
FISCALLY FIT

News from the Controller

June 2008

FRAUD DETERRENCE & COMPLIANCE PROGRAM

Noncash Asset Misappropriation Schemes

Asset misappropriation schemes can target cash or non-cash assets. Noncash asset misappropriation schemes were found in 23% of the cases included in ACFE's 2006 Report to the Nation on Occupational Fraud and Abuse. Inventory and equipment were the most commonly misappropriated noncash assets. In almost half of these cases, tips were identified as the means of detection of the fraud.

INSIDE THIS ISSUE

- 1 Noncash Asset Misappropriation Schemes Reporting Fraudulent Activity
- 2 FRS System Availability
Correct Fiscal Year on Payments
Stop Payment Requests
Travel Reimbursement—Checked Baggage
Bursar News
Recasts for FY08 and FY09
- 3 Labor Changes for FY08 and FY09
Copier Maintenance/Lease Agreements
Notary Public
Personal Purchases on Pcard
Important Purchasing Dates
Summer Fun
- 4 Shots Fired
Liability Insurance
Department of Homeland Security establishes Audit Tracking System
Fellowship Grants

There are two ways a company asset can be misappropriated – the asset can be misused (or borrowed) or the asset can be stolen. Vehicles, office supplies, computers, and other office equipment are examples of assets that are typically misused, rather than stolen. Unauthorized use of the employer's assets amounts to fraud if a false statement accompanies the use. Common schemes involving the theft of inventory and other assets include:

- larceny schemes (the employee takes the asset from the premises without attempting to conceal it in the books and records or without trying to justify its absence);
- asset requisitions and transfers (the employee requisitions materials to complete a work-related project, then steals the materials or the employee falsifies asset transfer forms in an effort to move the asset to a location where the asset can easily be taken by the employee);
- purchasing and receiving schemes (assets are intentionally purchased by the employer, but misappropriated by the fraudster most commonly by abusing purchasing and receiving functions); and
- false schemes (false shipping or false sales documents are created).

Reporting Fraudulent Activity

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.

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

Contact Brenna Dixon, CPA, CFE (405-744-2296, Office of the Associate Vice President and Controller, 207 Whitehurst) for additional information, comments, or questions about fraud deterrence and compliance issues.

UNIVERSITY ACCOUNTING

FRS System Availability

The FRS system will be unavailable on July 1st and 2nd while we complete the year-end closing process. Please discourage individuals in your department from trying to log in so that the closing process is not delayed. The system will be available again on July 3, 2008, at which time we will resume the processing of payments.

Correct Fiscal Year on Payments

When changing fiscal years, it is important to use the correct fiscal year on all invoices and payment documents submitted to University Accounting. All invoices dated prior to July 1, 2008 should be processed as FY08 to properly reflect the expenditure in the state system.

Stop Payment Requests

When a stop payment request is submitted to the Oklahoma State Treasurer for a state warrant, the vendor can no longer redeem the warrant. However, the state does not return these funds to OSU. The only way in which the state will return the funds is if the warrant is submitted to the Office of State Finance for cancellation. Once the warrant is 90 days old, it can no longer be cancelled. The only option we have when a warrant is stale dated is to reissue the payment to the original vendor.

Therefore, when a department requests that University Accounting stop the payment on a state warrant, you must retrieve the original warrant and return it to us so that we can submit it to the Office of State Finance for cancellation or those funds will not be returned.

Travel Reimbursement – Checked Baggage

Some airlines are beginning to charge for checked baggage (i.e. \$15 for the first bag and \$25 for the second bag). Per the Office of State Finance (OSF), if a charge is incurred for checked baggage, the first baggage charge of \$15 would be reimbursable as a travel expense. However, if a baggage charge is incurred for a second bag, the charge will only be reimbursed if the traveler can justify and document the business need for the second bag (i.e. extended stay requiring additional clothing, business materials, etc.). The guidance from OSF indicates that an extended stay would be more than 7 days. In order to be reimbursed, the traveler must have a receipt for the charge. A lost receipt form will not be accepted.

BURSAR

Bursar News

Available online is a handbook describing bursar information. Check it out: <http://bursar.okstate.edu/forms/BursarCatalog.pdf>

OSU offers a Payment Option Plan (OSU POP) as an alternative to standard bursar account lump-sum payments. The OSU POP enables families and students to pay University-billed expenses in regular monthly installments. This affords the ability to budget semester costs to best fit your individual needs. Our program provides all of the benefits of a monthly payment plan without incurring interest. By making monthly payments affordable, the OSU POP will help you avoid accumulating additional debt. To cover administrative expenses the OSU POP carries an application fee of \$40.00 (annual) or \$25 (semester). Call our POP specialist at 405-744-5998 or e-mail us at bursarpop@okstate.edu or visit our website <http://bursar.okstate.edu/forms/osupop.pdf> for more information.

