
FISCALLY FIT

News from the Controller

November 2007

TRANSPORTATION SERVICES

Winter Vehicle Service

With colder weather approaching the time is now to prepare vehicles for the winter weather season and its accompanying poor driving conditions. It is always worth having vehicles checked before winter sets in to reduce the chances of encountering car trouble and prevent an unpleasant experience. Departments needing to schedule vehicles for service or for additional information can contact Transportation Services @ 405-744-7945.

GRANTS & CONTRACTS

SAS 112 Affects on Audits

A polling of Chief Business Officers and Controllers at the National Council of University Research Administrators annual meeting reported that many auditing firms took an adversarial position during the 2007 financial and A-133 audits. The internal control reviews brought about by the recently issued Statement of Auditing Standards (SAS-112) seemed to cause the change in posture.

Federal Cuts in IDC Proposed

The House and Senate have acted to cut the recovery of IDC on Department of Defense basic research grants, contracts, and cooperative agreements. The reduced rate proposed in the spending bill is 35%. It is more than the rate proposed by the Senate (20%), but it will have a significant impact on F&A recovery. This reduction will reduce OSU's recovery by over 12% on defense basic research grants. As an example, if the reduction is calculated on the University's 2007 activity, the cost to Oklahoma State University would have been just over \$325,000.

Use of Grant and Contract Funding for Equipment Purchase

Federal requirements call for universities to be reasonable and prudent in the purchase of equipment using federal dollars. In essence, if equipment is currently available on campus, cost-saving alternatives are available, or is not specifically necessary for the grant, the grant recipient should not purchase equipment with sponsored dollars. It is also a good idea to receive approval from the sponsoring agency prior to purchase.

In the case where it is necessary to purchase equipment (non-expendable tangible property having a useful life exceeding one-year and an acquisition cost of \$5,000 or greater), procurement rules of the State of Oklahoma and the University must be followed.

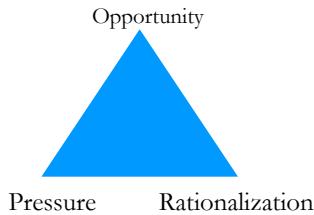
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FRAUD DETERRENCE & COMPLIANCE PROGRAM

Fraud Triangle Theory

It is important to understand the motive behind fraud in order to prevent it. Donald Cressey, a pioneer in fraud research, developed the Fraud Triangle Theory. Based on his research, fraud occurs when three elements come together: pressure, opportunity and rationalization. Each of the three elements is necessary for fraud to be committed.



Pressure (or incentive, or motivation) is the reason a person commits fraud – the force behind what causes a person to go from being a law-abiding citizen one day to a citizen who commits a felony the next day. It is often something that has happened in a person's life that creates a stressful need for funds and could include living beyond one's means, high debts, poor credit, family pressures, or gambling addictions. The motive could also be derived from hostility for a perceived wrong, a desire for revenge against an organization, ego, a desire to beat the system, or pressure to perform or meet financial results and goals.

Rationalization is the justification of the action. In the 2006 Report to the Nation on Occupational Fraud and Abuse, 88% of the perpetrators had no prior criminal record. White collar criminals typically have a personal code of ethics; however, they attempt to justify their crime under the circumstances. Fraudsters will often say: *I'm only borrowing the money, I'll pay it back someday; This isn't much money, the organization is rich, they won't even miss it; Everybody does it; They owe it to me; I'll stop once I get over this financial hump; It's for a good purpose; The organization mistreats me.*

Opportunity is the favorable circumstance that allows the fraud to occur. It is usually determined by position in the organization and access to assets and records. Of the three elements of Cressey's Fraud Triangle, opportunity is the area in which management can exercise control in an effort to deter and prevent fraud. Lax management and/or a weakness in (or an absence of) internal controls can contribute to an increase in opportunity for fraud. The flip side is that adequate attention by management and strengthening of internal controls can lessen the opportunity to commit and succeed at fraud.

Sources:

Executive Roadmap to Fraud Prevention and Internal Controls,
M. Biegelman, J. Bartow

Corporate Fraud Handbook, Joseph T. Wells
Fraud Auditing and Forensic Accounting, T. Singleton, A. Singleton, J. Bologna, R. Lindquist
2006 ACFE Report to the Nation on Occupational Fraud & Abuse

Contact Brenna Dixon, CPA, CFE (744-2296, Office of the Associate Vice President and Controller, 207 Whitehurst) for additional information, comments, or questions about fraud deterrence and compliance issues.

UNIVERSITY ACCOUNTING

Guidelines for Overnight Travel Status

In the recent claims audit conducted by the Office of State Finance, it was determined that we have misinterpreted the state guidelines for reimbursing per diem without support of an overnight public lodging receipt. The Office of State Finance position is that an individual that is in travel status can only be reimbursed for per diem when there is support of an overnight public lodging receipt. If rest or relief time is necessary, there should be reimbursement for lodging cost. If there is no lodging cost, then it is determined that rest time was not necessary; thus, the individual is not in overnight travel status and per diem is not allowed.

BURSAR

Bursar News

Cancellation of Spring enrollment will occur **December 14** for accounts that have not made payment arrangements and still have a past-due bursar balance.

