
FISCALLY FIT

News from the Controller

April 2008

FINANCIAL INFORMATION MANAGEMENT

E-Commerce and PCI Training

John Smith, Director of Financial Information Management, will be presenting two training sessions on May 6th to discuss the environment for E-Commerce at Oklahoma State University. The first training session will cover a general overview of E-Commerce and general practices for accepting credit cards. The second training session will cover guidelines for Payment Card Industry (PCI). If your department accepts credit cards, you need to attend this training. The Data Security Standard requires all merchants to comply with the information to be covered. To enroll for these training sessions contact Human Resource at 744-5374 or visit <http://hr.okstate.edu/hr/training.html>.

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PURCHASING

New Staff

We would like to welcome a new staff member to the Purchasing Department. Clint James joined our department on April 1st as a buyer. His purchasing responsibilities will include technology, software, and construction projects.

Important Purchasing Dates

Board Dates:

- Requisitions requiring Board of Regents approval (greater than \$150,000) were due in Purchasing: March 26, 2008, for the April 18, 2008, Board Meeting.
- Requisitions requiring Board of Regents approval (greater than \$150,000) are due in Purchasing: May 28, 2008, for the June 20, 2008, Board Meeting

Pcard Training:

- April 22, 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 X5374, on the Human Resources web site at http://fp.okstate.edu/hrosu/training_enroll.htm, or by Email: osutrng@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

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

ENVIRONMENTAL HEALTH & SAFETY

BURSAR

Bursar News

Cancellation of summer enrollment will occur May 2nd for accounts that have not fulfilled payment arrangements for a past-due bursar balance. Please remember that bursar accounts must be current to enroll in future semesters and to continue charging items on campus to your account.

Spring bad debt assessment calculations and entries are prepared in April. The annual write-off of bursar accounts older than three years with no activity will occur in May.

A reminder:

According to Billing and Receivable System (BRS) Policy #3-0330. "As prescribed by the Oklahoma A and M Board of Regents, all University departments that maintain accounts receivable systems or are involved with invoicing sales, services, and assessments are required to utilize the central system for the recording of accounts receivable."

Using the central accounts receivable system (BR) standardizes collection efforts for the University and assures adherence to collection laws. The BR central system interfaces with the Financial Reporting System (FRS) which ensures proper recording of the receivables to facilitate monthly and annual reporting to the University financial statements. Internal and external auditors are able to review accounts receivable balances as necessary. The proper bad debt allowance entries are prepared and recorded.

PAYROLL

Minimum Wage Increase

Effective July 24, 2008 the minimum wage will increase to \$6.55 per hour. Currently, all continuous regular employees should be making at least \$6.75 per hour, so this increase only affects student and temporary employees.

If your department will be setting up assignments for student and temporary employees during BDS, it will be the department's responsibility to increase their pay to \$6.55 per hour on or before July 24, 2008.

Turn Around—Don't Drown

Heavy rains usually close several local roads. Some of us travel those roads every day and must make detours to get to campus or into the city. How many times have you been in a hurry and were tempted to drive through high water? More people lose their lives in floods than in any other weather event. Here are some facts to keep in mind the next time you are faced with a road closed by flooding.

- Six inches of rapidly moving water can sweep you off your feet or cause you to lose control of your car.
- Most cars can be swept away in 18 inches of moving water and will usually roll over while being swept downstream.
- More than half of all flood-related drownings occur when a vehicle is *driven into* floodwaters. Walking into or near floodwaters is the cause of the next highest percentage of flood-related deaths.
- Floodwaters can hide a washed-out road that you drove on just the day before.
- Commercials advertising the ability of their truck or SUV to drive through high water can lead to a false sense of security or even to tragic consequences. Those vehicles may have only an additional six to twelve inches of clearance. Their weight or tire tread is not a factor in whether or not they can be swept away. If an aircraft carrier can float, why not a Hummer?

Know when you are at risk! Keep abreast of the latest weather watches and warnings by tuning to local media or by listening to a weather radio. Be especially careful when driving after dark. If you know a road on your regular route might be closed due to flooding, plan another route and take the extra time into account.