The final FY08 bursar refunds (including direct deposits), short term emergency loan checks, and assignment checks will process Friday, June 27th in order to meet the State's transmittal deadline.

Please make sure all FY08 departmental deposits are brought to the cashiers by noon on Monday, June 30th to ensure year-end deadlines are met. Don't forget that online departmental deposit entry is available. Please contact Cindy Buford for instructions (cindy.buford@okstate.edu or 405-744-7790).

PAYROLL

Recasts for FY08 and FY09

Recast transactions for labor and benefit charges occurring in June 2008 will be processed in July only and must be received by Sherry Warden, 409 Whitehurst, no later than July 11, 2008. If grant accounts are involved, sufficient time should be allowed for the transaction to be reviewed by Grants and Contracts Financial Administration and forwarded by the above date. Recasts for FY08 pay periods that are received after July 11 will be returned to the departments to be rewritten as reallocations. The 4R25, 4R26, and 1X12 payrolls posted in FY09 are not subject to the July 11 deadline. For further information, please contact Sherry Warden at 405-744-6574.

Labor Changes for FY08 and FY09

The labor distribution input screens in HRS (UL1, UL2, and UL3) are limited to a single fiscal year. Therefore, departments can make changes to only one fiscal year at any given time. The last FY08 monthly payroll (1X12) will process on the night of July 8, 2008. The last FY08 biweekly payroll (4R26) will process on the night of July 16, 2008. Therefore labor distribution screen will remain FY08 through Wednesday, July 16. On Thursday morning, July 17, 2008, the labor distribution screens will reflect FY09 funding. Do not make any changes to FY09 funding until July 17, 2008.

PURCHASING

Copier Maintenance/Lease Agreements

Copier maintenance/lease agreements totaling \$5,000 or less per fiscal year and paid with the pcard should always be with an OSU Copier Contract vendor unless a proper justification is given for an exception to be granted. The copier contract vendor list can be found at <http://purchasing.okstate.edu/Documents/Contracts/copiers.pdf>.

Notary Public

The forms to apply for a notary public may be obtained through the Purchasing Department. If your department requires you to become a notary public, the pcard may be used to pay for this expense.

Personal Purchases on Pcard

Notice: There have been several cases of cardholders “accidentally” using the pcard to make personal purchases. Cardholders must be aware of the credit card they are using when making personal purchases. Personal purchases with the pcard are not acceptable. Repeat violations may result in loss of the pcard.

To assist cardholders with using the appropriate credit card, orange sleeves are provided when the cards are received. The card should be kept in this sleeve, perhaps in a separate place from other credit cards, to avoid using the wrong credit card.

Important Purchasing Dates

Board Dates:

- Requisitions requiring Board of Regents approval (greater than \$150,000) are due in Purchasing July 2, 2008, for the July 25, 2008, Board Meeting.

Pcard Training:

- June 25, 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 405-744-5374, 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.

Purchasing can be contacted at:

Phone: 405-744-5984

Fax: 405-744-5187

Email: purchase@okstate.edu

Website: www.purchasing.okstate.edu

ENVIRONMENTAL HEALTH & SAFETY

Summer Fun

Mention the 4th of July and our thoughts turn to fireworks, picnics, swimming, bike riding, in short, everything under the sun. Along with all that fun come some responsibilities as well.

Firecrackers: Buy from reliable sellers, always have water handy, never experiment or make your own, never give them to small children, and dispose of them by soaking in water before placing them in the trashcan.

Public Fireworks Displays: Respect safety barriers—the best viewing distance is from a quarter of a mile or more away. Do not touch any unexploded component that falls to the ground—contact the local fire department. Pets (especially dogs) have sensitive hearing; loud noises can hurt their ears. Leave pets at home.

Heat Stress: Just by walking in the shade an average adult can begin to show signs of heat stress when the temperature is 80 degrees and the relative humidity is around 40% (which is a Heat Index of 80). If you are planning any outdoor activities, make sure everyone has the opportunity to drink plenty of water (non-sweetened, no caffeine, no alcohol), and have ready access to good shade. Eat light foods, keep ice on hand, and monitor everyone for signs of heat stress.

Storms: June 22-28 is Lightning Safety Awareness Week. Go to <http://www.pp.okstate.edu/chs/modules/lightning/index.htm> and learn about the 30-30 Rule. Then see if you can pass the test.

Add to your enjoyment by doing things safely this summer (and keeping the potato salad cold).