Fall bad debt assessment calculations and entries are prepared in November.

FINANCIAL INFORMATION MANAGEMENT

AIRS - FRS Accounts

Did you know FY08 is available in AIRS - FRS Accounts? Now is a good time to start using AIRS for your monitoring and reconciliation needs. There are tools available (reports, graphs, downloads, etc.) that enable a department to better track their expenses and income. Please log on today! As always, we at Financial Information Management strive to serve the campus and system community. Please forward any comments, suggestions, or even accolades to FIM@okstate.edu.

PAYROLL

End-of-Year Pay Reminders

Please remind employees of the following year-end items:

- IRS Form W-5, *Advanced Earned Income Credit Payment Certificate*, expires **December 31, 2007**. A new W-5 must be completed by **December 20, 2007**, for biweekly employees to receive earned income credit effective on their first pay check in 2008. Monthly employees will need to submit a new W-5 form to Payroll Services by January 8, 2008. As soon as the 2008 W-5 form is released by the IRS, it will be made available on the Payroll Services website under "Download Guides and Forms".
- Employees who wish to claim exempt from state and federal tax withholding can do so for only one year at a time. To claim exempt from state and federal tax withholding for 2008, employees must complete a new W-4, *Employee's Withholding Allowance Certificate*, by **January 29, 2008**. The new W-4 form will be made available on the Payroll Services website as soon as the IRS releases the 2008 form and updates are made to the OSU version.
- Tax treaty forms expire **December 31, 2007**. IRS Form 8233 is available in the International Students and Scholars Office, 076 Student Union.

Reminders will also be included in the employee's December payroll advice email.

W-2 Forms, Address Updates, and Assignment Updates

All OSU employees who have active assignments on **January 31, 2008** (at the time of the printing of W-2s) will receive their 2007 W-2 *Wage and Tax Statements* by campus mail. Former OSU employees will receive W-2 forms at their home addresses as reflected in HRS. The last payroll advice can be used to approximate salary and taxes paid in 2007 if employees are ready to start working on their income taxes before they receive their W-2. W-2 forms will be mailed by January 31, 2008. W-2 reprints will begin on February 6, 2008.

If you receive address changes for current or former employees, please forward the information to OSU Human Resources, 106 Whitehurst. Employees may also change their address in HRS by using *Web for Employees*, <http://prodhosu.okstate.edu/>. However, this change will not affect other OSU address records or vendor records.

In the past, departments were not required to separate biweekly student and temporary employees. We now ask that you do complete an EA separation form for all employees who separate from OSU. This measure will en-

sure that the W-2 is sent to the home address instead of to the department when an employee leaves OSU. If you get a W-2 for a former OSU employee, please forward the W-2 to the employee at their HRS address or return the W-2 to Payroll Services, 409 Whitehurst, as soon as possible.

Officially separating a biweekly student or temporary employee is also required to give accurate employment verification information to child support and garnishment agencies. In the future, please send a separation EA when any employee leaves OSU employment prior to his/her original assignment end date.

December Holiday Pay Dates

The December monthly payday is scheduled for **December 21, 2007**.

The December and first January biweekly paydays are scheduled for **December 14, December 21, 2007 and January 11, 2008**.

Also, remember that Monday, December 31, 2007 is a mandatory leave day for employees not a paid holiday. Remind employees to include annual leave when planning for the holiday break and when completing their time sheets.

Social Security Wage Base Increase

The maximum annual earnings subject to the Social Security withholding rate of 6.2% will increase from \$97,500 to \$102,000 in 2008. There is no limit on wages subject to the Medicare rate of 1.45%.

ENVIRONMENTAL HEALTH & SAFETY

Things We Learned in Grade School

Do you remember the fire drills we did with our classmates back in grade school? We just thought it was nice to get out of the classroom for a few minutes, but we were really being taught an important lesson. Do you remember what it was?

Think back for a moment. There we were, sitting in class, when the fire bell suddenly started ringing. The teacher calmly said, "Everyone put down your pencils and stand up. Beginning with the row closest to the door, I want you to walk single-file out of the building and go to the far side of the playground. Stay in a group and wait for me to join you." And if one our classmates was on crutches or in a wheelchair, we were instructed to help out.

We learned to...

1. stop what we were doing,
2. walk outside the building,
3. help anyone who needs assistance,
4. move to a designated location away from the building,
5. stay with our group and wait for further instructions.

The rules are the same today as they were back then. So the next time there is a fire alarm in your building,

1. stop what you are doing and turn off your computer,
2. walk outside the building (last one out of a room close the door, but don't lock it),
3. help anyone who needs assistance (remember, don't use the elevator),
4. move to a designated location away from the building,
5. stand with members of your department or floor and wait for further instructions.

The theme for this year's Fire Prevention Week was "Practice Your Escape Plan." Your department could practice these rules during the next fire alarm test. After all, it would be nice to get outdoors for a few minutes. But remember, you'll have to come back inside when it's over.

Daylight Savings Time ended November 4th; did you remember to change the batteries in your smoke detectors?

