

Oklahoma State University Policy and Procedures

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| FISCAL PROCEDURES AND ACCOUNTING SYSTEMS | 3-0201 ADMINISTRATION AND FINANCE June 2011 |
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INTRODUCTION AND GENERAL STATEMENT

1.01 The Oklahoma State University accounting system developed from the following contributing factors. The State of Oklahoma's laws and procedures; federal agency requirements; College and University Business Administration, published by the National Association of College and University Business Officers; the Audit Guide for College and Universities; published by the American Institute of Certified Public Accountants; and the internal needs and limitations have been most influential in determining the system as it now exists. What is presented on the following pages is not a static system.

UNIVERSITY POLICY AND STATE LAW

2.01 State Law - The Oklahoma Higher Education Code requires "(a) The Oklahoma State System of Higher Education shall operate an allotment system similar to the procedure set out in the Oklahoma Budget Law of 1947 for other agencies of the state except that the Oklahoma State Regents for Higher Education shall be substituted for the Director of State Finance in connection with approving allotment requests of the constituent institutions and agencies comprising the State System. The account classification for the State System shall conform as nearly as possible with the classification of accounts recommended by the National Committee on Standard Reports for Institutions of Higher Education."

2.02 State Encumbrance System - "Title 62, Section 41.5, O.S. 2001, provides that the State Director of Finance through the Division of Central Accounting and Reporting shall settle all claims payable by the state and shall prescribe all forms, systems, and procedures for administering accounting for the several departments, institutions, and agencies of the state, and shall establish a pre-audit system of settling claims under which system vouchers supporting proposed payments shall be submitted to the Director of State Finance for audit and settlement."

"Whenever departments, institutions, boards, commissions, or agencies of this state enter into contracts for, or on behalf of the state for the purchase of goods, wares, or merchandise, or for construction of buildings, roads, bridges, or any other thing for which labor and materials must be furnished by outside vendors, such agreements shall be evidenced by written contracts or purchase orders, and must be transmitted to the State Director of Finance within 30 days upon execution of such agreement. The administrative head of any agency shall be personally liable for obligations incurred in excess of the authorization granted by said Board. The State Director of Finance shall never authorize payment of claims for the purchase of goods, wares, merchandise, or claims for contractual services for any agency of the state unless it is supported by (1) contracts or purchase orders of the State Board of Public Affairs, or (2) institutional purchase orders or contracts, or (3) departmental purchase orders or contracts, or (4) authorizations for specific purchases. Any invoice or claim dated prior to the date of any of the above mentioned encumbrance documents shall be rejected by the State

Director of Finance. Any encumbrance document that is outstanding on the records in the State Office of Finance for a period of one (1) year shall be cancelled, encumbrances for capital outlay excepted.”

2.03 State System for Recording Expenditures

- A. Claims - There are two classifications of claims filed with the State Office of Finance for payment: Encumbered Claims and Non-Encumbered Claims. An encumbered claim is one filed for payment against funds that have been encumbered by contract, purchase order, or authorization order. Non-encumbered claims are those filed against funds that have not previously been encumbered for specific purpose. Non-encumbered claims are for payments for postage, travel reimbursements, refunds, licenses, employees’ salaries, withholdings, utilities, telephone, memberships, and payments to campus vendors. Special claim forms must be used for travel, imprest cash, withholdings payable, inter agency payments, and for payroll. The State Director of Finance must approve all claim forms.
- B. State Code - All claims against Treasury Funds must contain certain basic information concerning the classification of expenditures, as follows: (Current Funding Tables are available at the University Accounting Website and/or by request from University Accounting.)
1. State Fund Categories - Cash fund categories authorized by the State of Oklahoma.
 2. State Agency - The state agency code is a three digit code specifying the various state agencies. The state fund and agency are determined from the OSU agency and ledger.
 3. State Account - The state account is a six-digit code specifying the type of expenditure being made. The state account is based on the OSU agency, ledger, and department code.
 4. Object Classification - The state system also classifies expenditures according to the object of expenditure. The state code is a four-digit code followed by two fixed digits by the Office of State Finance. For more on object codes, see Section 4.26.

Note: The above cash funds are disbursed upon approval of properly executed claims. The State Office of Finance in Oklahoma City processes all warrants except for Agency Clearing. Agency Clearing warrants are processed in the business offices on campus.

ACCOUNTING SYSTEM STRUCTURE

3.01 The purchased general ledger system software has several changes and enhancements to the basic package, primarily to meet requirements of the State of Oklahoma cash and allotment system. It is referred to as the Financial Records System or FRS.

3.02 The Financial Records System is an integrated general and subsidiary (or management reporting) ledger record keeping and reporting system. This system is designed to provide the complementary features of a budgetary control system and a fund accounting system from the same set of input transactions.

3.03 FRS utilizes an account code structure of 12 digits, which includes the campus code, ledger, department, and revenue/expense codes or account controls. Additional information about each account is included in the "attributes" portion of the account record. Attributes are descriptive data elements such as name, responsible person, address, revenue function, expenditure function, etc. The attribute descriptions are stored in the system dictionary.

3.04 The dictionary is a facility in which the user can maintain information that tells where (within the system) data elements are stored, on which transactions they will be entered, and what edits are performed in order to validate the data. The dictionary provides the means for flexible reporting by allowing the choice of attributes and attribute values needed for a particular report.

3.05 All report options supplied are stored on a Report Description File. This file and the dictionary are maintained by Financial Information Management.

University Account Structure

3.06 FRS utilizes an account code structure of twelve digits. The GL/SL account number will have the basic form:

AX - L - XXXXX - NNNN

1 2 3 4

1 = Campus Code

2 = Ledger

3 = Department

4 = Subcode or Account Control

Each of these elements is described below.

CAMPUS CODE

3.07 University Accounting maintains records for each of the eight budgetary agencies comprising Oklahoma State University, as outlined below:

| | OSU Campus Code | State Agency Code |
|--|-----------------|-------------------|
| OSU General University | AA | 010 |
| OSU Agricultural Experiment Station | AB | 011 |
| OSU Agricultural Extension Division | AC | 012 |
| OSU Institute of Technology (Okmulgee) | AD | 013 |
| OSU College of Veterinary Medicine | AE | 014 |
| OSU Oklahoma City | AF | 015 |
| OSU Center for Health Sciences | AG | 773 |
| OSU Tulsa | AJ | 016 |

Each of these agencies must make separate budget requests through the Oklahoma State Regents for Higher Education to the Oklahoma Legislature.

LEDGER GROUPS

3.08 FRS defines the ledgers as follows:

GENERAL LEDGER - The GL is the trial balance of the University and as such contains the assets, liabilities, equities, fund additions, fund deductions, revenue controls and expenditure controls broken down by individual fund groups. The ledger code will be zero for all general ledger accounts.

SUBSIDIARY LEDGER - The SL is subdivided into revenue and expenditure accounts which are used to provide managerial details and to support the revenue and expenditure summary controls in the General Ledger. Data shown in these accounts are budgets, revenues, expenditures, encumbrances, and balance of budget available.

Ledgers are grouped by fund as follows:

| | |
|----------------|----------------|
| General Ledger | Sub Ledger |
| Ledger - Dept. | Ledger - Dept. |

CURRENT FUNDS – UNRESTRICTED

| | | |
|---------------------------|------------------------|-----------|
| Education and General - I | 0 - 10000 to 0 - 16999 | 1 - XXXXX |
| Stores and Services | 0 - 17XXX | 2 - XXXXX |
| Withholdings | 0 - 18XXX | none |
| Deposit and Suspense | 0 - 19XXX | none |
| Auxiliary Enterprises & | | |

| | | |
|---------------------|------------|------------|
| Student Services | 0 - 2XXXXX | 3 - XXXXXX |
| Federal Agriculture | 0 - 3XXXXX | 4 - XXXXXX |

CURRENT FUNDS-RESTRICTED

| | | |
|-------------------------------|------------|------------|
| Sponsored Programs - E & G II | 0 - 4XXXXX | 5 - XXXXXX |
| Other Current Restricted | 0 - 5XXXXX | 6 - XXXXXX |

OTHER FUNDS

| | General Ledger Ledger-Dept. | Sub Ledger Ledger-Dept. |
|------------------------|--------------------------------|----------------------------|
| Loan Funds | 0 - 60000 to 0 - 64999 | none |
| Endowment Funds | 0 - 65000 to 0 - 69999 | none |
| Unexpended Plant Funds | 0 - 7XXXXX | 7 - XXXXXX |
| Debt Service | 0 - 80XXX to 0 - 81XXX | none |
| Investment in Plant | 0 - 82XXX to 0 - 89XXX | none |
| Agency Funds | 0 - 9XXXXX | 9 - XXXXXX |

3.09 GL/SL Relationship - An important feature of FRS is that it defines the GL/SL relation in such a manner that one input transaction can automatically generate several additional updating functions. An example of this updating is a deposit to a subsidiary ledger account. When the deposit is made, the subsidiary ledger revenue subcode is credited with the revenue. In addition, the system will also update the cash, fund balance, and revenue summary control of the corresponding general ledger account.

