
FISCALLY FIT

News from the Controller

June 2010

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Unlike other privately-owned stores or online stores, the Student Union Bookstore is owned and operated by Oklahoma State University. Meaning, all of the monies spent at the Bookstore stay at the university rather than go to an individual's private bank account or to an out-of-state corporation. The Bookstore generates \$15 million of the Student Union's \$19 million budget. These monies support the Union's operations, programs and services, including the much-utilized Campus Life division, helping keep student fees to a minimum.

The Student Union Bookstore also offers free on-campus delivery and products are often delivered the next day saving unnecessary, unscheduled trips off campus. This means the Bookstore does the work for you so you can get your work done at your office.

Convenience is also a benefit. When you shop at the Bookstore you are able to easily charge to your campus vendor account and avoid the pesky paperwork associated with purchase card purchases.

We ask you to shop and compare as the Bookstore is often times able to match competitor's pricing. Simply contact any of the friendly, knowledgeable Bookstore staff at (405) 744-5366 or shop online at shopokstate.com. Also, be on the lookout for their upcoming promotions including deeply discounted office supplies!

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 6, 2010, at which time we will resume the processing of payments.

FROM THE CONTROLLER

Shopping at the Bookstore Just Makes “Cents”

We are often asked why offices should purchase their supplies at the Student Union Bookstore rather than through other off-campus vendors. The reason is simple: to support the university.

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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, 2010 should be processed as FY10 to properly reflect the expenditure in the state system.

Determination of Independent Contractor Status

When completing the 'Determination of Independent Contractor Status' form, it is important that the individual's employment status be noted correctly. If the individual is an employee of OSU or the State of Oklahoma, they should be treated as an employee for tax purposes and would not be considered an independent contractor. The correct determination is important in order to avoid any subsequent penalties being assessed by the IRS.

Payments on Maintenance, Lease, and Rental Agreements

Departments have the option to pay for maintenance, lease, and rental agreements that have an annual total of \$5,000 or less on the commercial purchasing credit card. The use of the departmental pcards for these payments would expedite the processing and alleviate unnecessary paper shuffling. A requisition is not necessary for agreements under \$5,000.

PURCHASING

Requisition Processing for Events

Processing a requisition for event services (i.e. student study trips, conferences, team travel, and other similar types of purchases) with an estimated cost greater than \$5,000 on the start date of an event is a violation of Purchasing Policy and Procedures. A requisition must be processed and a purchase order issued in advance of the start date for these services. Therefore, events with an estimated cost greater than \$5,000, should be processed on a requisition as soon as the department determines that the event will take place.

Employee Owned Companies

Purchases from employee owned companies must be processed on a requisition regardless of the amount due to the requirement for the solicitation of competitive sealed bids. Purchases from employee owned companies cannot be made using the pcard. Employee owned companies must notify OSU customers that purchases from their company can only be made through the competitive sealed bid process.

Important Dates

Board Dates:

- Requisitions requiring Board of Regents approval (greater than \$150,000) were due in Purchasing: May 26, 2010, for the June 18, 2010, Board Meeting.
- Requisitions requiring Board of Regents approval (greater than \$150,000) are due in Purchasing: June 30, 2010, for the July 23, 2010, Board Meeting.

Purchasing Seminars:

- Purchasing Policies and Procedures, September 16, 2010, 2:00 – 4:00 PM, Location TBA
- Ethics in Purchasing, October 27, 2010, 2:00 – 4:00 PM, Location TBA

You may register for any 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

RISK & PROPERTY MANAGEMENT

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. *Never attempt to re-light a firecracker that has failed.*

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.

Mosquitoes: The recent wet weather almost ensures a bumper crop of mosquitoes this summer. Always be on guard against West Nile Virus. Get rid of mosquito breeding sites by emptying standing water from flower pots, buckets, barrels—anything that can hold water. Change the water in pet dishes and replace the water in bird baths at least once a week. And wear insect repellents that contain DEET.

Storms: June 20-26 is Lightning Safety Awareness Week. Go to <http://www.ehs/okstate.edu/modules/lightning/index.htm> and learn about the Lightning Rule. Then see if you can pass the test.

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

BURSAR

Bursar News

Enrollment holds are placed the night of June 16, 2010 on any account with a past due balance. Letters and emails are sent to students who are enrolled for fall with a past due balance informing them of the consequences for nonpayment. Balances must be paid by July 30, 2010 to prevent fall enrollment cancellation.