PURCHASING

Plan Ahead for the Holidays

The holidays are just around the corner. The University will be closed from December 22, 2007, through January 1, 2008. Be sure to submit your requisitions now for your spring semester needs.

December P/card Billing Cycle

Due to the holidays, the December p/card billing cycle will end early in order to give the University time to process the p/card transactions and get a check to JPMorgan Chase before the University closes on December 22, 2007. We have submitted a suggested date to the bank for the end of the billing cycle, but we have not had confirmation from them that this date will work.

We anticipate this is how the end of the billing cycle will work for December:

- The last day for the December billing cycle will be Friday, December 14.
- You will have through 3:00 PM, Tuesday, December 18, to make account and subcode changes.

When the exact dates have been finalized, Billie Watt will notify card approvers and the dates will be posted on Purchasing's website.

Important Dates

Board Dates:

- Requisitions requiring Board of Regents approval (greater than \$150,000) were due in Purchasing; November 14, 2007, for the December 7, 2007, Board Meeting
- Requisitions requiring Board of Regents approval (greater than \$150,000) are due in Purchasing; December 19, 2007, for the January 18, 2008, Board Meeting

P/card Training:

- December 4, 2007, 2:00 PM, 408 Student Union.

Purchasing Policies and Procedures Seminar:

- January 24, 2008, 9:00 AM, 412 Student Union

You may register for either of these sessions by calling Human Resources at X5374, 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 at X5984 to schedule a date.

Purchasing can be contacted at:

Phone: 405-744-5984

Fax: 405-744-5187

Email: purchase@okstate.edu

Website: www.purchasing.okstate.edu



OKLAHOMA STATE UNIVERSITY

Office of the Associate Vice President
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207 Whitehurst
Stillwater, Oklahoma 74078-1041
Phone: 405-744-4188 Fax: 405-744-6404

MEMORANDUM

DATE: October 25, 2007
TO: Deans, Directors, Department Heads and Fiscal Officers
FROM: Kathy Elliott, Associate Vice President and Controller
SUBJECT: Holiday Schedule

The following information and/or procedures are presented in order to coordinate with departments in planning for the Christmas and New Year holidays.

TRAVEL REIMBURSEMENTS

SMALL ORDER PAYMENTS

"INVOICE ATTACHED" REQUISITION PAYMENTS

Travel reimbursements, invoices for small order payments less than \$500, and "invoice attached" requisitions for payments less than \$2,500 are due in University Accounting by December 12, 2007, at 5:00 p.m. to allow sufficient time for processing, including the mailing of the checks, prior to the holidays. Items received after this date will be processed upon receipt; however, checks may not be mailed until January. Payments will be timely, pending approval by the Office of State Finance. For further information, please contact Rita Hesser at x45865.

REQUESTS FOR PAYMENTS BY RECEIVING REPORTS

Receiving report payments are due in University Accounting by December 12, 2007, at 5:00 p.m. to allow sufficient time for processing, including the mailing of the checks, prior to the holidays. Receiving reports received after this date will be processed upon receipt; however, checks may not be mailed until January. Payments will be timely, pending approval by the Office of State Finance. For further information, please contact Rita Hesser at x45865.

CAMPUS VENDOR INVOICES

Campus vendor invoices received by December 18, 2007, at 5:00 p.m. will be processed in December. Those received after this date will be processed upon receipt; however, they may not be processed until January. For further information, please contact Debbie Connelly or Jan Brazil at x45881.

REQUISITIONS--NEW ORDERS

New order requisitions received in University Accounting prior to the holidays will be forwarded to the Purchasing Department. Any department needing to initiate a new bid package prior to the holidays should contact the Purchasing Department regarding the timing necessary to meet the appropriate deadlines.

DEPARTMENTAL DEPOSITS

The Bursar's office will need all departmental deposits by noon on December 21, 2007 for inclusion in December activity. Please contact Cindy Buford of the Bursar's Office at X47790 if you have any questions.

PAYROLL PROCESSING

If departments are aware of any outstanding employee overpayments or other payroll issues, it is important for them to notify Karen McCombs (744-6380) in Payroll Services immediately, so they can be addressed in the remaining 2007 payrolls.

Monthly Processing

The December monthly payroll finals earlier in the month than in other months. It is important that departments notify Payroll immediately of any payroll discrepancies during the testing of the December monthly payroll. The first and second tests are on December 7 and 10. This payroll will final on December 11.

Paper ENP's for December need to be to Payroll Services by December 21, the last workday of the month.

Biweekly Processing

4R11, which covers the period of December 1 through December 14, will final on December 12. Therefore, part of the second week will need to be estimated for biweekly time input. Remember, departments are not allowed to estimate time for workstudy students. Time and pay for these workstudy students will have to be adjusted on the next pay period as a prior period adjustment. It is also a good practice to wait and pay estimated wages to other students in the next pay period.

4R12, which covers December 15 through December 28, will final on January 3, 2008. This means departments will need to input and approve time as soon as we return from the holiday break. Departments should collect biweekly timesheets prior to the break in order to enter and approve time input on Tuesday, January 2, 2008, the day we return from break.

We appreciate your help in handling payment processing prior to the holidays.