3.10 In order for the system to identify what GL account an SL account is related to, a mapping code must be maintained as an eight-digit attribute of the SL account. This attribute equates to digits 1 - 8 of the corresponding GL account.

DEPARTMENT

3.11 Each account is given a five-digit number to signify the department. In each subsidiary ledger, departments are grouped by classification.

3.12 Current Unrestricted Educational and General I Funds (subsidiary ledger 1), other than general revenue, are classified by state expenditure function. The following functional categories are assigned for OSU General University, OSU Institute of Technology, OSU Veterinary Medicine, OSU Oklahoma City, OSU Center for Health Sciences, and OSU Tulsa:

| Functional Code | Function |
|-----------------|----------------------------|
| 0 | General Revenue |
| 1 | General Administration |
| 2 | General Expense |
| 3 | Instruction |
| 4 | Organized Activities |
| 5 | Research |
| 6 | Extension & Public Service |
| 7 | Libraries |
| 8 | Physical Plant |

The function is identified by the first digit of the five digit department code.

3.13 Functional categories for the Agricultural Experiment Station are:

| Functional Code | Function |
|-----------------|----------------------------------|
| 0 | General Administration & Expense |
| 1 | Animal Production |
| 2 | Plant Production |
| 3 | Other Research |

The function is identified by the second digit of the five digit department code. The first digit is always one (1).

3.14 Functional categories for the Agricultural Extension Division are:

| Functional Code | Function |
|-----------------|------------------------|
| 0 | General Administration |
| 1 | General Expense |
| 2 | Agriculture |
| 3 | Home Economics |
| 4 | 4-H and Youth |
| 5 | Rural Development |

The function is identified by the second digit of the five digit department code. The first digit is determined as follows:

State Appropriation Expense - - 1
 Revolving Expense - - 2

3.15 Stores and Services departments (subsidiary ledger 2) are grouped by the following classifications:

- 1 Administration and General Services
- 2 Board of Regents
- 3 College Related Stores and Services and Student Union
- 4 Veterinary Medicine

- 5 Communications Services
- 6 Physical Plant Stores and Services
- 7 Transportation Services
- 8 Utility Services
- 9 Computer and Systems Services

This designation is the first digit of the department code.

3.16 Subsidiary ledger 3 departments are grouped by the following classifications:

OSU Classification

- 21 Residence Halls
- 22 Food Services
- 23 Athletics
- 24 Physical Recreation
- 25 Student Union
- 26 Other Designated (includes bookstore in branch agencies)
- 27 Student Activities
- 28 Conferences and Gifts
- 29 Student Organizations Activities

This designation is the first two digits of the five digit department code.

3.17 Agricultural Experiment Station subsidiary ledger 4 departments are grouped by Fund Source and Function Classification as follows:

The first digit of the five digit department code indicates the Fund Source.

- 2 Hatch
- 3 Regional Research
- 4 McIntire-Stennis
- 5 Station Sales
- 6 Animal Health

The second digit of the five digit department code indicates the Function Classification.

- 0 Administrative
- 1 Animal Production
- 2 Plant Production
- 3 Economic and Other Research

The third digit of the five digit department code indicates the department within the function. The fourth and fifth digits of the five digit department code are assigned by the Division of Agriculture.

3.18 Agricultural Extension Division subsidiary ledger 4 departments are grouped by Fund Source and Function Classification as follows:

The first digit of the five digit department code indicates the Fund Source.

- 3 Smith/Lever
- 5 EFNEP
- 7 Federal Retirement Matching

The second digit of the five digit department code indicates the Function Classification.

- 0 Administrative
- 1 General Expense
- 2 Agriculture
- 3 Home Economics
- 4 4-H and Youth
- 5 Rural Development

The third digit of the five digit department code indicates the Division.

- 1 Program Support
- 3 County Contract Program
- 4 Miscellaneous Departments
- 6 EFNEP
- 7 College of Agriculture
- 9 Control Accounts

The fourth and fifth digits of the five digit department code are used to identify the operating department.

3.19 Subsidiary ledger 5 department codes are assigned by Grants and Contracts Financial Administration.

3.20 Subsidiary ledger 6 department codes are grouped by the following classifications:

- 0 Private Scholarships
- 1 Private Scholarships
- 8 International Programs
- 9 International Programs

Classifications 2 through 7 are assigned by Grants and Contracts Financial Administration. This designation is the first digit of the five digit department code.

3.21 Subsidiary ledger 7 accounts contain the Plant Fund project number and are grouped by source of funding as follows:

- 70 Reserve / Depreciation Funds
- 71 Donations and Auxiliary Funds
- 72 State Appropriations, Revolving Funds, and Section 13 Offset Funds
- 73 Revenue Bond Funds
- 74 Master Lease Funds
- 75 Federal Construction Funds
- 76 Section 13 Funds
- 77 New College Funds
- 78 (Reserved for Future Use)
- 79 General Obligation Bond Funds

This designation is the first two digits of the five digit department code.

3.22 Subsidiary ledger 9 departments are grouped by the following classifications:

- 91 Student Organizations
- 94 OSUF LLC
- 95 Other Agency Funds

This designation is the first two digits of the five digit department code.

ACCOUNT CONTROLS/REVENUE AND EXPENDITURE SUBCODES

3.23 An account control is a four digit number associated only with the GL which identifies the type of GL account. Account controls are assets, liabilities, fund balance, fund additions, fund deductions, revenue controls, expenditure controls, transfer, budget, allotment and encumbrances. Account controls are grouped as follows:

| | |
|------|----------------------------------|
| 11XX | Cash |
| 1600 | Error Suspense |
| 1XXX | Other Assets |
| 2XXX | Liabilities |
| 3000 | Fund Balance |
| 4XXX | Fund Additions |
| 5XXX | Fund Deductions |
| 91XX | Budget Control |
| 93XX | Actual Revenue Controls |
| 95XX | Actual Expenditure Controls |
| 96XX | Outstanding Encumbrance Controls |
| 97XX | Outstanding Requisition Controls |

A complete list of account controls is stored in the Report Description File. If you have a need for these codes, contact University Accounting.

3.24 Revenue and expenditure subcodes are used to identify the type of revenue or expenditure in the subsidiary ledger. For a complete list of revenue and expenditure subcodes available at the University Accounting Website and/or by request from University Accounting.

3.25 Source codes are a six digit number required by the state to identify the type of revenue. For deposits made to a revenue subcode, the system automatically assigns this code. All deposits made to a GL account or to an expenditure subcode must have the source code, which will be assigned by the Bursar.

3.26 Object codes are a six digit number required by the state to identify the type of expenditure. For a complete listing of source and object codes and their relationship to FRS revenue and expenditure subcodes, see RDF Table. The current subcode list is also available at the University Accounting Website and/or by request from University Accounting. Subcodes (mapping to source and object codes) will be assigned by University Accounting.

Attributes

3.27 In addition to the twelve-digit account number, a large variety of descriptive data may be stored in the account's attributes. Examples of attributes are: account name, responsible department, mailing address, state function code, etc. These provide the ability to store relationships and characteristics that permit the user to categorize and assimilate data in a myriad of ways for extensive reporting flexibility.

3.28 The major attributes for account classification are Expense Function (used for general financial reports) and State Expense Function (used for reports made to the State Regents for Higher Education). They are as follows:

Expense Function

| | |
|------|------------------------------------|
| 33XX | Instruction |
| 34XX | Research |
| 35XX | Public Service |
| 36XX | Academic Support |
| 37XX | Student Services |
| 38XX | Institutional Support |
| 39XX | Operation and Maintenance of Plant |
| 40XX | Scholarships and Fellowships |
| 41XX | Other |
| 99XX | Auxiliary Enterprises |

State Expense Function

01 General Administration

- 02 General Expense
- 03 Instruction & Departmental Research
- 04 Organized Activities Related to Educational Departments
- 05 Organized Research
- 06 Extension and Public Service
- 07 Libraries
- 08 Operation & Maintenance of Physical Plant
- 09 Data Processing
- 20 General Operations
- 21 Animal Production
- 22 Plant Production
- 23 Economic and Other Research
- 30 General Administration
- 31 General Expense
- 32 Agriculture
- 33 Home Economics
- 34 4-H and Youth
- 35 Rural Development
- 50 Veterinary Teaching Hospital
- 56 Animal Disease Diagnostic Lab
- 91 Student Aid
- 92 Stores (All SL 2)
- 99 Designated

3.29 Attribute definition and maintenance is the responsibility of University Accounting. The University Accounting Website contains the form needed to modify an attribute.

