

The Ohio State University Office of Business and Finance Internal Control Structure

Background

As a major public institution, The Ohio State University is held to a high level of accountability for its business practices. Accordingly, every reasonable effort must be made by all employees to ensure that funds are used in a responsible and appropriate manner consistent with the University's mission, applicable law, and ethical practice. Employees who have been delegated the authority and privilege to initiate and approve finance, procurement and human resources transactions must agree to abide by:

- Business and Finance University policies as referenced at <http://busfin.osu.edu/policies/atoz.aspx>;
- Human Resources University policies as referenced at <http://hr.osu.edu/policy/index.aspx>.

The Office of Business and Finance's Internal Control Structure document further addresses this stewardship obligation.

Model

Delegation of Signature Authority documents from Business and Finance's nine areas have been approved by the Senior Vice President of Business and Finance. These nine areas are:

- Business and Finance Admin
- Internal Audit
- IUC (HR entry only)
- Office of Financial Services
- Office of the Controller
- Purchasing, Receiving, Stores and Mail Services
- Resource Planning
- Resource Management Systems
- Office of Investments

The procurement, general ledger and human resources processes for these nine areas are administered by the Business and Finance Fiscal and Human Resources Service Centers. The operational requirements of the service centers are described below.

Procurement

Each business area will have staff responsible for initiating purchasing transactions via eRequest. Self-Service may also be used. Responsibility for approval of business purpose and appropriateness is delegated to management staff within each business area. The Business and Finance Service Center (BFSC) will then review/adjust request for compliance and execute the transaction for the business area. The BFSC will provide an independent assessment of reasonableness. The procurement transactions process flow along with the roles and responsibilities of the BFSC are documented in Attachment A. Procurement systems access and security must be assigned and business processes engineered so that staff able to initiate transactions are not also able to approve those same transactions.

Transactions and documentation to be routed to the Business and Finance Fiscal Service Center include:

- Procurement Card Transactions, Travel Reimbursements, Payment Requests, Internal Orders, Requisitions, Purchase Orders and PO Vouchers.
- Documentation for transactions will be retained in the BFSC and reconciled to the GL on a monthly basis.

General Ledger

Each business area may have staff responsible for initiating journal entries and budget/fund transfers. In addition, responsibility for approval of business purpose and appropriateness is delegated to management staff within each area. The BFSC will then review transactions for compliance and provide an independent assessment of appropriateness. General Ledger access and security must be assigned and business processes engineered so that staff able to initiate transactions are not also able to approve those same transactions.

Transactions to be routed to the Business and Finance Fiscal Service Center include:

- Journal Entries, GFSA Transfers, PBA Transfers and Fund Transfers for all areas.

**The Ohio State University
Office of Business and Finance
Internal Control Structure**

Cash Handling

The cash handling processes includes the segregation of duties as defined by the following roles.

- **Cash Collection Point Cashiers:** Conducts cash transactions with customers. Monies can be received in person and/or over the phone. Enter each transaction into a cash register. Provide a receipt to everyone paying in person. Endorse all checks immediately upon receipt with a restrictive endorsement. Counts the cash and turns it over to the **Cash Collection Point Supervisor** at the end of his/her shift. Turn over any supporting documentation (cash register tapes, refunds, etc.) to the **Cash Collection Point Supervisor**. If there are multiple cashiers on the same shift, each person must have their own cash drawer.
- **Cash Collection Point Supervisor:** Monitor cash receipting functions and authorize various transactions, such as refunds, voids, and cash drawer reconciliations. Have access to the cash drawers and safe, if applicable.
- **Deposit Preparer:** Retrieves and counts the cash receipts from the current or previous business day, prepares the deposit, and delivers it to the designated deposit drop location. Record all cash and checks received in the deposit log. The cash is stored in a secure location until it is deposited.
- **Reconciler:** Verifies that the **Deposit Preparer** has deposited all cash received (daily on weekdays). On a monthly basis, reconciles validated deposit forms to the supporting documentation and to the General Ledger Statement of Account.

