

Financial Accounting and Reporting & Accounts Payable

OSU Foundation Policy 03-150-301

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Alex Sims, Director, Vendor Payment Strategies

May 8, 2024

1:30-2:30



**Oregon State
University**



Foundation Policy Background

- With respect to content, Foundation Policy 03-150-301 is largely the same, but it has been reformatted and streamlined to provide clarity and readability.
- The OSU Foundation Matrix was also updated and vetted for consistency with the Foundation policy:
 - <https://fa.oregonstate.edu/fiscal-program/resources/exhibits/exhibits-financial-operations/ex003-34-osu-foundation-matrix>
- A common area of confusion is determining what can be paid on OSU's books versus what should be paid on the Foundation's books.
- The criterion "fulfillment and administration of OSU's mission" is the term used to differentiate what should be on OSU's books and what should be on the Foundation's books.
- Section 2.2.3 indicates that costs not associated with the "fulfillment and administration" of OSU's mission "should" be paid directly by OSU Foundation.
- Section 2.2.4 indicates costs that are associated with the "fulfillment and administration" of OSU's mission "must" be paid through OSU and included in OSU's financial records.



Foundation Policy Background (continued)

- Section 2.2.3 refers to, and is related to section 3.2.3
- Section 3.2.3 lists expenses that “must” Not be paid through OSU and may only be paid directly by the OSU Foundation.
 - Alcohol
 - Alumni and Fundraising expenses
 - Promotional activities related to fundraising
 - Commencement events
 - Flowers
 - Gifts to donors and volunteers
 - Gratuities above and beyond a reasonable amount
 - Greeting cards
 - Hosting expenses that exceed limits
 - Unallowable professional licenses
 - Receptions for memorials, remembrances, celebrations of life, etc.
- Most of these expenses are called out specifically because, per federal regulations, they are unallowable costs in the F&A Indirect Cost Rate proposal calculation.



OSU Foundation Expense Processing Matrix

OSU Foundation Expense Processing Matrix

Last updated: April 2024

General Rules:

1. **ALL** costs associated with fulfillment and administration of OSU's mission (instruction, research, and public service) should be processed through the FS Reimbursement System
 If the expense CAN be processed through the FS, it SHOULD be processed through the FS
2. Direct Payment Request (DPR) System transactions should primarily be fundraising or public relations in nature
 Can also include those expenses not allowable through the FS Index Reimbursement System (i.e. alcohol)
3. Scholarship Reimbursement System processing is administered through OSU Financial Aid and/or the OSU Scholarship Office
4. OSU Foundation Distribution Policy applies to all transactions paid directly, through the DPR system, from OSU Foundation accounts

Expense Type	Scholarship Reimbursement System	FS Index Reimbursement System	Direct Payment Request (DPR) System	Clarification Information
Accounting Services		X		
Advertising (Department/College level)		X	X	Advertising related to fund raising should be routed through DPR system. Advertising related to further operations of a college or department should be routed through FS Index.
Alcohol			X	
Alumni Expenses (i.e. newsletters, glossy publication)			X	



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Alcohol			X	
Alumni Expenses (i.e. newsletters, glossy publication)			X	
Apprenticeship Program for Science and Engineering		X		
Awards				* see <i>Employee Length of Service Awards, Employee Performance Awards, Non-Employee Awards, Student Awards or Volunteer Awards</i>
Books		X		



Questions?

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Year-end Close & Accrual Threshold Update

Mark Fryman, Director, Financial Accounting and Reporting

May 8, 2024

1:30-2:30



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University**

Agenda



YEC Planning Update



YEC Accrual Threshold Changes



New Prepaid Policy

YEC Updates

- Period 12 will close on July 8th
- Period 14 will close on July 22nd
- YEC webpage: <https://fa.oregonstate.edu/controllers-unit/financial-accounting-and-reporting/year-end-closing>
- Major Deadlines will be distributed the week of May 6th and will be posted to the YEC webpage this week
- YEC Instructions are being updated and will be posted to the website by May 17th.
- Year-end close training sessions will be held on May 21st at 9:30, and May 22nd at 2:00.
 - May 21st 9:30am-11:00am: https://apps.ideal-logic.com/osupace?key=F3T9-25VWY_K9KH-5PTF_6191b9801856&method=osu
 - May 22nd 2:00pm-3:30pm: https://apps.ideal-logic.com/osupace?key=F3T9-25VWY_K9KH-5PTF_bc6a5b2e2517&method=osu

Changes to YEC Accrual Thresholds

- YEC accruals include the following for FY24:
 - Non-SIS Accounts Receivable, account is A3802
 - Accounts Payable, account is B0101
 - Unearned Revenue, account is B5901
 - Prepaids, account is A5901
- Historically, the required threshold has been transactions \$2,000 and greater.
- For YEC 2024 and beyond we've increased the threshold to transactions \$10,000 and greater.



Purpose of YEC Accrual Thresholds

The primary purpose of YEC Accruals is:

- To ensure OSU's financial statements are materially accurate in accordance with GAAP, and
- To facilitate accurate internal budget tracking and reporting

The primary purpose underlying YEC accrual thresholds is to increase administrative efficiency without sacrificing material accuracy of the financial statements

OSU is large enough in size that excluding YEC accrual transactions less than \$10,000 has a nominal/immaterial impact on our financial statements

Total dollars captured using a \$10,000 threshold averages around 98.7% of the total transaction dollars for the four accrual types

We estimate that increasing the threshold has the potential to save CU accountants and other staff an aggregate total of approximately 160 hours of processing time during YEC.

New Prepaid Policy

- A new Prepaid policy is currently being drafted and is targeted for an FY25 (7/1/2024) implementation date
- Key Provisions will include:
 - Recording prepaid accruals at the time of expenditure throughout the fiscal year instead of at YEC, and
 - Amortizing prepaid asset balances on an appropriate periodic basis such as monthly or quarterly throughout the fiscal year, instead of only at YEC

New Prepaid Policy (continued)

- The primary purpose behind the policy change is to improve the accuracy of internal budget reporting
- The policy will include guidance on:
 - Appropriate account usage
 - Applying new accrual thresholds
 - Amortizing prepaid assets to expense
 - Requirement for periodic reconciliations of Prepaid accounts
- I'll be presenting a section covering the Prepaid policy in more detail at the YEC Training sessions on May 21st and May 22nd



Questions?