Establishing an Account

3.30 All requests for new account numbers should be made to University Accounting, except for Educational and General (E&G) accounts and Sponsored Agreements. These account requests should be routed through Budget and Asset Management and the Office of Grants and Contracts Financial Administration, respectively, for approval.

3.31 Before a new account is established, the need should be justified. Accounts are set up primarily on the basis of source and use of funds. This also classifies the account and determines the range of account numbers applicable. Furthermore, monies deposited into an account must agree with the source characteristics of that account. Likewise, expenditures made from that account must agree with the functional expenditure classification of that account. Example: You should not pay for supplies to be used for research out of an instruction account.

3.32 The aforementioned are the basic reasons for establishing an account. Other reasons may include administrative or departmental need to segregate activity by responsible areas, account for special projects, or other cost accounting reasons. Depending on availability of personnel and hardware, it is hoped the University can provide as much of the detailed reporting requirements that departments may need. If you have any questions, please call University Accounting.

3.33 After justification, the first step in setting up a new account is to complete a form requesting a new account number, available from University Accounting. Each item with an asterisk (*) on this form must be completed. Instructions are included as a part of the form. To delete or freeze an account, the appropriate boxes on the "Account Request" form should be completed. This form can be found on the University Accounting Website.

DEPARTMENTAL REPORTS

Report Explanation

4.01 Two monthly reports are generated. These reports are the ACCOUNT STATEMENT (FBM090) and the REPORT OF TRANSACTIONS (FBM091). Both reports are generated for every OSU subsidiary ledger account. In addition, FBM091's will be generated for every OSU general ledger account. FBM091's will not be generated for an account which does not have any current monthly activity. Reports will be posted in E-Print.

4.02 The Account Statement, FBM090, summarizes the account's budget and actual activity to show the budget available for future activity. This information is shown for both revenues and expenditures. The FBM090 report also shows the open commitment status which lists the detailed encumbrances against the account.

4.03 The Report of Transactions, FBM091, shows the detailed transactions that occurred for the account during the month. This information provides the detailed audit trail for the summarized information on the Account Statement.

4.04 ACCOUNT STATEMENT (FBM090)

1. Report Title - Oklahoma State University - Campus
Title
Account Statement for Month/Year

The FBM090 designation is shown in the upper left-hand corner.

2. Attributes - These are the account attributes that have been selected to appear on the monthly reports (not all may appear in the headings.)

| | | |
|--------|---|---------------------------|
| ACCT # | = | The ledger and dept. code |
| DEPT | = | Home department number |
| RP | = | Responsible person |
| RD | = | Responsible department |

3. The REVENUE section summarizes by revenue subcode the carryover, revenue and budget allocation activity of the account. For clarity, revenues are shown as positive figures on FBM90.
4. The SALARIES, WAGES, BENEFITS section summarizes by expenditure subcode the salaries, wages and benefits expense and the related commitment activity of the account.
5. The MAINTENANCE EXPENSE section summarizes by expenditure subcode the maintenance expense and related commitment activity of the account.
6. The TOTAL EXPENSES line adds the salary, wages, benefits and maintenance activity together.
7. The ACCOUNT TOTAL line shows the difference between total available and total expenditures.
8. The OBJ CODE column lists all the revenue and expenditure subcodes used in the account.
9. The DESCRIPTION column shows the title of the subcode. This title will be the standard subcode title for all standard subcodes.
10. The ORIGINAL BUDGET column shows the original budget approved for the account at the beginning of each year. If this is a project account in subsidiary ledgers 5 or 7, then the original budget is the budget for the total project.
11. The REVISED BUDGET column shows the actual operating budget. If there have been no revisions to the original budget then the revised budget will be the same as the original budget.
12. The ACTUALS - CURRENT MONTH column shows the summarized revenue and expense activity that has occurred during the month.
13. The ACTUALS - FISCAL YEAR column shows the total revenue and expense activity that has occurred since the beginning of the fiscal year for accounts in subsidiary ledgers 1, 2, 3, 4, 6, and 9. In subsidiary ledgers 5 and 7 this column will be entitled REVENUE/EXPENSE - PROJECT YEAR. These figures show the cumulative revenue and expense activity for the total project which can span more than one year.
14. The OPEN COMMITMENTS column shows the total commitments against each expenditure line item budget. These figures agree to the detail listed in the Open Commitment Status report at the bottom of the page.
15. The BALANCE AVAILABLE column is the revised budget less fiscal year or project year less the open commitments. The revenue budget available will always equal the budget balance. The expenditure budget available is the unencumbered budget that can

be spent. These are the amounts that will be used for accepting or rejecting new activity in subsidiary ledgers 1 and 2 and other subsidiary ledgers as appropriate.

16. The PERC USED column is the fiscal or project year divided by the revised budget. The balance of the account is calculated by subtracting total commitments from YTD/PTD Net-Revenue-Over Expense.
17. The OPEN COMMITMENT STATUS section lists the detailed outstanding encumbrance for the account. This detail will always agree to the figures in the open commitment column. Some of the highlights of this report are:
 - A. Date - The original encumbrance date
 - B. Description - Usually the vendor
 - C. Original Amount - The original amount of the encumbrance
 - D. Liquidated - The total amount of the encumbrance that has been liquidated to date
 - E. Current Amount - The balance of the encumbrance to be liquidated. This is the calculation of the original amount (c) less the liquidated amount (d). If an encumbrance is totally liquidated during the month, then this column will show Transaction Complete. This message appears only for the month the transaction was totally liquidated and will not appear on the report for the subsequent month.

4.05 REPORT OF TRANSACTIONS - (FBM091) - Subsidiary ledger activity

1. Report Title - Report of Transactions for month/year - current year
2. Attributes - Same as Account Statement
3. The REVENUE section lists by revenue subcode the detailed revenue transactions.
4. The EXPENDITURES section lists by expenditure subcode the detailed expenditure transactions.
5. The OBJ CODE column is the same as the Account Statement.
6. The DESCRIPTION column shows the descriptive information for the transaction. Usually this is the source of funds for revenue transactions and the vendor for expenditure transactions. The adjustment transaction number or journal entry number will be shown here.
7. The DATE column shows the date the transaction was processed into the accounting system.
8. The TC column shows the transaction entry code. The following is a list of OSU entry code groups:
 - 2X - Budget activity

- 3X - Revenue activity
- 4X - Expenditure activity
- 5X - Encumbrance activity
- 6X - Journal entries - includes payroll, benefits, p/card, and campus vendor invoices

9. The REF column shows the requisition number, purchase order number, campus vendor number, or deposit number submitted by the department.
10. The second REF column shows the primary document reference number for the transaction. Examples would be claim number, check number, etc.
11. Some transactions affect two accounts. On these transactions the OFFSET ACCT # column shows the other account affected. An example would be the campus vendor invoice where the selling department is credited with revenue and the buying department is debited with expense.
12. The BUDGET ENTRIES column shows the dollar amount of budget transactions. These will consist of setting up the original budget and making budget revisions. The ABR activity will not appear anywhere.
13. The REV/EXP column shows the dollar amount of revenue and expenditure transactions. The totals in this column tie to the totals in the Revenue/Expense - This Month column on the Budget Status Report.
14. The COMMITMENTS column shows the dollar amount of commitment transactions.

4.06 REPORT OF TRANSACTIONS - CURRENT - FBM091 - General Ledger. Information on this report is similar to the subsidiary ledger report. However, in lieu of revenue and expense categories, all assets, liabilities, fund balance, fund additions, fund deductions, budget controls, revenue controls, expenditure controls, and encumbrance controls are reported. Current month activity is shown in detail (except for indirect updates shown in summary form). Current balances are reported; therefore this report also serves as a trial balance.

4.07 For subsidiary ledgers, departmental records should be reconciled to the FBM090 or FBM091 Reports.

4.08 As a minimum, departments should use a tickler system to verify accounting records. For assistance in reconciling records kept under either type, contact University Accounting.

4.09 FBM090's and FBM091's are viewed in E-Print with access by security clearance granted to individual operator ID numbers in FRS.