Inventory

The inventory levels are managed by each Warehouse Manager. When the stock levels are low a request to order is sent to the BFSC. The BFSC is responsible for ordering the new stock and validating the vendor pricing with the inventory system pricing. Orders are received and entered into the inventory system by the Warehouse Managers. The BFSC then receives the packing slips to attach to the original request for purchase. The Accounting office is then responsible for validating each order was put into the inventory system correctly and the vendor invoice is accurate.

An annual physical inventory is performed for each warehouse. The Warehouse Managers may also perform periodic cycle counts to ensure the physical count balances with the inventory system count. Dead stock is written off during the annual physical inventory or at year end.

Equipment

Capital Equipment – Defined as moveable equipment with a cost of \$5,000 or more. Each new piece of capital equipment is tagged and added to the PeopleSoft Asset Management System by the Asset Management office. An annual physical inventory of all capital equipment is performed by the departments in conjunction with BFAP IT. When equipment is no longer needed the retirement/surplus forms are used to dispose of the assets.

Non-Cap Equipment – Defined as moveable equipment with a cost of less than \$5,000. The department who has purchased the non-cap equipment is responsible for maintaining effective physical custody of all assets. BFAP IT will assist in maintaining the inventory of all computer equipment. Departments must tag non-cap assets. An annual physical inventory of all non-cap equipment is performed by the departments in conjunction with BFAP IT.

Human Resources

The Business and Finance Human Resources Service Center (BFSC) will review all human resources transactions for compliance, appropriateness and reasonableness.

Staff in each business area initiates human resource transactions through completion of appropriate human resource documents. In addition, responsibility for approval is delegated to management staff within each business area. The BFSC reviews transactions for compliance to ensure accordance with University and Business and Finance policies and to provide an independent assessment of appropriateness. PeopleSoft

**The Ohio State University
Office of Business and Finance
Internal Control Structure**

Human Resource System access and security must be approved by the Director of Human Resources and initiator and approval roles are limited to staff appointed in the Human Resource Service Center. Staff setup as initiators in the system cannot approve those same types of transactions.

Transactions and documentation that is routed to the Business and Finance Human Resource Service Center include requests for:

- Additional Payments
- Flexible Work Arrangements
- New Hires
- Funding Changes
- New Positions
- Position Postings
- Reclassifications
- Salary Changes
- Temporary Appointments
- Terminations

Documentation for all PeopleSoft entries affecting salary is matched against PeopleSoft reports on a pay-period basis.

Timekeeping

Non-exempt staff enter hours worked and leave time taken directly into the WorkForce Timekeeping System on a daily basis. Supervisors, who are granted approval access based on the "reports to" position in PeopleSoft, approve electronic timesheets on a weekly basis. Timekeeping approval delegation of authority is processed and maintained in the BFSC.

Adjustments to time worked or leave taken must be entered by the supervisor via a Time Clock/Web Clock Adjustment or Leave Request Adjustment form. These forms are initiated and signed by the employee, submitted to the supervisor for approval and entry and forwarded to the BFSC for review. These forms are maintained in the Service Center.

Exempt staff request leave time via the OSU Application for Leave Form and submit to their supervisor for approval. Leave forms are submitted to the BFSC for review of appropriate approval authority and entry into the PeopleSoft system.

Non-exempt and exempt timekeeping processes require the completion of Timekeeping Checklists for every pay period by established deadlines. Initiator and approval roles are performed by separate staff members.

Payroll Certification

The BFSC is responsible for obtaining certification of the accuracy of payroll activity from supervisors each pay period. Each pay period, the Pay364os is prepared and distributed to each supervisor for certification of payment eligibility and reasonableness for staff reporting to them. The BFSC ensures certification for pay periods occurring in any given month are completed prior to the end of the following month.

Approvals

Delegation of Signature authority documentation, approved by the Associate Vice President, must be in place for all areas. All transactions, regardless of dollar amount, require approval for both business purpose and compliance.