The following is an excerpt from the email: “Oklahoma State University (OSU) policy mandates that outstanding balances be cleared prior to **attending** subsequent semesters. If you have a past due balance and it is not paid by the **July 30, 2010 deadline**, your fall enrollment is subject to cancellation. If it is necessary to cancel your enrollment due to your bursar account status, you will receive official notification of your fall course(s) cancellation(s) via certified mail in August. Please contact us to discuss the options available to you. We want you to continue your educational endeavors at OSU.”

A student parent handbook describing bursar information is available online. 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.

FY2010 Year End

The final FY2010 bursar refunds (including direct deposits), short term emergency loan checks, and assignment checks will process on **Tuesday, June 29th**.

Please make sure all FY10 departmental deposits are brought to the cashiers by **noon on Wednesday, June 30th** to ensure year-end deadlines are met. Don't forget online departmental deposit entry via AIRS is available. Please contact Cindy Buford for instructions (cindy.buford@okstate.edu or 405-744-7790).

Red Flag Rules - Deadline Extended Again

FTC extends enforcement deadline for Identity Theft Red Flags Rule again. At the request of several members of Congress, the Federal Trade Commission is further delaying enforcement of the “Red Flags” Rule through December 31, 2010, while Congress considers legislation that would affect the scope of entities covered by the Rule. This announcement and the release of an Enforcement Policy Statement do not affect other federal agencies' enforcement of the original November 1, 2008 deadline for institutions subject to their oversight to be in compliance. To read more visit: <http://www.ftc.gov/opa/2010/05/redflags.shtm>.

Student Union Renovation Bursar Move

Unfortunately, some bursar staff/services will be temporarily relocated during the Student Union renovation. We are attempting to keep the inconvenience to a minimum.

Locations Beginning July 1st:

Financial Counselor, Assistant Director, Bursar:
322 Student Union
Student Loan/Collections (Perkins, Health Prof):
440 Student Union

Recasts for FY10 and FY11

Recast transactions for labor and benefit charges occurring in June 2010 will be processed in July only and must be received by Sherry Warden, 409 Whitehurst, no later than July 9, 2010.

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 FY10 pay periods that are received after July 9 will be returned to the departments to be rewritten as reallocations.

The 4R25, 4R26, and 1X12 payrolls posting in FY11 are not subject to the July 9 deadline.

For further information, please contact Sherry Warden at 405-744-6574.

**ADMINISTRATIVE INFORMATION
RESOURCE SYSTEM (AIRS)**

Budget Checks Across AIRS Applications

Beginning July 1, CVI and Travel applications in AIRS will verify adequate available budget. This will function in a manner similar to Requisitions – items cannot be submitted without sufficient budget.

The formula for calculating budget available is
Budget Available = Budget – Expenses

Where

Budget = Budget entries in subcodes 3000 thru 9999

Expenses = expenses in FRS + encumbrances in FRS + unencumbered items in AIRS (Subcodes 3000 thru 9999)

Budget Available is calculated at the account level, not subcode level.

The timing of the encumbrance (both FRS and internal to AIRS) is as follows:

TRAVEL

- All out of state requests will encumber funds in FRS on APPROVAL.
- All in state reimbursement requests will encumber (internally to AIRS) on SUBMITTAL. No FRS encumbrance will be generated.

CVI

- All entries will encumber (internally to AIRS) on SUBMITTAL. No FRS encumbrance will be generated.

PAYROLL

Labor Changes for FY10 and FY11

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 FY10 payroll (4R26) will process on the night of July 14, 2010. Therefore, the labor distribution input screens will remain FY10 through Wednesday, July 14. The following morning, Thursday July 15, 2010, the labor distribution input screens will be switched to FY11. Departments may begin making changes to FY11 funding at that time.

**FISCAL & ADMINISTRATIVE
COMPLIANCE**

FRAUD DETERRENCE AND COMPLIANCE PROGRAM

Reporting Fraudulent Activity

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

New Pcard Contract

The State of Oklahoma has awarded the new pcard contract to Bank of America. Oklahoma State University will participate in this contract, which will require a change in our issuing bank and migrating to new tracking software. We have already had our first meeting with Bank of America and are working with them to begin the process. This will require some “behind the scenes” work on our part before we take the first steps to roll out the new program to the University; however, we anticipate the roll out will happen over the summer months. Information about the new program and status updates will be included in the Fiscally Fit newsletters and will also be sent out to the approver’s listserv.

