



The Ohio State University College of Arts and Sciences (ASC) Internal Control Structure

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Background

The University is required to maintain sound financial records in order to meet its stewardship obligations in accordance with the legal provisions of the State of Ohio, the University's obligation to the many groups who provide funding and Generally Accepted Accounting Principles. Because the University operates on a decentralized basis, it delegates this stewardship responsibility to its academic and academic support units.

The ASC Internal Control Structure document further addresses this stewardship obligation. 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 purchase approved goods and services on behalf of the university, approve human resources activity, and/or maintain custody over university resources must agree to abide by all policies and other governance documents set forth by the university with special attention to:

- OSU Policies: <https://policies.osu.edu/>
- OSU Financial Code of Ethics: <https://busfin.osu.edu/sites/default/files/financial-code-of-ethics.pdf>
- OSU Expenditures Policy: https://busfin.osu.edu/sites/default/files/411_expenditures.pdf
- OSU Purchasing Policy: https://busfin.osu.edu/sites/default/files/221_purchasing.pdf
- OSU PCard Policy: https://busfin.osu.edu/sites/default/files/223_purchasingcard.pdf
- OSU Travel Policy: https://busfin.osu.edu/sites/default/files/211_travel.pdf
- OSU Human Resources Policies: <https://hr.osu.edu/policies-forms>
- OSU Petty Cash and Change Funds Policy: https://busfin.osu.edu/sites/default/files/511_pettycashandchange-funds.pdf
- OSU Deposits – Cash and Checks Policy: https://busfin.osu.edu/sites/default/files/512_depositsofcashandchecks.pdf
- OSU Asset Management Policy: https://busfin.osu.edu/sites/default/files/421_assetmanagement.pdf
- OSU Business and Finance Training Requirements: <https://busfin.osu.edu/financial-training>

Philosophy

The College internal control structure is designed in accordance with the [OSU Internal Controls Policy](#) to:

- Encourage adherence to policies and procedures
- Assure segregation of duties is maintained
- Provide approval authority and delegate responsibility to an appropriate level
- Provide reasonable assurance that transactions are appropriate, authorized, accurate and documented
- Safeguard assets
- Support the mission of the organization
- Be efficient and effective

Separation of duties is fundamental to the internal control structure. It protects employees, prevents and detects intentional and unintentional errors and assures fiduciary controls. As such:

- No individual may have control over a transaction from beginning to end
- At least two people must be involved in every transaction
- Approvers may not edit or initiate transactions
- A system of checks and balances must exist and be followed regularly

Internal Control Structure Model

The university operates in a decentralized internal control environment with the dean or vice president of each unit responsible for the financial operations, budget, internal controls, and monitoring activities of their area. Internal control requirements must be in place in each unit to create an environment of accountability with effective monitoring and oversight. Detailed descriptions of controls for each function are described below.



In an effective financial control structure, Segregation of duties is maintained when at least two people are involved in every transaction. Every transaction is approved for business purpose by individuals who have the business knowledge and authority to determine the appropriateness of the transaction without influence or interference by the transaction initiator. Every transaction is approved for compliance by individuals who have received training on university business policies, standards, and requirements. University resources are protected against loss and unauthorized use or disposition. Financial data is reconciled in a timely manner. Approvers are held accountable for transactions approved.

Each unit is required to develop and maintain an Internal Control Structure document that has been formally approved by the appropriate dean or vice president and distributed to all employees within the unit who have responsibility for finance related functions or processes. Required components of the Internal Control Structure are:

1. Definition of process flow for payroll, procurement, revenue, cash receipts, and other general ledger transactions including specification of required documentation and approvals. Process flows must provide for appropriate segregation of duties between transaction initiators and approvers as well as review and approval for business purpose and policy compliance. For areas that are too small to implement effective segregation of duties, functions should be aggregated across areas to ensure requirements are met.
2. Definition of roles and responsibilities of transaction approvers.
3. Description of procedures, roles, and responsibilities related to custody over university resources, including equipment, inventories, cash receipts, petty cash and change funds, access to facilities, and other assets that are susceptible to theft or misuse.
4. Delegation of signature authority documentation approved by the dean or vice president, specifying for each area and each transaction type the individuals who are authorized to approve transactions.
5. Transaction reconciliation requirements for each transaction type.
6. Procedures for resolving discrepancies and escalating issues or concerns.