4.10 Fiscal year to date information posted to FRS and other reporting information is available daily for view in SCTP and/or in the Administrative Information Reporting System (AIRS).

Correction of Errors

4.11 Each month the departmental reports should be checked for accuracy. Any errors found should be referred to the following offices:

- Campus Vendor – University Accounting
- Payroll - Payroll Processing
- Deposits – University Accounting
- Expenditures – University Accounting
- Encumbrances – Purchasing and University Accounting

Accounting errors will be corrected upon request. Departmental errors will be corrected upon receipt of a memo explaining the error and the correction needed. This memo should be signed by the same person(s) required to sign the original document being corrected.

4.12 All errors on sponsored agreement accounts should be referred to Grants and Contracts Financial Administration.

4.13 All vendor calls and questions should be referred to Accounts Payable in University Accounting.

4.14 It is requested that the release of fiscal information concerning Oklahoma State University be coordinated and cleared through the office of the Vice President for Administration and Finance. This office will be available to advise in the interpretation and release of such information.

4.15 Corrections for Procurement Card transactions will be made through University Accounting except for those on sponsored agreements. All errors on sponsored agreement accounts will be done through Grants and Contracts Financial Administration. Refer to the Fiscal and Administrative Compliance Website on Procurement Card for instructions.

EXPENDITURE OF FUNDS

Payroll

5.01 See Payroll/Personnel Procedures for information.

Receiving Report

5.02 This form is received by the department once Purchasing has received the approved requisition from University Accounting and has created a purchase order to the vendor. When goods and/or services have been rendered, this form is signed by the department and forwarded to University Accounting. This document plus the invoice is used to authorize payment to the vendor.

No Encumbrance Requisition

5.03 The following expenditures do not require encumbrances. A requisition is needed to authorize payment for these types of expenditures as follows:

- A. Honorariums - Payments for contractual personal services should be paid by requisition. This requisition must contain the payee's Social Security number, his/her permanent address, the type of service performed, and the date(s) of service. In addition to the requisition, a notarized claim form signed by the payee is needed to authorize payment. . A determination of Independent Contractor Status (DICS) form is also required. The notarized claim form, DICS form, and instructions are available on the University Accounting Website.
- B. Imprest Cash - A requisition to reimburse a departmental imprest cash fund should be made payable to the imprest cash fund. The official imprest cash receipt form signed by the custodian, and vendor's invoice should be attached to the requisition. The receipt date, receipt number, and receipt amount can be listed on the requisition. For instructions on the use of imprest cash funds, see Sections 10.07-10.17 of this policy.
- C. Utilities - A requisition to pay a regulated utility company may be paid "no encumbrance." This includes payments for electricity, water, sewer, and telephone. The requisition should show an itemized listing of invoice date, invoice number, and amount. If the invoice has no date or number, type "NONE." Each invoice must be attached to the requisition.
- D. Postage - A requisition for the purchase of postage must be made payable to the U.S. Post Office with appropriate address. A notarized claim form, available on the University Accounting Website, signed by a responsible department employee must accompany the requisition.

- E. Refunds - A requisition for a refund of money previously collected for goods or services may use a revenue subcode in place of an expenditure subcode.

Special Handling

5.04 Special handling of requisitions, receiving reports and jackets will be done on an emergency basis. Because of the time involved in processing these special cases, it is asked that departments try to plan in advance to keep these special cases to a minimum.

Delegated Expenditures by Jacket

5.05 The following departments have received authority from the Purchasing Department to make their own purchases of certain items on certain types of funds. Payments for these expenditures are made by typing a jacket and attaching all invoices. Any questions concerning jackets and their preparation should be referred to University Accounting. The authorized departments are:

| | |
|-----------------------------|-----------------------|
| Ag. Exp. Station | University Accounting |
| Athletics | Controller |
| OSU Oklahoma City | Library |
| OSU Institute of Technology | Payroll |
| Financial Aid | Personnel Services |
| Student Union | GCFA |
| Coop. Extension | Physical Plant |
| Telephone Service | |

Small Order

5.06 Purchasing issues to individual departments Small Order "AA" numbers for the purchase of items up to \$500 and for registration up to \$1,000 for payments to vendors who will not accept the Procurement Card. The purchase should not conflict with existing University policies. (See Small Order Purchases Policy and Procedures Letter 3-0147.) After goods or services are received, the original copy of the invoice should be forwarded directly to University Accounting. The following requirements are set forth:

- A. All extensions and footings must be checked.
- B. The invoice total should be circled in red.
- C. Vendor name and address should be legible.
- D. The following information must be legibly noted, preferably in red, on the front of the invoice: (If there is not room on the front then the information may be shown on the back.)
 - 1. The invoice must be signed by an authorized individual whose signature is on file in University Accounting.

2. The invoice must contain the 12-digit account number to be charged and the state funding (see Section 2.04).
3. The vendor Federal Identification Number or Social Security Number must be noted on invoice.
4. Fast pay number, as assigned by Purchasing, must be noted on invoice.

Procurement Card

5.07 Policies and Procedures are the responsibility of Fiscal and Administrative Compliance. Guidelines are available on Fiscal and Administrative Compliance's website or by contacting Fiscal and Administrative Compliance.

AGENCY FUNDS

6.01 These funds are held by the University as custodian for student organizations and certain other departmental organizations. All agency funds are in subsidiary ledger 9. Agency fund vouchers are used to expend agency funds. Vouchers are available from University Accounting or the University Accounting Website. For instructions on how to fill out the voucher form contact University Accounting.

PLANT FUNDS

7.01 To properly capitalize the costs associated with a capital asset, it is necessary to maintain accurate records of the cost of each asset. The cost of a capital asset will include capitalized interest and ancillary charges (i.e., freight and transportation charges, site preparation charges, and professional fees) necessary to place the asset into its intended location and condition for use. Expenditures made for equipment, construction or renovation of a building, improvements made to land, or acquisitions of land or buildings should be gathered and capitalized according to capitalization thresholds. University Accounting manages this gathering of costs for buildings (including renovations and additions to existing buildings), infrastructure, and land improvements, and maintains the records for construction in progress. Budget and Asset Management maintains the records for land, fixed equipment, and movable equipment. Plant Fund accounts are established to accumulate and capitalize capital project costs. This provides for consistent and accurate capitalization of assets held by Oklahoma State University.

7.02 Detailed subsidiary records will be maintained for all plant fund assets.

7.03 E&G Part I funds may not be expended for land, buildings, infrastructure or nonstructural improvements without approval by the Oklahoma State Regents for Higher Education of the transfer of funds to the Capital Revolving Fund.

7.04 Plant Fund expenditures are to be coded in accordance with the Subcodes and Object Codes list found on University Accounting's Website.

Land

7.05 Land – Land is a topographically or functionally distinct tract.

7.06 Expenditures incurred in the purchase of land and in preparing land for use will be capitalized along with the cost of the land. Land and structures purchased together will be separated, when possible, and capitalized separately.

Buildings

7.07 Buildings – A building is a roofed and walled structure with a life expectancy of at least 15 years. Land and structures purchased together will be separated, when possible, and capitalized separately. Capital outlay expenditures for buildings include payment for legal, architectural, and engineering fees; payment for costs of survey, permits, test drillings, and performance bonds; and payments to contractors, or if no contractor is employed, payment for the purchase of materials and labor. The structure must be recorded, named, and inventoried on the Official Building List maintained by Physical Plant and Budget and Asset Management.

7.08 Purchased Building – Expenditures associated with the purchase of a building will be capitalized.

7.09 Construction of a New Building – Expenditures associated with the construction of a new building will be capitalized. Carpet, draperies, light fixtures, elevators, central air and heat, plumbing, electrical, and related equipment will be considered a part of the building. Physical Plant will assign a building number to a project as soon as possible after the approval of funding. This will facilitate ease of identification of all expenditures and ensure proper recording.

7.10 Additions and Renovations to a Building – Expenditures associated with construction of an addition or renovation to a building will be capitalized to the existing building when the addition/renovation meets the criteria for major renovations.

7.11 Major Renovation – A capital project will be considered a major renovation when BOTH of the following conditions are met:

- A. Estimated cost of a project is material to asset, i.e. generally at least 5% of total cost of existing asset.
- B. Renovation extends the useful life of a building or modifies or upgrades a building.

Infrastructure

7.12 Infrastructure – Infrastructure assets are long-lived assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples include streets and roads, bridges, tunnels, drainage systems, water and sewer systems, and network systems.

7.13 Expenditures associated with infrastructure assets will be capitalized. Separate assets will be set up when they are easily distinguishable. Otherwise, similar assets will be grouped under a separate category.

