

# Fiscally Fit

News from the Controller

March 2016



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**Office of the  
Associate Vice President  
and Controller**



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# NEWS FROM THE CONTROLLER



## WILAM Spotlight



**Josh Tivis**

**Accountant III**

**Thanks for your service, Josh!**

Each month one person will be randomly selected to spotlight as our WILAM Spotlight Employee. **If you haven't turned your form in yet, please submit it to Lynette Rhea, [lynnette.rhea@okstate.edu](mailto:lynnette.rhea@okstate.edu) . Forms can be found [here](#).**

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**Associate Vice President & Controller**  
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### Responsibilities

- Analyze/prepare invoices and financial reports.
- Analyze all accounts for consistency and reasonableness.
- Complete final close out of accounts.

### Previous Experience

- Operated utility billing systems for Power Plant Enterprises, Water Plant Enterprises, Sanitary Sewer Enterprises and Utility Services Enterprises.
- Operated Physical Plant's Job Cost Billing system.

### Education

- Master of Science in Educational Leadership Studies from OSU.
- Bachelor of Science in Accounting from Oklahoma State University.

### Other interesting facts about you

- Interests include spending time with family, attending OSU sporting events, hunting and fishing.



## Financial Tip of the Month

Provided by Intuit Turbo Tax.

The material is for informational and educational purposes only and should not be regarded as a recommendation or an offer to buy or sell any product or service to which this information may relate.

### Tax Tips after January 01, 2016

If you think your tax bill is chiseled in stone at the end of the year, think again. Though it's true that most money-saving options to defer income or accelerate deductions become much more limited after December 31, there is still a lot you can do to make the tax-filing season cheaper and easier.

Some strategies can help you lower your taxes, some help you save time and money when preparing your tax return and other strategies help you avoid costly penalties and interest on both federal and state taxes.

### Contribute to Retirement Accounts

If you haven't already funded your retirement account for 2015, do so by **April 18, 2016**. That's the deadline for contributions to a traditional IRA, deductible or not, and to a Roth IRA. However, if you have a Keogh or SEP and you get a filing extension to October 17, 2016, you can wait until then to put 2015 contributions into those accounts.

Making a deductible contribution will help you lower your tax bill this year. Plus, your contributions will compound tax-deferred. It's hard to find a better deal. If you put away \$5,000 a year for 20 years in an investment with an average annual 8 percent return, your \$100,000 in contributions will grow to \$247,000. The same investment in a taxable account would grow to only about \$194,000 if you're in the 25 percent federal tax bracket (and even less if you live in a state with a state income tax to bite into your return).



## Contribute to Retirement Accounts - continued

To qualify for the full annual IRA deduction in 2015, you must either: 1) not be eligible to participate in a company retirement plan, or 2) if you are eligible, you must have adjusted gross income of \$61,000 or less for singles, or \$98,000 or less for married couples filing jointly. If you are not eligible for a company plan but your spouse is, your traditional IRA contribution is fully-deductible as long as your combined gross income does not exceed \$183,000.

For 2015, the maximum IRA contribution you can make is \$5,500 (\$6,500 if you are age 50 or older by the end of the year). For self-employed persons, the maximum annual addition to SEPs and Keoghs for 2015 is \$53,000.

Although choosing to contribute to a Roth IRA instead of a traditional IRA will not cut your 2015 tax bill—Roth contributions are not deductible—it could be the better choice because all withdrawals from a Roth can be tax-free in retirement. Withdrawals from a traditional IRA are fully taxable in retirement. To contribute the full \$5,500 (\$6,500 if you are age 50 or older by the end of 2015) to a Roth IRA, you must earn \$116,000 or less a year if you are single or \$183,000 if you're married and file a joint return.

The amount you save for making a contribution will vary. If you are in the 25 percent tax bracket and make a deductible IRA contribution of \$5,500, you will save \$1,375 in taxes the first year. Over time, future contributions will save you thousands, depending on your contribution, income tax bracket, and the number of years you keep the money invested.



## Organize your Records for Tax Time

Good organization may not cut your taxes, but there are other rewards, and some of them are financial. For many, the biggest hassle at tax time is getting all of the documentation together. This includes last year's tax return, this year's W-2s and 1099s, receipts and so on.

If you really want to make tax season go smoothly, use a personal finance software program throughout the year so you have easy access to all the information you need.

How do you get started?

- Print out a tax checklist to help you gather all the tax documents you'll need to complete your tax return.
- Keep all the information that comes in the mail in January, such as W-2s, 1099s and mortgage interest statements. Be careful not to throw out any tax-related documents, even if they don't look very important.
- Collect receipts and information that you have piled up during the year.
- Group similar documents together, putting them in different file folders if there are enough papers.
- Make sure you know the price you paid for any stocks or funds you have sold. If you don't, call your broker before you start to prepare your tax return. Know the details on income from rental properties. Don't assume that your tax-free municipal bonds are completely free of taxes. Having this type of information at your fingertips will save you another trip through your files.



## Find the Right Tax Forms

You won't find all of them at the post office and library. Instead, you can go right to the source online. View and download a large catalog of forms and publications at the [Internal Revenue Service](#) Web site or have them sent to you by mail. You can search for documents as far back as 1980 by number or by date.