Staff members who have been delegated signature authority (an approver role) must:

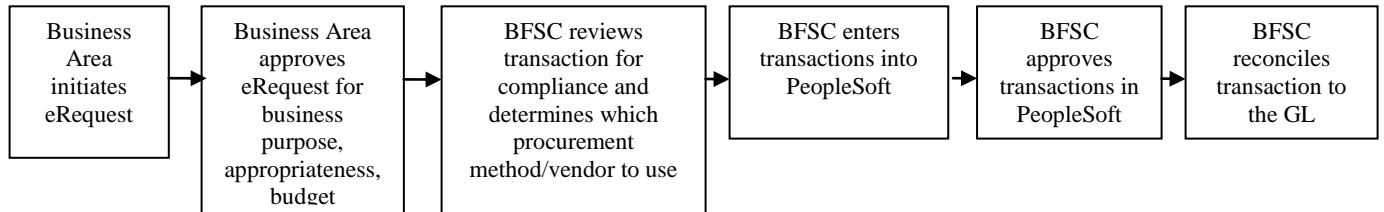
- hold a position that allows independent thinking and exercise of judgment

**The Ohio State University
Office of Business and Finance
Internal Control Structure**

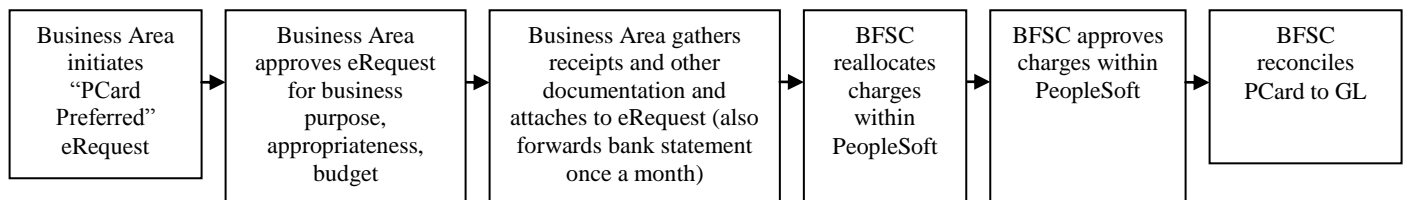
ATTACHMENT A: B&F Fiscal Service Center Process Flows

The following outlines roles and responsibilities to achieving an effective internal control structure for procurement transactions for entities falling under the Office of Business and Finance.

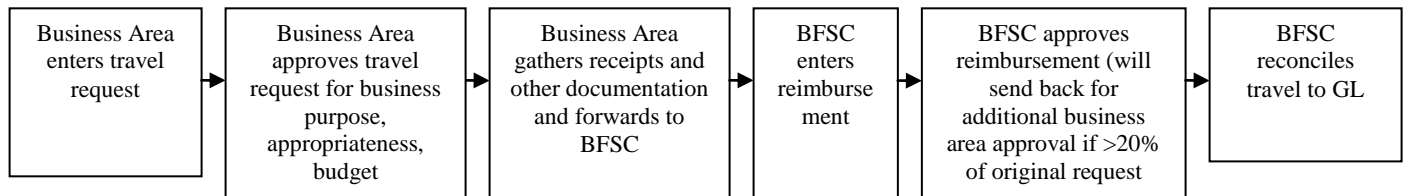
Purchasing/Payment Request Transactions



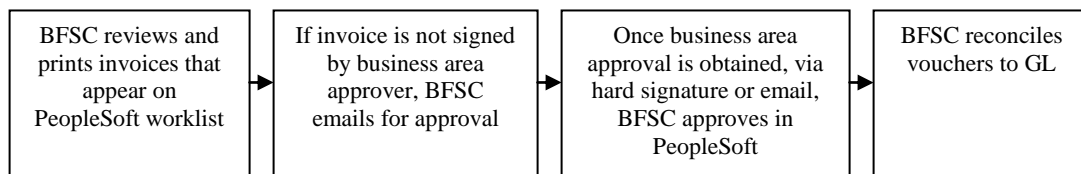
Dept Purchasing Card



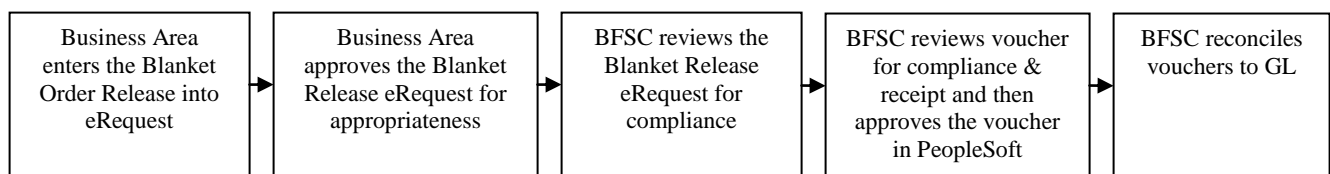
Travel



Vouchers (Line Item PO)