EMERGENCY MANAGEMENT

Shots Fired

All of the media attention given to “Active Shooters” on U.S. campuses in the last couple of years can be unsettling. Reports of this nature can often be frustrating as well because no suggestions are usually given on how to protect you and your colleagues from a similar event. OSU Emergency Management has purchased the website rights for the training video, “Shots Fired.” The video is a 20 minute demonstration of three proactive steps you and your friends can practice to protect yourselves. We encourage you to watch the video with a group of peers and practice mentally and physically what you would do in a similar situation. There are several ways to watch the video. You may watch it on-line by clicking the “Shots Fired” link at <http://vpaf.okstate.edu/rpm/>, you may check out a DVD from the Office of Risk Management, the Office of Environmental Health and Safety, OSU Police, Office of the VP for Student Affairs, and the Office of the VP for Administration and Finance. You may request someone give a presentation along with the video by contacting Mr. Greg Hogan at 405-744-7241. Presentations can also be arranged by contacting any of the offices listed above.

RISK MANAGEMENT

Liability Insurance

State employees have an enviable position in regard to general, auto, and professional liability via the Oklahoma Governmental Tort Claims Act. This legislation provides liability protection for all OSU employees acting within the scope of their employment at Oklahoma State University and provides sovereign immunity from personal liability. However, unknowingly employees risk negating this immunity by personally purchasing additional professional insurance.

Answers to commonly asked questions on Risk Management and Liability Insurance provided for OSU employees can be found on the OSU Risk Management website, <http://vpaf.okstate.edu/RPM/FAQ.htm>. For further information, you may contact the Risk Management office at 405-744-7337, or send your specific questions to Mike Bale at mike.bale@okstate.edu.

GRANTS & CONTRACTS

Department of Homeland Security establishes Audit Tracking System

The U.S. Department of Homeland Security (DHS) is one of the fastest growing granting agencies, but the “overlapping jurisdictions” within the agency have presented some challenges in grant monitoring. Problems occurring within the agency and problems associated with ineffective grant recipient management have created numerous challenges, inefficiencies, and opportunities for fraud. The U.S. Inspector General also reports many grant recipients have an “inability to effectively manage their grant funds and demonstrate and measure improvements in national security.”

DHS plans to focus on those things deemed material weakness conditions, and establish internal controls for delivery of funds to grant recipients. The system will focus on streamlining both the oversight monitoring and management processing; identifying potential duplicated programs and; transferring oversight of the programs from the procurement officer to the chief financial officer for overall accountability, internal controls, and audit processing.

When agencies begin an overhaul of their monitoring processes, they typically begin with reviews of grant recipients with clean program management. Thus DHS may focus on reviews of colleges and universities before beginning a systematic review of state and municipal recipients.

Ref: Single Audit Information Services
Thompson Press March 2008

Effective July 1, 2008 – For New Fellowship Grants and New Increments on Active Fellowships

OSU continues to work to provide opportunities and funding for graduate students as Teaching Assistants, Graduate Assistants, and Graduate Research assistants (GRA). While graduate students generally contribute to the University’s overall mission, graduate fellowship recipients are becoming a growing presence in OSU’s graduate and research programs. In an effort to assist fellowship recipients and offer similar benefits and opportunities to fellowship recipients, as afforded to GRA’s, the following statement is issued to provide additional clarification of OSU’s graduate student tuition remission program. This statement neither supersedes any University policy currently in place nor the use of the Exhibit A.

A fellowship is typically granted to an individual to aid in study, training, or research. It is not offered as compensation for services rendered directly to the institution. It is imperative that the University meet the terms of the fellowship by delivering the student's stipend and other related fellowship funds in a timely manner in accordance with the guidelines of the granting agency and in the most efficient manner. The University will work with the fellowship's granting agency's specific requirements for the efficient processing of fellowship funds.

The University plans to monitor fellowship funds through a ledger 6 grant account capturing all charges related to the fellowship. These costs will be charged directly to the ledger 6 account. The University will also use, if approved by the sponsoring agency, the University's payroll system to process the fellowship recipient's stipend/salary.