7.14 New streets and roads will be capitalized. Complete overlays will be capitalized when a better type or grade of material than previously existed is used. Repairs, such as filling holes and reinforcements, will not be capitalized.

Land Improvements

7.15 Land Improvements – Land improvements are alterations to land, excluding assets classified as buildings. Examples are costs of surfacing, fencing, lighting and similar improvements to athletic fields, recreational areas, and parking lots.

7.16 Expenses associated with land improvements will be capitalized. Separate assets will be set up when they are easily distinguishable. Otherwise, similar assets will be grouped under a separate category.

Construction in Progress

7.17 Construction in Progress – Construction in progress encompasses the construction of a long-lived asset, an addition to a long-lived asset, and/or major renovation of a long-lived asset.

7.18 Capitalization of Construction in Progress Project – As a general rule, the cost of the new asset will be moved from construction in progress to the appropriate asset account when one of the following conditions are met:

- A. The Board of Regents has approved the building and/or the last payment has been made to the general contractor.
- B. The new asset is substantially complete and ready for its intended use and the Board has approved, if applicable, the last payment to the major contractor.
- C. The project is complete and the asset is being used for its intended purpose but the final payment has been withheld from the general contractor for an extended period of time because the contractor has not provided all documents as required under the contract.

7.19 Capitalized Interest - The amount of interest capitalized during the acquisition or construction period will be equal to the actual interest cost on a tax-exempt borrowing, less any interest income earned on temporary investments of the tax-exempt funds.

7.20 Fixed and/or movable equipment included in the construction project costs will be reclassified and inventoried upon completion of a project, or earlier when possible, and always prior to reclassification from construction in progress.

Fixed Equipment

7.21 Fixed Equipment – Fixed equipment is equipment that is affixed to a structure.

7.22 Fixed equipment will be capitalized to the building when the cost meets or exceeds the capitalization threshold and is purchased after a building is complete. Other fixed equipment that meets the criteria for capitalization will be capitalized and inventoried.

7.23 Movable Equipment – Movable equipment is equipment that is not affixed to a structure so as to discourage movement. A general guide for classifying equipment as a capital asset is that it includes all movable property that is permanent in nature and may be used repeatedly without material impairment of its physical condition.

- A. OSU Purposes - Equipment that meets or exceeds the capitalization threshold and with a calculable period of service (one year or more) will be capitalized for financial statement purposes. Other equipment with a useful life of one year or more will be considered non-capitalized equipment and expensed for financial statement purposes.
- B. State Purposes - Equipment that meets or exceeds the capitalization threshold and with a calculable period of service (one year or more) will be capitalized for financial statement purposes. Other equipment with a useful life of two years or more will be considered non-capitalized equipment and expensed for financial statement purposes.

7.24 Movable equipment will be inventoried if it is considered capitalizable equipment for OSU purposes. Non-capitalizable equipment will not be inventoried. Departments may choose to have any piece of equipment inventoried even though University procedures may not require it. Departments may use the University's Fixed Asset System to track non-capitalized items.

7.25 Resale of Equipment - When equipment is purchased through a stores account to be resold, it will be coded as equipment for resale. Subsequent resale will be coded as equipment based on the cost. This will ensure that the equipment will be capitalized only on the resale transaction.

7.26 Motor Vehicle Equipment – The cost of equipment added to a motor vehicle will be added to the previously inventoried vehicle if the cost meets or exceeds the capitalization threshold. The equipment will not be added to the inventoried vehicle if the cost is less than the capitalization threshold.

7.27 Component Parts - Component parts will be coded as fabricated equipment. When assembled, the asset will be added to the inventory at its total cost if the total cost meets the capitalization threshold. Component parts for previously inventoried equipment will be added to the cost of the asset for inventory purposes without regard to cost. (This requires the inventory number be designated on the purchase requisition.) If a part is interchangeable and does not meet the requirements of equipment, it will be expensed.

7.28 Small Structure - Small structures that do not meet the capitalization threshold for buildings will be inventoried as equipment. An example of this would be a small prefab storage building.

7.29 Software - Software will be inventoried if the cost meets or exceeds the capitalization threshold and it has a calculable period or service. Software with a useful life of one year or more that does not meet the capitalization threshold will not be inventoried. Software developed in-house should be reported to Budget and Asset Management to be inventoried and capitalized as appropriate.

7.30 Equipment Acquired under Capital Leases - Equipment acquired under lease-purchase agreements will be inventoried at the time of installation for the total dollar amount. A liability entry for the balance of the contract will be recorded at each year-end. Purchasing will be responsible for maintaining records on the lease purchase contracts.

CAMPUS ORDERS AND CAMPUS VENDOR

Campus Orders

8.01 A campus order form should be used by all OSU departments to request services from the Physical Plant Department. For more information on this form, see Physical Plant Procedures, 3-0812.

Campus Vendors

8.02 All transactions for goods and/or services between OSU departments are processed through the on-line CVI (Campus Vendor Invoice) application module in the Administrative Information Resource System (AIRS.okstate.edu). The Campus Vendor Invoice (CVI) is prepared by the vendor department and submitted electronically using the AIRS system. The CVI is then sent for the Supervisor's approval as determined by the departmental hierarchy. Upon approval by Grants and Contracts (if needed) and University Accounting, the CVI is entered into FRS which simultaneously records the transaction on both vendor and customer accounts. Once the CVI is approved by University Accounting, an Email Expense Notification is sent to the department head of the customer account. Customer departments should verify that CVI transactions are properly charged on their monthly Report of Transactions (FBM091).

8.03 The following information must be completed on each CVI:

- A. Vendor Name - The account title of the selling department.
- B. Description of Charges - The quantity, description of service/item purchased and price.
- C. Vendor Account Number - The vendor's eight digit subsidiary ledger account number and revenue subcode which defines the classification of income.
- D. Customer Account Number - The eight digit customer account number and expenditure subcode which defines the category of expense incurred. The expenditure subcode must be determined from the OSU expenditure subcode listing.

8.04 The following information is optional on each CVI:

- A. Customer Name - The account title of the purchasing department.
- B. Backup Documentations - Any backup documentation required by the vendor, customer, or OSU policy is required to be uploaded with the CVI. The vendor is responsible for maintaining adequate documentation for the sale for a period of not less than five years.

8.05 Invoices may be rejected for the following reasons:

- A. Food sales on campus vendor invoices not meeting the following requirements/conditions:
 1. Proper approval and written authorization for food purchases must be obtained from the department's dean or vice president. This written authorization, indicating compliance with OSU Policy and Procedure Letter 1-1204, Professional Development/Retreats, should be retained in the department. If the dean or vice president is sponsoring the event, then presidential approval and written authorization is required.
 2. Purchase is for resale purposes in food sales areas (University Dining Services or Ranchers Club).
 3. Food purchases are specifically included in a Ledger 5 grant or contract budget and approved by a sponsoring agency.
 4. Food purchase is required for instructional and/or research purpose.
 5. Participants in a training, seminar, etc. pay a fee and the documentation specifically indicates the fee will cover the food/meal.
- B. State appropriations (AB-1-XXXXXX and AC-1-1XXXX) paying its own agency.
- C. State appropriations (AB-1-XXXXXX and AC-1-1XXXX) using revenue subcode.
- D. Ledger 9 may not receive revenue on a CVI.

- E. Invalid combination of vendor/customer subcodes. Normally the vendor account should use a revenue subcode and the customer account an expenditure subcode.

8.06 If a correction to a posted CVI is required, please contact the vendor.

MISCELLANEOUS FISCAL ITEMS

Budgets

9.01 FRS has the flexibility to accept budgets from any department. Budget and Asset Management is responsible for the maintenance of these budgets.

9.02 Grants and Contracts Financial Administration will monitor and maintain all sponsored agreements budgets.

9.03 All Plant Fund projects are required to submit a budget when the account is requested. For additional information, contact University Accounting.

9.04 All other departments which wish to input a budget for reporting purposes only should complete the budget form and forward it to Budget and Asset Management. Forms are available from that office.

Deposits

9.05 Deposits are administered by the Bursar's Office. Questions concerning deposits should be directed to that office. University Accounting will monitor deposits from the source of funds characteristics. Funds deposited into an account must be in conformity with the written request authorizing that account and for the purpose(s) stated thereon.

