

B & F Brick

The Office of Business & Finance

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March 2012

Financial Planning & Analysis Semester Conversion Activities

The semester conversion process had a significant impact on the Financial Planning and Analysis team. Nearly every facet of the team's work was affected. From projecting the impact on enrollments and revenues, to the conversion of all fee structures, to the impact on the FY13 budget process. The underlying tenet that drove all decisions and work product was the pledge to students that full time tuition for one academic year under semesters would not cost more than it would for a year under quarters. The following are the main areas where the semester conversion process has impacted their activities.

- ◆ **Complications of the Conversion of Tuition and Fees**
- ◆ **Changes to the Annual Budget Calendar**
- ◆ **New Considerations to Enrollment and Revenue Projections**
- ◆ **Salary and Academic Calendar Issues**
- ◆ **Planning for New May Term**
- ◆ **Budget System and Budget Model Impacts**

Financial Planning and Analysis has provided a very interesting narrative of the details. Follow this link to the full article [Semester Conversion and Financial Planning](#). We have also included a list of the impact to all the other areas of B&F.

Campus Campaign

Campus Campaign is underway and runs March 1 - April 30. This is YOUR opportunity to make gifts in support of what you believe in at Ohio State. The Campus Campaign Coordinator from your area will be handing out gift forms. To search for funds or give online, visit: [Campus Campaign 2012](#).



Our [B&F Coordinators](#) are planning a special event and weekly prize drawings. Additional communications will follow later this month.

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FOOD FOR THOUGHT

The world hates change, yet it is the only thing that has brought progress.

- [Charles F. Kettering](#)



From the Desk of Geoff Chatas

This month I want to focus on change. Our March issue of the newsletter highlights one of the biggest changes that the university is facing with the conversion from quarters to semesters. All reports indicate that this process is going very smoothly, but that was not by accident. An immense amount of work across the university has enabled the success of this change and a big thanks goes to each of you who have contributed. As you know, we are embarking on a number of significant revenue enhancement strategies including tuition management, affinity agreements, enhanced technology commercialization and knowledge transfer, and exploring asset monetization strategies. We are also focusing on strategic procurement and streamlining for more effective service and processes. Our work fits in with the university's goal of reducing student debt load and freeing faculty time for teaching and research. It almost goes without saying that we will collectively need to be highly adept agents of change. We are employing the successful change management components of communication, well-defined objectives, measureable goals, cross-functional work groups, action-oriented planning and above all, commitment. A key to your individual success is to discuss with your manager how your role fits into this changing culture. Please feel free to contact me with any comments or suggestions that you may have. Chatas.1@osu.edu



Smooth Transition to PwC

You may be aware that PricewaterhouseCoopers is the new external audit firm for the university. The transition to the new audit firm has been a very positive experience with good cooperation across B&F as well as across the university. During the Town Hall in January, Geoff Chatas praised the efforts of those involved, saying that this was one of the smoothest transitions experienced by the new audit team. Cooperation is critical for a timely and efficient audit process, and B&F shines.

Some of the key players in the transition have been Rick Stover, Audit Partner, and Caroline Stinziano, Audit Manager, who have been working very closely with the Controller's Office, Legal Affairs and Internal Audit.

At the university, there is actually a series of audits that occur each year. The main audit begins in mid-August, followed by:

- A133 Federal Compliance
- Ohio Revised Code (ORC) compliance
- OSU Health Systems
- OSU Foundation
- OSU Campus Partners
- OSU Physicians
- Transportation Research Center
- OSU Health Plan
- WOSU Stations
- Wexner Center
- NCAA Agreed Upon procedures
- ADAMH Agreed Upon procedures

Soon it will be time to plan for the next audit cycle with the kick-off meetings starting again in April. If anyone has any questions about PwC and the external audit process, please feel free to contact Tom Ewing.

Flags of Fraud

Fraud can be defined as deliberately misusing the resources or assets of one's employer for personal enrichment. There are three components that come together to form the fraud triangle: perceived need, perceived opportunity and rationalization. When an individual encounters all three, the risk of fraud is great. Most commonly, fraud is a result of situational pressures combined with a rationalization of one's honesty.