The IRS also will refer you to a private Web site that lists state government sites where you can pick up state forms and publications.

## Provide Dependent Social Security Numbers on your Tax Return

Be sure to enter Social Security Numbers for your children and other dependents on your return. Otherwise, the IRS will deny the personal exemption of \$4,000 in 2015 for each dependent and the \$1,000 child tax credit for each child under age 17.

Be especially careful if you are divorced. Only one of you can claim your children as dependents, and the IRS has been checking closely lately to make sure spouses aren't both using their children as a deduction. If you forget to include a Social Security number for a child, or if you and your ex-spouse both claim the same child, it's highly likely that the processing of your return (and any refund you're expecting) will come to a screeching halt while the IRS contacts you to straighten things out.

The \$1,000 child tax credit begins to phase out at \$110,000 for married couples filing jointly and at \$75,000 for heads of households.

After you have a baby, be sure to file for your child's Social Security card right away so you have the number ready at tax time. Many hospitals will do this automatically for you. If you don't have the number you need by the tax filing deadline, the IRS says you should file for an extension rather than sending in a return without a required Social Security number.



## File and Pay On Time

If you can't finish your return on time, make sure you file Form 4868 by April 18, 2016. Form 4868 gives you a six-month extension of the filing deadline until October 17, 2016. On the form, you need to make a reasonable estimate of your tax liability for 2015 and pay any balance due with your request.

Requesting an extension in a timely manner is especially important if you end up owing tax to the IRS. If you file and pay late, the IRS can slap you with a late-filing penalty of 4.5 percent per month of the tax owed and a late-payment penalty of 0.5 percent a month of the tax due. The maximum late filing penalty is 22.5 percent and the late-payment penalty tops out at 25 percent. By filing Form 4868, you stop the clock running on the costly late-filing penalty.

## File Electronically

Electronic filing works best if you expect a tax refund. Because the IRS processes electronic returns faster than paper ones, you can expect to get your refund three to six weeks earlier.

There are other advantages to e-filing besides a fast refund. The IRS checks your return to make sure that it is complete, which increases your chances of filing an accurate return. Less than one percent of electronic returns have errors, compared with 20 percent of paper returns. The IRS also acknowledges that it received your return, a courtesy you don't get even if you send your paper return by certified mail. That helps you protect yourself from the interest and penalties that accrue if your paper return gets lost.



# PURCHASING

## New News from Purchasing

### Equipment Lists

New Process: Equipment Lists for copier/multifunction devices need only to be acquired at the beginning of the lease rather than each year of the lease. When entering requisitions for subsequent years of a lease, attach the signed original equipment list in the "Attachments for Suppliers" section at the line item level. Our contract suppliers have been notified of this change. Add the Worksheet number found on the equipment list in the External Note section for all Xerox machines. If you have any questions please contact Matt Wessel in the Purchasing Department at 405-744-8405.

### Punch-out Update

Airgas has updated their Punch-out! Several enhancements have been added to the Airgas punch-out which will bring total automation to the site. The site now provides electronic invoicing, ability to access quotes and add them to your shopping cart, create shopping lists, account history including delivery receipts and invoice history, plus many new features. Additionally, the monthly cylinder rental fee has been replaced by a one-time up front charge, allowing you to keep the cylinder for as long as needed without incurring additional charges. If you need additional information you may contact Joe Teel in the Purchasing Department at [joe.teel@okstate.edu](mailto:joe.teel@okstate.edu) or 405-744-8403. A new User Guide has been created and can be accessed by clicking the following link: [Airgas User Guide](#)

### Board Dates

Requisitions requiring Board of Regents approval (greater than \$250,000) are due in Purchasing by March 30, 2016, 5:00pm, for the April 22, 2016 Board Meeting.

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#### Purchasing

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## Determination of Independent Contractor Status

There has been a change to the 'Determination of Independent Contractor Status' form with regard to payments made to employees of other state agencies. Previously, if an OSU department wanted to pay an individual that was employed by the State of Oklahoma, the individual was treated as an employee for tax purposes and could not be considered an independent contractor. Effective January 1, 2016, OSU has a unique tax identification number for reporting purposes. Therefore, the form has been revised to remove the reference to employment with the State of Oklahoma and those individuals can now be paid as independent contractors. Employees of OSU and the branch campuses must still be paid through payroll and cannot be paid as independent contractors. The revised 'Determination of Independent Contractor Status' form can be found on the University Accounting website at the link below.

<http://ua.okstate.edu/determination-independent-contractor-status>

## Payments for Services (including expenses) to Non-employees

Pursuant to state statutes (O.S. Title 74, Section 85.40), in the event that a U.S. citizen contracts to perform a service for the University, the fee should include any travel expenses and the entire amount of the contract fee should be submitted on a requisition along with a notarized claim form, if applicable. (The notarized claim form is used in lieu of an invoice.) The entire amount of the contract is subject to 1099 reporting to the Internal Revenue Service. If the individual performs a service for the University for no fee, but is to be reimbursed for expenses only, the appropriate method of reimbursement is a State of Oklahoma Travel Voucher.