Encumbering of Funds

9.06 With the exception of travel, refunds, campus vendor purchases, utilities, and delegated purchasing authority commitments, all funds must be encumbered prior to expenditure. Small order purchases will not be encumbered on the University records, but a log of commitments must be kept by the department. There are three documents which encumber funds. The Employment Action form encumbers personnel services. Requisitions and campus work orders encumber all other commitments. Requisitions are entered against the budget allocations and have the function of "reserving" or encumbering funds for a particular purpose. See Purchasing policies and procedures for instructions on preparing a requisition.

Imprest Cash Funds

9.07 The University is authorized to maintain Imprest Cash Funds as approved by the University Board of Regents and the State Director of Finance. Imprest cash funds must be approved by University Accounting.

9.08 Departmental imprest cash funds are authorized only upon the basis of formal application submitted to and approved by the University Accounting. Such advances may be withdrawn from the University Imprest Cash Fund or from operations. A request form is available from University Accounting and/or the University Accounting Website.

9.09 Funds advanced for use as an imprest cash fund are to be deposited in a reputable bank in the immediate locality if the fund is \$50 or over. Funds for lesser amounts may be held, if properly secured, in the operating area. Payments from the fund are to be made by prenumbered checks drawn and signed by the designated custodian of the fund, or if not held in a bank, properly signed receipts must be utilized to document the payments.

9.10 Payments from the fund may be made only for the following items:

- A. Amounts paid to local vendors, excluding OSU departments, where such amounts are so small and numerous that the cost of paying by separate requisition and claim would be prohibitive. (Where possible, payments to local vendors should be made by the month rather than by current payments.)
- B. Freight bills
- C. Fees for special services—example: casual labor
- D. C.O.D. charges

The following items are not to be paid from the imprest cash fund:

- A. Utility bills, including telephone bills
- B. Travel claims
- C. Monthly motor vehicle service bills
- D. Any claim exceeding \$500
- E. Postage
- F. Payments due to any OSU department or employee

No imprest cash fund may be used as a change fund.

9.11 Each imprest cash fund will be in the custody of one person. This person will be known as the custodian. The custodian shall sign all checks written for payments from the fund and be responsible for proper maintenance of the account. His or her duties shall include the securing of proper receipts for payments from the fund, the maintenance of an accurate checkbook balance at all times, and monthly reconciliation between the checkbook balance and bank balance. If necessary, the custodian may delegate other individuals to sign checks. However, in such circumstances, the

official custodian is still solely responsible for the safekeeping and proper administration of the imprest cash fund.

9.12 In accordance with requirements established by the Office of State Finance, a special receipt form has been adopted. This form is available at the Student Union Bookstore at a minimal cost. The receipt book SKU number is 1680066.

9.13 Receipts as described above will be filed with the department head for approval and processing for reimbursement. Receipts for reimbursement should be submitted at least once monthly. If payments from the fund deplete its balance to a low level within a month, reimbursement should be made more often. The custodian, on receipt of the reimbursement check, will deposit the check in the bank account provided for the imprest cash fund or cash the check and replenish the fund.

9.14 The custodian of the fund shall be responsible for reconciliation of the checkbook balance with the bank statement and shall file the reconciliation with the department head monthly.

9.15 The department head shall be responsible for preparation of the monthly imprest cash balance sheet reconciling the total advances with funds accounted for in the imprest cash fund. A file should be maintained on each imprest cash fund in operation in the department or outlying stations, consisting of the monthly reconciliation and balance sheet statements, copies of reimbursement requisitions, and claims and bank statements of the imprest cash fund.

9.16 Immediately prior to resignation or discontinuance of services of any custodian, a reconciliation shall be made between the checkbook and the bank balance, and a balance sheet made of the imprest cash fund before a new custodian is assigned the responsibility of operating the imprest cash fund. The custodian is required to submit a reconciliation to University Accounting.

9.17 A receipt shall be obtained from the new custodian for the imprest cash fund assets as acceptance of responsibility and accountability of the fund. At this time a new bank signature card should be signed by the new custodian and filed with the bank. University Accounting should also be notified so that the necessary records can be updated.

9.18 Quarterly reconciliations which include the bank statement reconciliation, the reconciliation to the OSU advance, and the current month's bank statement should be sent University Accounting not later than 15 days following the end of the quarter. For example, June's reconciliations would be due by July 15, September by October 15, December by January 15, and March by April 15.

Change Funds

9.18 Departmental change funds may be authorized by securing formal application forms and filing the completed forms with University Accounting. The application must be approved by University Accounting prior to the advance of funds. Advances for change funds are drawn from the General University Change Fund for all departmental requests except those from Auxiliary

Enterprises. Advances to these functional areas may be drawn from operating funds on formal application with University Accounting.

9.19 Change funds are provided to departmental or functional areas which are required to make cash collections during their normal operations. The purpose of the fund is to provide change when making sales or collection without disturbing funds collected from sales or due accounts.

9.20 The only authorized expenditure from the fund is the repayment of funds created by overpayment or erroneous billings. The refund will be made only when a formal refund slip properly authorized is submitted to the cashier for payment. On receipt of the refund, the payee must give proper identification and sign the refund receipt as evidence payment has been made.

9.21 Each authorized advance of a change fund is to be placed in the custody of one employee. This individual is known as the custodian of the change fund. The custodian is accountable and responsible for the security and composition of the fund. The custodian is also responsible to approve any advances or payments from the fund and to secure the receipts necessary to reimburse the fund to the full authorized level. Change funds should never be commingled with imprest cash funds nor should they in any instance be used as an imprest cash fund.

9.22 Receipts covering amounts paid from the change fund must be attached to and support the reimbursement requisition when drawn. Reimbursement requisitions should be filed as often as needed to keep the change fund at its authorized level. The custodian, on receipt of the reimbursement check, will return it to the change fund.

9.23 A reconciliation should be made daily by the custodian of the change fund to verify the composition of the fund and that the fund constitutes the full amount of the authorized advance. If advances are made to other employees in the department, the custodian should require the recipients to verify the amount of their advances also.

9.24 Immediately prior to the separation of employment the custodian should request the department perform a count of the fund to verify that it constitutes the full amount authorized. When this step has been completed the new custodian is to issue the old custodian a receipt for the fund and notify University Accounting who will complete the necessary transfer for accounting records.

9.25 When the need for an imprest cash or change fund ceases, the custodian is to return the advance to University Accounting.

Transfer of Funds

9.26 Any request to transfer funds within the University should be made in writing to University Accounting. Certain restrictions prevent the transfer of monies to/from certain funds. The department whose funds are being decreased must approve the request. If you have any questions, contact University Accounting.

TRAVEL

10.01 The responsibility for preparation of Travel Vouchers is assigned to individual departments. For OSU employees, Travel Vouchers must be prepared and submitted electronically through the Administrative Information Resource System (AIRS). The Travel Section of University Accounting is responsible for review and processing of the Travel Voucher.

10.02 The objective of the Travel Section, as a service function of the University, is to secure full reimbursement for travel expenses for each employee within the limits allowed by the State Travel Reimbursement Act and the policies set forth by the administration of Oklahoma State University.

10.03 As an aid to employees in complying with requirements of the State Travel Reimbursement Act, these regulations have been prepared to set forth the information necessary to procure reimbursement. Employees will find it helpful to study requirements carefully. Detailed procedures may be obtained by contacting University Accounting and/or on the University Accounting Website.

10.04 Even though great care has been exercised to cover all situations, problems may still arise. In such cases, the employee should contact the Travel Section of University Accounting prior to expenditure of personal funds.

10.05 The laws governing official University travel are made by the Legislature of the State of Oklahoma, except for the requirement for approval of Out-Of-State Travel Requests, which is by the President of the University, and the Board of Regents for Oklahoma A&M Colleges.

10.06 University employees traveling on authorized state business and other persons performing substantial and necessary services to the State of Oklahoma may be reimbursed for expenses incurred subject to the provisions of the State Travel Reimbursement Act.

10.07 Travel within Oklahoma must be authorized by the department or division head. No formal written request is necessary unless required by the department head, dean, or director.

10.08 Travel outside of Oklahoma is restricted by state law to personnel who perform policy making, professional, technical, supervisory, or administrative duties. All travel outside of Oklahoma must receive prior approval by the final authorizing dean or the proper administrative officer. This approval is obtained via an Out-of-State Travel Request and Airline Ticket Requisition.

10.09 All Travel outside the 48 contiguous states, in addition to the previously mentioned approval requirement, must receive prior approval by the Board of Regents for Oklahoma A&M Colleges and, if reimbursement is to be made from a federal grant or contract, must receive prior approval by the appropriate federal agency.

10.10 Out-of-State Travel Requests should be submitted to the proper administrative office with sufficient time allowed for approval. Trips outside of Oklahoma should not be undertaken by any employee without the required prior approval unless the employee elects to travel at his or her own risk of reimbursement.