Watch the video on Low Water Crossings from the National Weather Service. A link to this video is on the EHS web page at www.pp.okstate.edu/ehs/links/driving.htm

FRAUD DETERRENCE & COMPLIANCE PROGRAM

Expense Reimbursement Schemes

Expense reimbursement schemes include any scheme in which an employee makes a claim for reimbursement of fictitious or inflated business expenses. According to the 2006 Report to the Nation on Occupational Fraud and Abuse, expense reimbursement schemes occurred in 30% of the fraudulent disbursement cases in the study. Almost 73% of the expense reimbursement schemes were perpetrated by individuals at the managerial or owner/executive level. The two most commonly cited methods of detection of these schemes were tips and by accident.

Common expense reimbursement schemes include:

- ⇒ Mischaracterized Expenses – Reimbursement is requested by an employee for a personal expense by claiming that the expense is business related.
- ⇒ Overstated Expenses – An employee will overstate the cost of actual business expenses by altering receipts or overpurchasing.
- ⇒ Fictitious Expenses – An employee will “invent” an expense and request that it be reimbursed by producing fictitious receipts, obtaining blank receipts from vendors, or claiming the expenses of others.
- ⇒ Multiple Reimbursements – Several different types of support are submitted by an employee for the same expense.

Preventing expense reimbursement schemes can be accomplished through a combination of the following actions.

- ⇒ Review internal control policies and procedures in your department and monitor for compliance
- ⇒ Remove opportunity
- ⇒ Ensure there is a proper segregation of duties
- ⇒ Make sure employees in your department are properly trained
- ⇒ Carefully review original support documents for dates, times, and descriptions of the purpose for the expense
- ⇒ Compare the dates and times of travel expenses to the work schedule of the employee seeking reimbursement
- ⇒ Investigate travel expenses that appear to be out of line
- ⇒ Be alert for receipts from the same vendor that cover an extended period of time, yet are consecutively numbered

- ⇒ Review your accounts for unusual or unexpected activity and investigate
- ⇒ Don't be a “rubber stamp” supervisor – Ask questions
- ⇒ Require proper documentation, watch for false documentation / invoices, and investigate any invoice that appears to have been altered
- ⇒ Report fraud and/or suspicious 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: *2008 Fraud Examiners Manual*
2006 ACFE Report to the Nation on Occupational Fraud & Abuse
Corporate Fraud Handbook, Joseph T. Wells

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

Encumbrance Maintenance

Please review the encumbrances on your FRS accounts to be sure they are still valid and that the amounts are correct. It is important to review encumbrances before the end of the fiscal year so that invalid encumbrances do not roll forward to the next fiscal year. If you find encumbrances that are no longer valid or need to be adjusted, please send an email to Dorothy McLaughlin (dorothy.mclaughlin@okstate.edu).

Reminders:

Airfare Comparisons

State of Oklahoma policy requires that state agencies use a state contracted travel agency unless it can be documented that a lower priced airfare was obtained elsewhere. To comply with state policy, a quote from a state contract travel agency must be obtained when purchasing a ticket from a non-contract travel agency. For accurate comparison as assurance of obtaining the lowest price, the quote should be obtained before the ticket purchase. This is addressed in OSU Policy and Procedure 3-0201, Section 10.26 E.

Documentation for Airfare and Lodging Purchased with the Pcard

Departments purchasing airfare and lodging with the pcard must provide the appropriate documentation required by the Direct Purchase of Airfare and Lodging Procedures. These procedures can be found on the University Accounting website at the following link: <http://vpaf.okstate.edu/UA/CommercialAirfareDirectPurchase.htm>. All documentation must be attached to an Airfare/Lodging Transaction Log with dated signatures of the cardholder and approver.

The airfare documentation must include receipts from the vendor supporting the purchase of each airline ticket and the approved out-of-state travel request. If the airline ticket was purchased from a non-contract travel agency, then documentation must also be provided to show that a quote was obtained from the state contact travel agency prior to purchasing the ticket. The quote must include the state contract travel agency, the agent, the date, and amount.