Vouchers (Blanket PO)

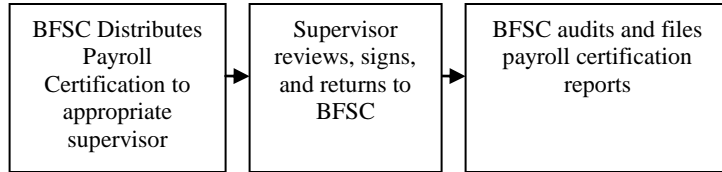


**The Ohio State University
Office of Business and Finance
Internal Control Structure**

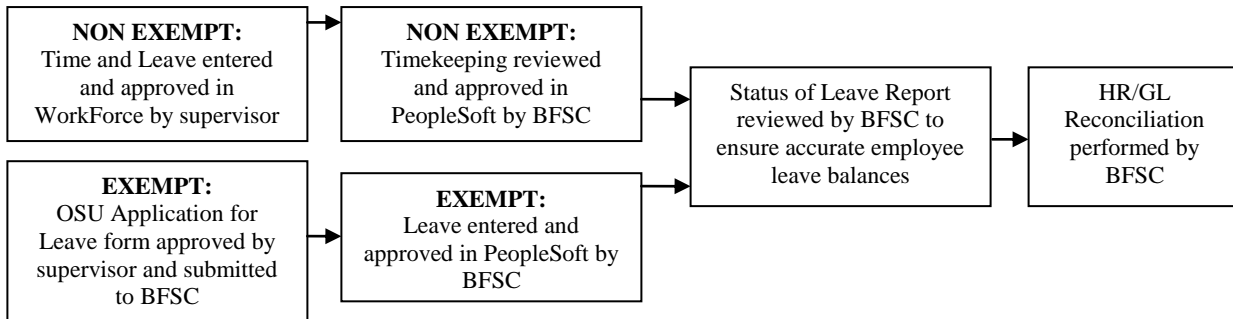
ATTACHMENT B: B&F Service Center Human Resources Process Flows

The following outlines roles and responsibilities to achieving an effective internal control structure for human resources transactions for entities falling under the Office of Business and Finance.

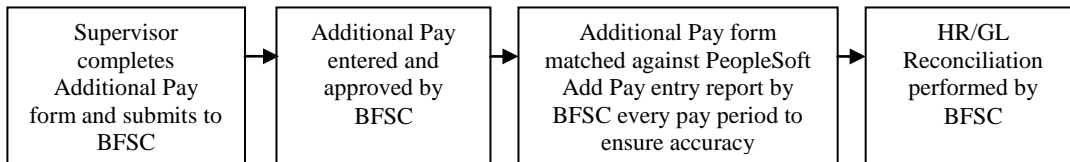
Payroll Certification



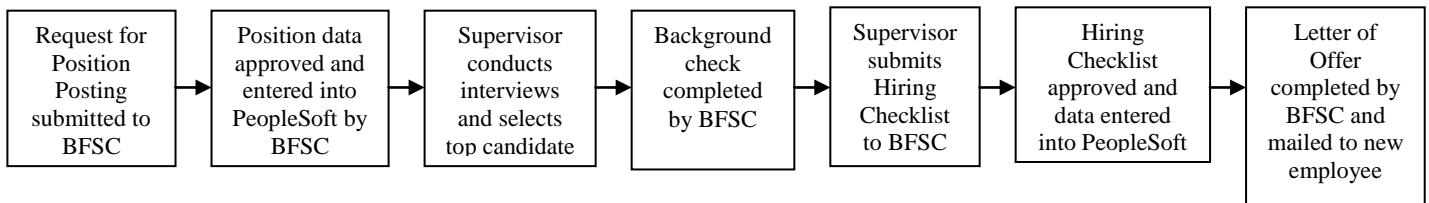
Timekeeping



Additional Pay



Position Data/Job Openings



Hires and Job Data Changes

