

3.3 ACCOUNTABILITY FOR UNIVERSITY FUNDS

It should be obvious from the preceding discussion that a sophisticated accounting system is required to fully account for these different fund types and the numerous individual accounts found in each type. [OSU Extension alone has over 600 separate accounts to manage!] The University's Financial Accounting System (FAS) is discussed in detail in Section 4.

The department/county chair, unit leader, or other supervisory employee is responsible for the appropriate use of University funds. It is important the individual review the FAS reports (or bank statement for field office checking accounts) each month, paying particular attention to cash/budget balance, payroll/honoraria, and travel/reimbursements to employees in the unit. A signature authorization form (copy at end of this section) should be completed for each account to document employees with signature authority for the account. The chair may delegate authority for approval of expenditures; however, responsibility for management of the funds still rests with the chair.

To verify the integrity of the accounting system and financial control procedures, OSU Extension funds are subject to audit by:

- OSU Internal Audit department
- OSU external auditors (an outside firm hired by the University)
- Various funding agencies
- State of Ohio
- Internal Revenue Service
- CSREES-USDA

4.4 UNIVERSITY EXPENDITURE POLICIES (EFFECTIVE 11/01/95)

The following policies become effective 11/1/95 and replace the former "Guidelines for Use of Funds" (OSU Extension) and "Guidelines for Business Expenses while not on Travel Status" (OSU). Except for alcohol, these policies apply to all types of FAS accounts. However, the individual account restrictions must always be kept in mind (e.g. donor restrictions on a development account, or federal policies for federally-funded programs). The policies apply to all payment methods, including purchase orders, LDPO's, IOOW's, petty cash, etc.

The new guidelines allow considerably more latitude in expenditures that may be paid from University funds. The Associate Controller has indicated that the final test in whether an expenditure is appropriate is whether the individual responsible for approving the expenditure would be comfortable with the expenditure being the subject of a front-page article in the local paper!!

Following is a summary of the changes: a detailed discussion of the changes is included following the summary.

1. There are no longer different rules for different kinds of accounts- appropriated, development, earnings, etc. The only exception is grants and contracts; the specific budgets and guidelines for those accounts govern use of funds. For instance, it would not be appropriate to use EFNEP, WIC, or FNP (Food and Nutrition Program) funds to purchase OSU logo items or items in #2a, b, and c.

2. The following expenses are now allowable but they require Vice President approval (which has been delegated to department chairs and district directors)—
 - (A) Appreciation of service programs, e.g., retirement, going-away recognition events, gifts, etc.
 - (B) Miscellaneous expenditures for employees, such as flowers, fruit baskets, or other similar items associated with the birth/adoption of a child, death of an immediate family member, or get well wishes. If requested by the family, a charitable contribution may be substituted. The value of such acknowledgments may not exceed \$100.
 - (C) Entertainment-the University will pay for expenditures relating to entertainment when the purpose is fund raising or promotion of the University or entertainment for guests of the University. Examples include food, admission charges, flowers, mementos, etc.
 - (D) Food served at University functions involving only University employees-Costs of providing food for a “working” lunch or dinner may be reimbursed, particularly when employees are giving up personal time to conduct University business. A formal business discussion must be the primary purpose of the meeting, however.
3. Business Meals-The University may pay or reimburse properly documented business meals whose primary purpose is a University business discussion. Business meals generally include at least one non- University employee. However, occasional gatherings of University employees may also be reimbursed as business meals. Reimbursements require (1) an itemized receipt and (2) documentation of date, place, business purpose and attendees at the meal. Tips for such meals are reimbursable up to 20%.
4. Payments to Non-OSU Employees

If an individual receives payment for services rendered to the University (e.g., speakers’ fee) and reimbursement of travel and other expenses, the entire amount paid to the individual is reported as taxable income. The fee and expenses to be reimbursed should be agreed upon in advance. No receipts are required to document expenses since the entire amount is reported to the IRS as taxable income. OSU cannot prepay airfare or pay for lodging expenses since all expenses are reported as taxable income to the individual.

Individuals should be aware of this arrangement in advance.

If the individual is reimbursed for expenses only and there is no fee provided, the reimbursement is not reported as taxable income. In this instance, receipts are required for reimbursement of expenses, however. Prepayment of airfare and direct payment of lodging expenses are allowable under this arrangement.

Specific details on the expense guidelines follow. This information is based on “University Expenditure Policies” effective 11/1/95, prepared by the Office of the Controller.