The lodging documentation must include a completed 'Direct Purchase of Lodging with Purchasing Card Worksheet' for each travel event charged by the cardholder. The following must be attached to the worksheet: itemized receipt(s) for the purchase of lodging, support for the lodging rate(s), and a copy of the out-of-state travel requisition(s), when applicable.

GRANTS & CONTRACTS

Effects of a Long-term National Recession

The Chronicle of Higher Education reported March 28th (Brad Wolverton) that colleges and universities could be hit hard if the economy enters a full-blown recession. Typically higher education fares ok since downturns in the economy prompt many non-traditional students to return to the classroom. However, not all colleges and universities enjoy the benefits brought by increased enrollment. Some institutions with dependence upon state support see a reduced appropriation during down economic cycles.

The Chronicle also reports that federal research dollars will be affected by a recession. It is expected that while federal sponsored programs will continue, federal dollars will be reduced in the short-term. Federal appropriations (congressional earmarks) will also face increasing scrutiny during the Fall election.

Federal Earmarks

Jeffery Brainard and J.J. Hermes also reported in the March 28th Chronicle that congressional earmarks continued to grow this past federal budget cycle while under national criticism from lawmakers and the public. This seems to bring increased attention to what many believe to be a substantial drain on the federal treasury.

Oklahoma State University is ranked 33rd nationally for 2008 with \$11.7 million in federal appropriations. This is substantially less than the combined \$80.6 million enjoyed by the top two schools (Mississippi State University \$43 million and the University of Mississippi \$37.6 million).

Ref: Brainard, Hermes, Wolverton (Chronicle of Higher Education 3/28/08)

Debarment and Suspension

It is possible for an organization or an individual to be excluded from participating in grants, contracts, cooperative agreements, or other types of federal assistance. The common phrase is "debarment and suspension" and was initiated by Executive Order 12549 (February 18, 1986). Debarment and suspension includes not only those organizations or individuals receiving direct contracts from the federal government, but the exclusion also carries through to "flow-down" organizations (subcontractors/sub-recipients) receiving benefits from an organization contracting directly with the federal government.

If a party acts in such a manner to defraud the federal government or is grossly incompetent with the handling of a federal contract, the party abusing the government may face debarment or suspension from participating in federal awards. It is possible for not only an organization to be barred or suspended, but an individual may also be excluded from working on federally-supported programs. Should Oklahoma State University solicit an organization to participate as a sub-contractor on a federal award, Oklahoma State University is responsible for assuring the federal government that the sub-contractor is an eligible participant and has not been debarred or suspended from activities on the federal contract.

Organizations and individuals suspended or debarred are included in the federal "Excluded Parties List System" www.epls.gov.

TRANSPORTATION SERVICES

Tips for Boosting Fuel Efficiency

While fuel prices continue to increase it may be a good time to remind drivers of the simple steps they can take to increase fuel efficiency. The federal government makes the following recommendations.

- **Drive sensibly.** Aggressive driving (sudden acceleration and braking) wastes gas.
- **Comply with the posted speed limit.** Fuel mileage tends to fall rapidly at speeds above 60 mph.
- **Remove excess weight.** Don't use your trunk as a storage locker.
- **Avoid excessive idling.** Sometimes it's better to plan a route that avoids left turns that require a lot of waiting.
- **Use cruise control.**
- **Keep your vehicle properly maintained and tuned.** A poorly tuned car can use more than 25 percent more fuel.
- **Check your tire pressure regularly.**
- **Combine tasks into one trip.**

—From *Automotive Fleet E-News*

Decals for OSU Vehicles

Transportation Services provides new window decals for all University vehicles. We encourage all vehicle owners to contact us about replacing the old decals with

the new decal designed with the  logo. This decal provides an enhancement in appearance and also displays a consistent image of all OSU vehicles. It should always be an objective to operate vehicles that present a positive reflection of the University to the public.