10.11 All travel within the State of Oklahoma is subject to in-state travel rates and regulations. This includes individuals traveling into Oklahoma from out-of-state. All travel outside the State of Oklahoma, including out-of-country travel, is subject to out-of-state rates and regulations.

10.12 Some grants or contracts may include provisions for payment of actual and necessary per diem (subsistence) cost, transportation cost, and other miscellaneous travel expenses that are in excess of those normally allowed under the State Travel Reimbursement Act. Payment of these expenses in excess of the State limits is allowed provided:

- A. The higher rates are specifically allowed in a contract or grant.
- B. The Contract and Grant Travel Certification on the reverse side of the Travel Voucher is completed.

If the contract or grant does not specifically provide for travel rates other than the State of Oklahoma rates, then all travel reimbursement will be made according to the State of Oklahoma rates.

Out-of-State Travel Request

10.13 The Out-of-State Travel Request and Airline Ticket Requisition is a dual-purpose form. First, it is the document through which prior approval is obtained for all travel outside of Oklahoma. Therefore, one form must be completed for every trip outside of Oklahoma. Second, it is the document used to purchase an airline ticket if that airline ticket is to be billed directly to OSU. The airline ticket may be billed directly to OSU for employees and others requested to travel for OSU. This form is available from University Accounting and/or on the University Accounting Website. For OSU employees the form should be submitted electronically via AIRS for out-of-state travel. For out-of-country and non-employee travel, the paper form is available on the University Accounting Website.

Direct Purchase of Commercial Airfare with the Purchasing Card

PLEASE NOTE: All Purchasing Card Guidelines and Travel Policies and Procedures apply. The following are policies and procedures pertaining specifically to purchasing card airfare purchases.

10.14 The Oklahoma State University (OSU) purchasing card (p/card) airfare program establishes the use, by designated University employees, of University p/cards to facilitate the acquisition of commercial airline tickets for University employees on official business or other persons traveling for University authorized purposes.

10.15 University departments may designate personnel who are authorized to purchase commercial airfare with the p/card.

10.16 It is accepted that no policy and procedure statement can cover all eventualities. Exceptional cases will be resolved as circumstances and prudent business practices warrant on a case-by-case basis.

10.17 The cardholder is responsible for and accountable to the University for all charges made with the p/card. Use of the p/card is solely for official University purchases. Personal purchases are strictly forbidden and may result in a disciplinary action, up to and including termination.

10.18 University departments, as a condition of participation in the program, shall abide by the terms of these procedures unless written exception is requested and approved by the OSU Director of Accounting and the OSU Controller. Requests for exceptions shall cite the specific paragraph(s) of these policies and procedures for which the exception is requested.

10.19 Definitions for “state contract travel agency” and “non-contract travel agency”.

- A. “State contract travel agency” is a travel agency that is listed by regions on the Statewide Contract for Travel Agent Services by the Department of Central Services of the State of Oklahoma (DCS).
- B. “Non-contract travel agency” is a travel agency or internet travel service provider that is not on the Statewide Contract Travel Agent Services by DCS.

10.20 PURCHASE CARD OPERATIONS FOR PURCHASING AIRFARE

- A. Issuance of the P/Card: See Purchasing Card Policy and Procedure on the Fiscal and Administrative Compliance’s Website at <http://faac.okstate.edu>.
- B. To be authorized to purchase airfare, cardholder must be an Oklahoma State University permanent employee (.75 FTE and above).

10.21 Application for p/card: An Application Form for P-card or Works User Access form must be completed, approved, and sent to Fiscal and Administrative Compliance for processing. To request airfare authorization, check the box “Airfare” under the Card Information and Controls section. To request airfare authorization for an existing card, the department must process a Change Form for P-card or Works User Access form. Check the box “Airfare” under the Card Information and Controls section.

NOTE: A department head, dean, or vice president’s signature is required for airfare authorization.

The cardholder must attend p/card training before receiving authorization to purchase airfare with a p/card. The manager and accountant who sign off on the airfare purchase must attend p/card training before airfare may be purchased in the department.

10.22 Transaction Flow for Airfare P/card Purchases: A typical p/card transaction for purchasing airfare consists of the following steps:

- A. An Out-of-State Travel Request is completed and approved.
- B. Traveler may purchase airfare from state contract travel agency using the p/card. Cardholder retains receipt from airfare purchase.
- C. Traveler may use the p/card to purchase airfare from a non-contract travel agency or an internet vendor. If purchasing from a non-contract travel agency or internet vendor:
 1. The traveler must obtain a quote from the state contract travel agency.
 2. The traveler must obtain a quote from the non-contract travel agency.
 3. This information must be entered on the Out-of-State Travel Request with the cost savings noted.
- D. Airline, travel agent, or internet vendor delivers/transmits airline ticket and submits the transaction to the credit card company.
- E. Cardholder completes the "Airplane Ticket Purchase Authorization" section of the paper Out-of-State Travel Request.
- F. At the end of the billing cycle, the cardholder delivers the receipts, the paper Out-of-State Travel requisitions when applicable, and the memo statement to the accountant designated by the department.
- G. The accountant reviews reconciliation software and verifies accuracy of transactions; approves receipts and the memo statement. Any discrepancies are to be investigated immediately. The accountant must sign the memo statement.

10.23 Purchase of Airfare by Phone

- A. Place call to vendor and purchase airline tickets per the approved Out-of-State Travel Request.
- B. Print appropriate screens, emails, and/or faxes to reflect purchase of airline tickets. Retain printed documentation of purchase to attach to the memo statement.

- C. Baggage can be charged at the time of purchase or at the airport, not to exceed the approved number of bags per travel rules. No overweight fees, extra baggage fees, etc. are permissible.

10.24 Purchase of Airfare by Internet

- A. Complete on-line form to purchase commercial airline ticket per approved Out-of-State Travel Request.
- B. Print appropriate screens, emails, and/or faxes to reflect purchase of airline tickets. Retain printed documentation of purchase to attach to the memo statement.
- C. Baggage can be charged at the time of purchase or at the airport, not to exceed the approved number of bags per travel rules. No overweight fees, extra baggage fee, etc. are permissible.

10.25 Canceling Airfare. Airline tickets purchased with a p/card should be bought with the intent **not** to cancel. If canceling or rebooking is a possibility, the tickets should be purchased as refundable tickets from a state contract travel agent. In the event that a ticket is canceled, it is the responsibility of the department to obtain and use any credit received from the vendor for official University business. It is the cardholder's responsibility to ensure the vendor's policies for cancellation and rebooking do not conflict with University policy and procedures.

10.26 Documentation.

- A. Memo statement: The accountant must sign the memo statement.
- B. Receipts: An original receipt from the vendor shall support each airline ticket purchased. Refer to procedures for phone and internet purchases. Receipts are to be scanned and attached to on-line travel reimbursement marked "paid by p/card" when applicable.
- C. Receipts should include the following as established by the Department of Central Services per Title 74 O.S., Sec. 500.3 Subsection F:
 - 1. Date
 - 2. Vendor and/or Name of Airline
 - 3. Total Cost of Purchased Ticket
 - 4. Class of Accommodation
 - 5. Name of Traveler
- D. Out-of-State Travel Request completed with all approval signatures when executed on paper.

- E. Quote: 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. The quote must be one of the following:
1. A written quote obtained from a state contract travel agency.
 2. A verbal quote obtained from a state contract travel agency. The verbal quote is documented by listing the state contract travel agency, name of agent providing the quote, date of quote, and the amount quoted.

10.27 Grants and Contracts. When airfare is purchased on the p/card for a grant or contract, the purchase must comply with the terms and conditions of the award, award budget, and all OSU policies and procedures. The purchases must also be made within the time frame of the award. If a purchase is made on a contract or grant, agency award requirements will dictate the length of time that the department must maintain the receipts to support the purchase and be available for audit. (Reference OSU Policy and Procedures Letter “Records and Documents Retention, Security and Control” #3-0190)

10.28 If p/card airfare purchases from a grant or contract are determined (by audit or otherwise) to be unallowable on the grant or contract, charges will be transferred to the employee’s department.

10.29 Reconciliation. P/card transactions are available electronically to the cardholder, manager, and accountant on a daily basis as they are received from the bank. P/card airfare transactions shall be submitted to the accountant with the memo statement. The accountant will audit reconciliation software for airfare transactions.