Example of fraud: Evelyn worked as an executive assistant to the COO of a non-profit organization that provided funds to underprivileged children. She had a good relationship with her supervisor and coworkers, an excellent work ethic, and was a trusted employee. After working at the non-profit for about a year, her personal life began to go awry. Evelyn went through a divorce, became involved in a property suit with her brother, and became increasingly embarrassed that she was not able to live up to her former lifestyle. The stresses led her to feel that she was underpaid considering her high performance and strong work ethic. She began coming up with ways to take a little here and there until her life improved. However, as she was able to successfully carry out her misappropriation, she sought greater gains. Evelyn used the company's purchase card and forged her supervisor's signature, created false applications for assistance to needy children (which were actually her own children), deposited donations

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Spotlight on B&F employee: Rick Gaal

Rick Gaal, **Senior Auditor**, enjoys his job, because he gets to see numerous parts of the university on a day-to-day basis. As Rick says, "There is **always something new.**"

Rick completed his undergrad at **Otterbein University**, attending graduate school at **Capital University**. Rick worked in public accounting for 4 years before coming to OSU.

In his free time, he enjoys spending time with his wife and three kids. He is also very involved in his church as a teacher and treasurer. He enjoys being outdoors, participating in activities like **running** and **backpacking**. His favorite vacation was a camping trip out to Montana, going to places like **Mount Rushmore** and **Yellowstone National Park**.

JOB TITLE

Senior Auditor

DEPARTMENT

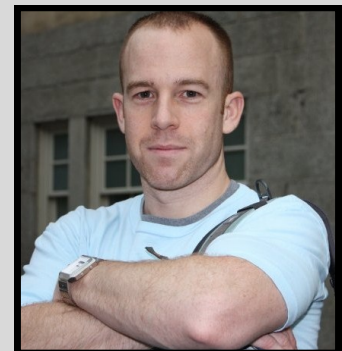
Internal Audit

TIME AT THE UNIVERSITY

3.5 years

JOB RESPONSIBILITIES

- ◆ Perform surveys, audits, special investigations, and consultations of complex, sensitive areas to determine the nature of operations.
- ◆ Determine the audit procedures to be used and compose audit programs.
- ◆ Determine adequacy and effectiveness of internal controls.
- ◆ Examine compliance with policies, procedures, laws, and regulations.



DOUBLE TAKE: Rick's co-workers were surprised to see him working for Deloitte on a university audit. Turns out that he has an **identical twin** brother who is also an accountant.

Flags of Fraud, Continued

into her personal account, falsified her timecard with unauthorized overtime, and took funds from petty cash. Over a period of approximately nine months, she stole \$107,000 from the organization. Evelyn was caught when the accounting department questioned a duplicate check request meant to benefit a needy child and was in fact, her daughter. Also, her boss found a credit card approval form under her desk containing his forged signature. In this case, Evelyn was able to commit the fraud due to the lack of segregation of duties, proper monitoring, and adherence to internal controls.

According to the Association of Certified Fraud Examiners' Report to the Nations, in 2010 the total loss from fraud was over \$18 billion in the U.S. It is important to note that this number represents only the cases of fraud that were discovered. Tips have been shown to be the most effective way to catch fraud, and half of the tips reported are from employees.

There are some red flags associated with fraud of which we should all be aware:

- ◇ Employee lifestyle changes: expensive cars, homes, clothing, etc.
- ◇ Significant personal debt and credit problems
- ◇ Refusal to take vacation or sick leave
- ◇ Poor segregation of duties without proper monitoring
- ◇ Reluctance to provide information to auditors or investigators
- ◇ Weak internal control environment
- ◇ Decentralized operations without adequate monitoring
- ◇ Excessive number of year end transactions or adjusting journal entries
- ◇ Unsupported transactions or adjusting journal entries
- ◇ Unexpected overdrafts or declines in cash balances
- ◇ Refusal to use receipts or invoices which are sequentially numbered
- ◇ Compensation program which is out of proportion
- ◇ Any financial transaction that doesn't make sense – either common sense or business sense
- ◇ Bank deposits not made timely
- ◇ Service contracts for which there is no product
- ◇ Altered documents or accounting records
- ◇ Inordinate volume of manual checks
- ◇ High volume of purchases from new vendors
- ◇ Vendor addresses matching employee addresses
- ◇ Discrepancies between bank deposits and postings
- ◇ Bank accounts are not reconciled on a timely basis
- ◇ Increase in past due accounts
- ◇ Unexplained increases in purchase card uses
- ◇ Inadequate record keeping of portable assets
- ◇ Unexplained increase in asset loss