GRANTS & CONTRACTS

Capitalization of Fabricated Equipment:

The treatment of institutional personnel costs incurred during the installation of capital equipment.

When a sponsored project involves the acquisition of capital equipment, should the effort of the principal investigator and/or staff involved in “putting the equipment into place” be considered part of the capitalized value and thus excluded from F&A recovery?

Unless approved in advance by a sponsoring agent capital expenditures for general purpose equipment, buildings, and land are unallowable as a direct charge to a grant (OMB Circular A-21 J16b(1), 2004). Though equipment deemed as “special purpose equipment,” under agency directives, may be directly charged to a grant.

When special purpose equipment is needed for research, most often the equipment is available as a “fully assembled unit.” However, there may be situations where the needed equipment does not exist, is not readily available as an assembled unit, or on-site assembly is more economically feasible to a project. Regardless of the situation or rationale for purchasing equipment, it is most important to ascertain the total cost for putting the equipment into place.

The purchase of equipment and recording of any costs incurred while putting the equipment into place is important to the broader University community primarily because of general asset management issues. Asset management concerns itself with the valuation of the equipment as it relates to the financial standing of the institution, risk management needs, and general stewardship of the institution’s assets. Proper asset management thus allows for the appropriate recording of each asset’s annual depreciation. In a much narrower perspective, proper recording of depreciation also assists in developing the Facilities and Administration rate (F&A) used to reimburse the University for the allocation of costs that cannot be readily attributed to any one project or objective.

Oklahoma State University capitalizes all equipment with a useful life of more than one year and an acquisition cost equal to or greater than \$5000 (Oklahoma State University Administrative Directive (2002); OMB Circular A-21 J16a(1), 2004). However, the cost of the equipment also includes the cost of putting the equipment into operation. The cost of the equipment and the necessary additional costs are referred to as “capital expenditures.” Thus the net cost of the equipment,

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modifications, attachments, accessories, or auxiliary apparatus necessary to make it useable for its intended purpose are capitalized. Secondly, there may be charges incurred in the delivery, installation, and any necessary training that may also be considered as capitalization costs (Generally Accepted Accounting Procedures; Oklahoma State University Policy and Procedure Letter 3-0201 (proposed); OMB Circular A-21 J16a(2), 2004).

The treatment of effort performed by institutional faculty and staff in “putting equipment into place” is subject to four primary issues; a) the nature of the sponsored project, b) the project’s approved budget, c) the focus of the principal investigator, and d) the primary duties of students, staff, and faculty assisting the principal investigator.

The Nature of the Project

As stated earlier, the acquisition of capital equipment with sponsored project funding is precluded unless there is specific agency approval. Without agency approval, however, the cost of putting equipment into place still must be considered as part of the capitalization costs. However, the salary cost of Oklahoma State University faculty, staff, and students expended in the installation of the equipment is considered normal job duties and is not used in recording capitalization.

Should the project allow for capital asset acquisition or the equipment be deemed as “special purpose equipment” the principal investigator may procure the needed capital item. The principal investigator has three options in acquiring the equipment; a) the desired equipment may be purchased fully assembled, b) the desired equipment may be purchased completely unassembled, or c) components necessary for the fabrication of the equipment may be purchased separately from multiple vendors.

In scenario a) the principal investigator purchases the fully assembled piece of equipment. It is delivered and installed. The purchase price of the equipment is quoted as a unit price. There is no itemized listing segregating the assembly cost of the various components. The piece of equipment is greater than \$5000 and considered a capital purchase. F&A is not charged against the equipment purchased.

In scenario b) it is economically feasible to purchase the equipment as an unassembled unit, and the Professor believes skills necessary to successfully assemble the unit exist among the staff supporting the project. While there is value added to the equipment once it is assembled, only the cost of the unassembled unit may be capitalized. The purchase of the unassembled equipment will be excluded

from F&A recovery. The salary of Professor is eligible for F&A for effort directly involved with the research project.

If the professor needs to hire outside consultants or technical assistance while assembling the equipment, the cost of the outside expertise is excluded from F&A. The cost of the consultants should be factored into the value of the equipment during capitalization.

In scenario c), the salary of the Professor building the equipment is subject to F&A recovery, and the cost of salaries and wages do not influence the capitalized value of equipment.