Background

1. Graduate research assistants (GRA) and fellowship recipients (fellow) supported by external contracts and grants are eligible for University-sponsored health insurance benefits and tuition remission ('waivers') if:
 - a. the GRA or fellow is employed at least 0.25 FTE; and
 - b. the GRA or fellow enrolled in an advanced degree program, with a course load commensurate with their FTE employment level (9 hours for employment less than 0.5 FTE, 6 hours if at least 0.5 FTE); and
 - c. the GRA or fellow is participating in a research project sponsored, in whole or in part, by Oklahoma State University, a federal agency, a state agency, a local agency, a private organization, or another outside organization; and
 - d. the GRA or fellow, if performing within the guidelines of the program, would receive the tuition and health insurance benefits regardless of whether or not an outside sponsor is secured (this is the case at OSU).
2. GRA and fellow health insurance benefits are paid from contracts/grants as part of the fringe benefit rate. The rate is assessed as a percentage of the salary.
3. GRA tuition remission is paid by the University in anticipation of tuition support (resident amount only) from the contract/grant through submission of the Exhibit A form. (The non-resident portion of the tuition (if applicable) may be waived by the University.) Upon submission of an Exhibit A form, resident tuition charges are paid by the con-

tract/grant on behalf of the student. If the University had previously paid/waived the student's tuition, the University waiver will be supplanted by the granting/sponsoring agency. Any University-provided tuition payment or waiver will be reimbursed to the University. No F&A is charged on such tuition payments.

Fellowship recipients who, if by chance, do not receive grant or contract tuition benefits from the sponsoring agency, will be given tuition waivers in the same manner as a GRA.

4. If a graduate student is supported by a fellowship from a sponsoring organization, this fellowship typically includes an amount to support the "cost of education," which can include tuition, fees, health insurance, travel, books, etc. Most of these charges, as well as the stipend, have until now, typically been paid directly into the student's bursar account. In cases where the "cost of education" amount is insufficient (or nonexistent); the student has had to bear the residual cost of the tuition and/or health insurance coverage.
5. Traditionally, fellowship payments flow directly into the student's bursar account from the grant account. The student's stipend is then processed and released by the bursar's office to the student. Effective July 1, 2008, fellowship recipients will receive payments through the University's payroll process.
6. Because of the automatic benefits that ensue from a GRA appointment sponsored by a contract/grant, Oklahoma State University intends, effective FY09, when permitted to do so by the sponsoring agency, for all fellowships to be processed as any other sponsored program. This will provide the fellowship recipient with the same allowances and benefits afforded GRAs. Other charges (travel, research supplies, fringe benefits) will be directly billed to the sponsored program's (ledger 6) account.

Procedure (Effective July 1, 2008)

1. Fellowship students should be encouraged to work with their graduate advisor and with the Graduate Fellowship Office in the Graduate College to develop and submit fellowship applications. Fellowship requests submitted to the agency should include, as appropriate, stipend/salary/fringe, tuition, fees, housing allowance, books, research materials and supplies, and professional travel.
2. OSU's intention is to treat fellowship recipients as other graduate research assistants (GRA). Fellowship recipients will be compensated for their fellowship activities through the University's payroll proc-

- ess. Fellowship recipients will be eligible for graduate student insurance. The insurance will be charged to the student in the form and at the current level of the University's Fringe Benefits Rate for graduate students.
3. Whether a student either (a) enters Oklahoma State University after receiving a fellowship, or (b) obtains fellowship funding after enrollment, s/he should advise his or her graduate advisor of the award.
 4. When advised of a fellowship award, the advisor should contact the Grants/Research Office in his/her college. The Grants/Research Office should verify with the sponsoring agency that the student's stipend may be paid through the payroll process. The college's or department's sponsored programs office should begin the process to establish a ledger 6 account specifically for the fellowship.
 5. If distribution of the fellowship via a payroll process is permitted by the sponsoring agency, a ledger 6 account should be created, into which the fellowship funds are tracked, and
 - a. the associated grant proposal should be properly documented and routed;
 - b. its budget should include a fringe benefit line for the health insurance benefit;
 - c. the VPRIT has waived F&A on graduate research fellowships.
 6. It will be necessary for the department representing the fellowship student to complete a Health Insurance and Non-Resident Waiver Eligibility Certification as well as any other employment action forms necessary to place the student into the payroll system. (Policy #3-0362). If the student has specific tax concerns, the student should contact a qualified tax expert.
 7. If disposition of funds via a payroll process is not permitted, the fellowship funds should be disbursed in accordance with the sponsoring agency's requirements
 8. The stipend/salary should be paid to the student through the University's payroll system, upon submission of an appropriate EA form. This will trigger the automatic payment of health insurance and tuition benefits from central accounts. The appropriate grant will be charged the applicable fringe benefit rate for graduate students.
 9. If tuition/fee payments are included in the fellowship, Exhibit A forms to charge the ledger 6 account accordingly should be submitted to the Graduate College.
 10. Other payments (travel, books, etc.), if included in the fellowship, should be billed directly to the ledger 6 account. In the case of books, the book charges will be charged to the fellowship recipient's bursar account. The bursar's office will seek reimbursement from the ledger 6 account.