The method of payment for international visitors may be handled differently than for U.S. citizens. In the event that an international visitor contracts to perform a service for the University, the travel expenses may be reimbursed separately from the contract fee in some cases since the withholding and reporting requirements are different for these individuals. The appropriate method of reimbursement for the travel expenses is a State of Oklahoma Travel Voucher.

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## Determination of Independent Contractor Status - continued

The amount of the contract fee should be submitted on a requisition along with a notarized claim form, if applicable. The Office of International Students and Scholars (ISS) handles the withholding and reporting for international visitors and should be contacted in advance of the scheduled service. In most cases, ISS will need to see the visitor to get signatures on IRS forms and to make copies of the visitor's travel documents.

### Vendor File Requirement

When a vendor record is created for a non-U.S. citizen or entity, a W-8BEN or W8BEN-E, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals / Entities), should be submitted to the Purchasing Department along with the Vendor Request Form. If there are questions regarding the tax status of an individual please contact Linda Dunbar Garmy, OSU International Tax Coordinator. If there is no tax treaty or the visitor does not want to apply for an ITIN, there is 30% tax withholding. Please contact Linda first. She can be reached at 744-8117 or by email [linda.dunbar@okstate.edu](mailto:linda.dunbar@okstate.edu). Be aware that royalties, including some software licenses are subject to U.S. tax withholding.

The W-8BEN and W-8BEN-E forms can be found at [www.irs.gov](http://www.irs.gov) . If there are any questions, please feel free to contact the Purchasing Department at 744-5987.

### Self Service Banner (SSB) Training

Emphasis on Budgets	408 SU	10:00 – 11:00	4/08/16
Emphasis on Grants	408 SU	10:00 – 11:00	4/15/16
Emphasis on Reports	408 SU	10:00 – 11:00	4/22/16
Emphasis on INB	408 SU	10:00 – 11:00	4/29/16

Register at [http://hr.okstate.edu/training/registration\\_form](http://hr.okstate.edu/training/registration_form)

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## Monitoring Sub-awards

Selecting a sub-recipient in any type of award—Federal, State, or private—requires some degree of monitoring. The monitoring must occur before, during, and after the performance period in order to show the University's due diligence and stewardship in managing sponsored programs. In recent years, Federal granting agencies have taken a much more aggressive posture in monitoring requirements. There are two crucial components of successful monitoring efforts; Risk Assessment and Sub-Award Agreements.

The selection of a sub-recipient is generally beyond the control of the research administrator, but that does not minimize the institution's responsibility in the assessing the potential risk of doing business with the organization.

For organizations with A-133 requirements, a review of the most recent year's financial audit will reveal any "findings" of systemic internal controls which are outside federal requirements. These findings will more often than not reveal any significant issues that make the organization a low, medium, or high risk. Making this assessment early sets the proper tone for OSU's relationship with the sub-recipient for the life of the agreement.

Generally, a low risk audit has a substantial base of research. While it is not always the case, most major research universities or large research foundations would be considered low-risk. Their A-133 audit would reveal this. A medium-risk would be those institutions or organizations whose primary function is not research. A high-risk would be an organization which may be doing first-time work for OSU and their exposure to federal rules is limited.



## Monitoring Sub-awards - continued

Regardless of the sub-recipient's risk level, the responsibilities of OSU as the prime in a federal award does not change. Thus, it is important to establish a solid sub-award agree to the sub-recipient. The following basic elements should be part of the document:

- The sub-recipient's acknowledgement of its accountability to OSU.
- Documents the work is being done for a federal award.
- Clarification of OSU's expectations of the sub-recipient's effort, such as reports, deliverables, etc.
- Provides processes for preventing and resolving disputes by clearly stating any required terms and conditions.
- It offers some measure of protection to the sub-awardee should something unforeseen happen that has a negative impact on the performance of the grant.

From NCURA micrograph series "Writing and Negotiating Subawards Under Federal Prime Awards"



## Payment Card Industry Compliance-Following Procedures

Oklahoma State University takes credit card security very seriously. All departments that accept credit cards must comply with the Payment Card Industry Data Security Standard and OSU Policy, even though it may be inconvenient at times. Departments have been faced with the decision to make their customers happy or follow procedures. On several occasions, customers have e-mailed their credit card information to a department to pay for their charges. This is not acceptable. OSU Policy 3-0336 prohibits the sending of unencrypted credit card information by e-mail. It is extremely important that as a department, we remember to follow the procedures and keep every credit card number secure.

If you receive a credit card number by e-mail, please make sure to do the following:

- Delete the credit card number from the email.
- Reply to the sender stating that is against OSU policy to accept credit card information by e-mail.
- State the acceptable methods for paying (phone, mail, etc.).
- Please delete the email from your inbox and deleted messages.

If you have any questions about credit card security, please contact the University's e-Commerce/PCI Coordinator Andrea Hendricks at [pci@okstate.edu](mailto:pci@okstate.edu).





# FOR MORE INFORMATION

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## **Grants & Contracts**

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## **Payroll Services**

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## **Office of the Bursar**

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## **Risk & Property Management**

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