The Presentation of the Budget

An agency-approved budget controls the University's efforts in seeking reimbursement. It is the University's intent to recover full F&A on all costs approved in OMB Circular A-21 and the agency's published guidelines. Thus, all budgets submitted for sponsorship should reflect the University's intentions for full F&A recovery. Capital equipment purchases are excluded from most sponsored agreements, and F&A can never be recovered from capital acquisitions. Likewise, items purchased in modifications, attachments, accessories, or auxiliary apparatus necessary to make it useable for its intended purpose are capitalized. There may be charges incurred in the delivery, installation, and any necessary training that should also be considered as capitalization costs. These additional costs are also excluded from F&A recovery.

The principal investigator may be able to purchase parts that can be subsequently assembled to construct the needed equipment. The parts purchased separately may be below the capitalization threshold of \$5,000 and are normally eligible for F&A recovery as a supply purchase, but the budget representing such purchases should be earmarked for reassembly so F&A is excluded from supplies used in the assembly or construction of the equipment.

If the principal investigator hires a third party to install the sponsor-funded equipment, only then is the installation cost categorized as a capital expenditure. It is a direct charge to the grant, but F&A is not recoverable on the labor involved in the installation. These type expenditures should be labeled as "contract services" or "contract labor." Under no circumstance should labor, referencing the services of the principal investigator or other University personnel, be used as part of the acquisition of capital equipment. The salaries and wages of University personnel are to be documented as such within the project's budget.

The Focus of the Principal Investigator

In each scenario above it is important to consider the focus of the Principal Investigator. If the focus of the principal investigator in this particular project is to acquire a specific piece of equipment for other sponsored programs, then the professor is managing a capital project. No F&A is recovered on any aspect of the project.

If the capital equipment purchased is one part of a much larger scholarly inquiry, the principal investigator's primary concern is the successful completion of the inquiry. As such, time involvement on behalf of the professor in "putting the equipment into place" is inconsequential to the capitalization costs. The professor's salary is subject to F&A recovery in accordance with the terms of the sponsored project.

The Primary Duties of other Faculty, Staff, and Students assigned to the Project

Aside from the principal investigator, other faculty, staff, and students may be assigned to a sponsored project. The salary, wages, and fringe benefits associated with the project should be accounted in the budget under the appropriate categories. If the project is a capital equipment project, no F&A may be charged to any portion of the project.

If the project allows for the acquisition of "special needs" capital equipment as a part of a sponsored project, the efforts of University personnel in the assembly, construction, or acquisition of the capital item would be part of the total project cost. Attempts to separate the effort involved in "putting the equipment in place" would be difficult and would offer limited value in the capitalization of the equipment. F&A would be charged on the salaries of those assigned to the project.

Summary

Neither sponsored capital projects nor "special needs equipment" are eligible for F&A recovery. Salaries charged to a capital project are ineligible for F&A recovery as well. Sponsored programs with specific training, instruction, scientific or scholarly inquiry, having a budgeted and approved special needs equipment line item, may recover F&A for all salary expenses incurred during the scope of the project.

Oklahoma State University capitalizes all equipment purchases with a value equal to or greater than \$5000 and has a useful life of greater than one year. All costs associated with "putting capital equipment into place" are considered a capital expense. However, the salaries of the principal investigator, other faculty members, students,

and staff directly assigned to the project are not to be capitalized. University accounting and payroll practices do not allow salaries and fringe benefits to be charged to a ledger 7 account.

If labor is included on the budget, this will be interpreted as third-party, contracted services. Only third-party contract labor costs will be capitalized. Salaries of faculty, staff, or students directly charged to the project will be subject to F&A recovery policies of Oklahoma State University.

In the rare instances where the sponsor-approved budget may be interpreted that University salaries are part of the capital cost, the project will remain subject to the F&A recovery policy (1-0112) whereby the college will forfeit to the General University any F&A lost when institutional salaries are excluded from F&A calculations. The principal investigator may seek a waiver from the forfeit from the Vice President of Research and Technology Transfer.

Office of the Bursar

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Email: bursar@okstate.edu

Financial Information Management

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Fax: 405.744.7872

Website: www.fim.okstate.edu
Email: fim@okstate.edu

Fiscal & Administrative Compliance

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Stillwater, OK 74078

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405-744-8408 (PCard Administration)
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