victim organization’s premises | 7          | 7.8%  |

(Note – It was not uncommon for cases in the study to involve more than one category of fraud.)

Source: ACFE 2010 Report to the Nations on Occupational Fraud and Abuse

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

ALL fraudulent financial activity or suspicion of fraudulent financial activity is to be reported directly to the Fiscal and Administrative Compliance section of 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. The website can be found at: https://secure.ethicspoint.com/domain/en/report_custom.asp?clientid=10933

PCARD ADMINISTRATION AND COMPLIANCE

Pcard Update

Our migration to the new Pcard system is almost complete. Nearly all the University has been migrated to the new Pcard system and all the JPMorgan Chase cards have been cancelled.

Our contract with JPMorgan Chase will end on December 31, 2010. JPMorgan Chase has told us we will have access to PVSnet for 60 days past the end of the contract. Please make sure you have any information you need downloaded before that time.

In January we plan to conduct several sessions on the Works system. These sessions will be more in depth and answer some of the questions or issues you may be having with Works. We’ll send out a message on the Works listserv when these sessions are scheduled.

A Benefit of the New Pcard Program

If a transaction has been denied, a cardholder can run an authorization log and will be able to see the reason for denial (i.e., insufficient credit balance, prohibited Merchant Classification Code, etc.). This log will also show all transactions authorized by the bank but not yet posted to works.

Pcard Guidelines Reminder

Mail and postage expenses are prohibited purchases on a Pcard. All U.S. mail, including parcel post, certified, and registered mail, should be sent through University Mailing for compliance with State statutes. FedEx or UPS may be used if University Mailing is not available.

UNIVERSITY ACCOUNTING

Mileage Reimbursement Rate Increase for 2011

The Internal Revenue Service has announced an increase in the standard mileage reimbursement rate, effective January 1, 2011, to $0.51 per mile. This rate is an increase from the $0.50 rate previously in place for 2010. The new rate is for travel incurred on or after January 1, 2011.

BURSAR

Bursar’s Important Dates

- Departmental deposits are needed in the bursar office by noon December 23, 2010 for inclusion in December activity. Please contact Cindy Buford at 744-7790 if you have questions.
- Spring 112 tuition and fees are scheduled to calculate the evening of January 5th for enrolled students.
- 1098-T and 1098-E statements will be mailed by January 31, 2011.

Historical Transaction Record Purge

A purge is scheduled for the evening of January 8th for all bursar transaction records with an effective date older than December 31, 2010 that are fully paid/applied and billed. By purging now, removal of a large number of records eliminates issues with running reports and displaying data on the screens. The purged records cannot be accessed via SIS but are available to view/download to excel via the Administrative Information Reporting System (AIRS) at: http://airs.okstate.edu. Access to purged records within AIRS can be requested by emailing fim@okstate.edu and will be granted based on current SIS B/R access levels.

Electronic Direct Deposit of Bursar Account Semester Credit Balances

The Direct Deposit Program provides quicker access to refunds when bursar accounts have credit balances. For participants in the Direct Deposit Program, refunds are transferred to bank accounts within 48 hours after the semester credit balances become effective. For students wishing to participate, it is important to apply now! To sign up for Direct Deposit, log onto our website https://bursar.okstate.edu/BursarLogin/login.aspx.

Remember, direct deposit is the fastest and easiest way to receive a refund!

PURCHASING

International Shipments

When entering into an international sales (purchase) contract, pay close attention to the terms of sale as well as the sales price. UPS, the International Broker for OSU, will help you assess your export/import readiness, and understand what you need to know and consider before pursuing an international sales agreement. The OSU UPS sales representative is David Taylor, at 405-685-3325 or davidtaylor@ups.com.
Federal Funding Accountability and Transparency Act (FFATA)

FFATA was signed into law September, 2006 with an implementation date of October 1, 2010. FFATA requires an institution awarded a grant awards or cooperative agreement over $25,000 to report certain information to the federal government concerning any first-tier subaward supporting the grant or cooperative agreement.

Information required when reporting subaward information:

- Subawardee’s DUNS number
- Amount of Subaward
- Subaward Obligation Date
- Subawardee Place of Performance
- Subaward number assigned by Oklahoma State University
- Top 5 highly compensated officials if required
- Subaward Project Description

Grants or cooperative agreements less than $25,000 as well as subawards less than $25,000 are exempt for the reporting requirements. Grants or cooperative agreements awarded prior to October 1, 2010 are also exempt.

FINANCIAL INFORMATION MANAGEMENT

FRS – New Employees and FRS Access

If you are a new employee at OSU or have a new employee, below are the procedures for requesting FRS access.

- Each request must come from the employee’s supervisor. Employees cannot request their own access.
- FRS does not have a form for requesting access but all requests must be sent to frs.security@okstate.edu
- The requests must contain the name of the employee, CWID (if one has been assigned), agency (or agencies) and home department(s) the employee needs to access. FRS access is based on agency and home department not FRS accounts.
- If the employee does not have a CWID assigned, FRS security can request one.
- Additional instructions such as “read access only” or “set up this person like” are helpful and can eliminate any confusion on how to set up the employee.
- Once the employee is set up with FRS access, he/she will get an email from FRS security and instructions on how to log into SCTP to set his/her password.
- The employee’s supervisor will get an email back confirming the employee has access to FRS now.
- As always, if you have a question about your FRS access, you can email frs.security@okstate.edu.