10.30 Cardholder Responsibilities. The Cardholder must reconcile the individual receipts to the reconciliation software to verify that purchases and returns are accurately listed and charged to the appropriate account. Departments may choose to delegate the reconciliation of cardholder receipts to another individual. However, the cardholder is responsible for the purchases, as well as obtaining appropriate documentation. The cardholder shall sign off in the reconciliation software, indicating that the cardholder did make those purchases.

Note: In reconciling transactions, the accountant should use the appropriate documents, such as the memo statement, receipts of airline tickets, the Out-of-State Travel Request, and quotes.

10.31 Record Retention. Department p/card records shall be maintained in a central location. Records shall include, but are not limited to, the memo statement, receipts, dispute documents, department approvals, and any other pertinent documents whether in paper or electronic form. Accounting records shall be maintained in the appropriate departmental accounting office. All records shall be maintained as prescribed in OSU Policy and Procedures Letter #3-0190.

10.32 Cardholder/Departmental Compliance Reviews. On a monthly basis the cardholder will receive a report directly from the bank that lists all transactions posted on the p/card. The accountant

will reconcile the memo statement processed during the cycle to the report. Periodically, the Fiscal and Administrative Compliance and/or University Accounting will conduct random compliance reviews of p/card airfare purchases.

Direct Purchase of Lodging with the Purchasing Card

PLEASE NOTE: All Purchasing Card Guidelines and Travel Policies and Procedures apply. The following are policies and procedures pertaining specifically to purchasing card lodging purchases.

10.33 The Oklahoma State University (OSU) purchasing card (p/card) lodging program establishes the use, by designated University employees, of University p/cards to facilitate the acquisition of lodging for University employees on official business or other persons traveling for University authorized purposes.

10.34 University departments may designate personnel who are authorized to purchase lodging with the p/card.

10.35 It is accepted that no policy and procedure statement can cover all eventualities. Exceptional cases will be resolved as circumstances and prudent business practices warrant on a case-by-case basis.

10.36 The cardholder is responsible for and accountable to the University for all charges made with the p/card. Use of the p/card is solely for official University purchases. Personal purchases are strictly forbidden and may result in a disciplinary action, up to and including termination.

10.37 University departments, as a condition of participation in the program, shall abide by the terms of these procedures unless written exception is requested and approved by the OSU Director of Accounting and the OSU Controller. Requests for exceptions shall cite the specific paragraph(s) of these policies and procedures for which the exception is requested.

10.38 Definition for “direct purchase of lodging” and “room rate”.

- A. “Direct purchase of lodging” is the a purchase of overnight accommodations directly paid to a hotel, motel, or other public lodging place for any state officer, employee or others, while in official travel status as allowable per OSU and/or the State travel policies. Excludes any elective charges, such as and not limited to, parking, phone calls, meals, connecting to the internet, and other travel expenses charged by the entity.
- B. “Room rate” is the rate charged per the number of occupancies for an overnight accommodation exclusive of any other charges by a hotel, motel, or other public lodging place. Applicable lodging taxes are acceptable for out-of-state lodging and are not considered to be a component of the room rate.

10.39 PURCHASE CARD OPERATION FOR PURCHASING LODGING

- A. Issuance of the P/Card: See Purchasing Card Policy and Procedure on the Fiscal and Administrative Compliance's Website at <http://faac.okstate.edu>.

10.40 Application for p/card: An Application Form for P-card or Works User Access form must be completed, approved, and sent to the Fiscal and Administrative Compliance for processing. To request lodging authorization, check the box "Lodging" under the Card Information and Controls section. To request lodging authorization for an existing card, the department must process a Change Form for P-card or Works User Access form. Check the box "Lodging" under the Card Information and Controls section.

NOTE: A department head, dean, or vice president's signature is required for lodging authorization. The cardholder must attend p/card training before receiving authorization to purchase lodging with a p/card. The manager and accountant must attend p/card training before lodging may be purchased in the department.

10.41 The direct purchase of lodging can be for any state officer, employee or others, while in official travel status, after attending an arranged meeting, workshop, conference or other such events conducted at a designated location as evidenced by the sponsor's announcement, agenda, brochure, registration form, and/or notice not to exceed the single occupancy room rate charged by the designated hotel, motel, or other public lodging place.

- A. If no designated rate is available, direct purchase of lodging is not to exceed the single occupancy room rate of the Federal room rate per city and/or county.
- B. No more than one night's stay may be posted to the p/card in advance if a paid deposit is required with the provision of a full refund cancellation policy in place. The lodging establishment's cancellation policy or other support documentation should be retained by the cardholder when paying a deposit.
- C. No payments for processing/booking fees are permissible.
- D. No package deals or bundles are permissible. No meals or other travel expenses can be included within the cost of lodging.
- E. No payment of direct purchase lodging will be made for persons receiving payment for service rendered, including but not limited to honorariums.

10.42 Transaction Flow for Lodging P/card Purchases: A typical p/card transaction for purchasing lodging consists of the following steps:

- A. Traveler(s) obtains the appropriate approval for travel.

1. Traveler(s)/cardholder complete an Out-of-State Travel Request and obtain the appropriate approvals when applicable per the travel guidelines.
 - B. Cardholder purchases lodging with p/card at checkout and confirms only the applicable charges are applied
 - C. Traveler(s)/cardholder obtain an original receipt.
 - D. Cardholder signs off on the reconciliation software and forwards the memo statement to the accountant designated by the department.
- 10.43 Direct purchase of lodging must be acknowledged in the appropriate places on the travel reimbursement requisition and/or out-of-state travel requisition.
- 10.44 Documentation
- A. Memo Statement: The accountant must sign the memo statement.
 - B. Receipts: An original receipt from the vendor shall support each direct purchase of lodging and must be filed with the memo statement. A lodging receipt is not required to be attached to the paper travel reimbursement requisition to indicate payment of lodging with p/card. Checking the box for agency direct purchase of lodging with an authorized OSU purchasing card on the paper travel reimbursement claim is sufficient notice of the use of a p/card for this purpose. Receipts are to have the notation “paid with p/card”, scanned, and attached to the on-line travel reimbursement claims when applicable.
 - C. Support the lodging rate paid by retaining either:
 1. Sponsor’s announcement, agenda, brochure, registration form, and/or notice to verify designated lodging site and single occupancy room rate.
 2. Printed documentation of the Federal lodging rates for city and/or county.

10.45 Grants and Contracts. When lodging is purchased on the p/card for a grant or contract, the purchase must comply with the terms and conditions of the award, award budget, and all OSU policies and procedures. The purchases must also be made within the time frame of the award. If a purchase is made on a contract or grant, agency award requirements will dictate the length of time that the department must maintain the receipts to support the purchase and be available for audit. (Reference OSU Policy and Procedures Letter “Records and Documents Retention, Security and Control” #3-0190)

10.46 If p/card lodging purchases from a grant or contract are determined (by audit or otherwise) to be unallowable on the grant or contract, charges will be transferred to the employee’s department.

10.47 Reconciliation. P/card transactions are available electronically to the cardholder, manager, and accountant on a daily basis as they are received from the bank. P/card airfare transactions shall be submitted to the accountant with the memo statement. The accountant will audit the reconciliation software for lodging transactions.

10.48 Cardholder Responsibilities. The Cardholder must reconcile the individual receipts to the reconciliation software to verify that purchases and returns are accurately listed and charged to the appropriate account. Departments may choose to delegate the reconciliation of cardholder receipts to another individual. However, the cardholder is responsible for the purchases, as well as obtaining appropriate documentation. The cardholder shall sign off in the reconciling software, indicating that the cardholder did make those purchases.

Note: In reconciling transactions, the accountant should use appropriate documents, such as the memo statement, lodging receipts, the Out-of-State Travel Request, conference brochures/registration forms, appropriate support for room rate and any other documents necessary to conform to travel and p/card policies.

10.49 Record Retention. Department p/card records shall be maintained in a central location. Records shall include, but are not limited to: receipts, dispute documents, department approving official approvals, Out-of-State Travel requests, conference brochure/registration forms, appropriate support for room rate, and any other pertinent documents whether in paper or electronic form. Accounting records shall be maintained in the appropriate departmental accounting office. All records shall be maintained as prescribed in OSU Policy and Procedures Letter #3-0190.

10.50 Cardholder/Departmental Compliance Reviews. On a monthly basis the cardholder will receive a report directly from the bank that lists all transactions posted on the p/card. The accountant will reconcile the memo statement processed during the cycle to the report. Periodically, the Fiscal and Administrative Compliance and/or University Accounting will conduct random compliance reviews of p/card lodging purchases.

Note: If you have any questions or need clarification of any of the policies contained in this document, please contact Accounting at 744-5865.

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