Delegation of Signature Authority

The ASC Executive Dean delegates authority and responsibility for financial and human resources activity approvals to the Chief Administrative Officer, Director of Finance, Human Resources Business Partners and ASC Administrative staff for college level organizations, to the Divisional and/or Assistant/Associate Deans for division/program/area college level organizations and to the Chairs/Directors of the operating unit organizations (i.e. departments, centers, institutes). Transaction approvals are further delegated via individual Delegation of Signature Authority (DSA) documents approved by the Dean.

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
- Have fundamental knowledge of policies and procedures, understand the business purpose of what they are approving and have the authority to deny transactions
- Be restricted from initiating the system transactions that they approve
- Be restricted from approving transactions involving themselves

Approvers are responsible for reviewing documentation and supporting information to verify validity of all transactions they approve. All approvers will be held accountable for the transactions they have approved. Operating unit areas are encouraged to build back-up initiators/approvers into their Signature Authority documents.

Human Resources

Payroll Timekeeping – BSC Service Center is using e-Time and e-Leave to ensure time and leave is entered and certifications have been completed by employees and supervisors; back-up approver roles are granted by ASC Administrative Services. The BSC Service Center will investigate unconfirmed acknowledgements and ensure high exceptions timekeeping errors are resolved in Peoplesoft.

Position Data – Operating units initiate and provide unit-level approval for position data transactions utilizing the HR Action system. ASC Administrative Services provides college-level approval for position data activity.

Job Data - Operating units are responsible for ensuring job data transactions have supporting documentation and are approved in HR action request. ASC Administrative Services approves all job data requests in HR Action request, with the exception of those Job Data entries which do not require final approval in HRA such as supervisor id changes. The BSC Service Center enters all approved transactions into Peoplesoft and verifies that supporting documentation is attached.

Additional Pay – Operating units initiate and provide unit-level approval for additional pay utilizing HR action request. ASC Administrative Services approves all additional pay and the BSC Service Center reviews for business purpose and policies Additional Pay transactions prior to submitting to payroll. The unit is responsible to ensure final approved additional pays are marked send to paycheck and any discrepancies between the approved amount and the service center amount are documented.

Reconciliation – Operating units are responsible for reviewing their HRL Reconciliation Reports to ensure that the correct personnel are being paid and the correct chartfields have been used. Units are responsible for enter Direct Retro Distribution requests in the HR Action system to resolve any issues.



Procurement

Every expenditure transaction must have a business purpose and an itemized receipt or equivalent documentation and be approved by an authorized approver. It is the responsibility of the Senior Fiscal Officer, department leader and unit leader to distribute the established University Expenditures and Purchasing Policies broadly and to establish a culture of adherence to the policies. Expenditures made without consideration of the university's approved procurement methods and policies may be denied for reimbursement or may require the individual to reimburse the university.

ASC uses the university's electronic tools (e.g. eRequest, eTravel) for purchasing transactions including procurement, payment requests, travel and PCards. Operating units have responsibility for initiating purchasing transactions using the tools and for approval of business purpose and budget availability. The ASC Business Services Center (BSC) reviews the request for policy compliance. PeopleSoft initiation and approval are restricted to ASC BSC, and access is assigned such that staff that are able to initiate transactions are not also able to approve those same transactions.

Purchasing and Travel Card – ASC authorizes the use of PCards and Travel Cards within operating units. Requests for use of the PCard is done using the eRequest tool and approved by the operating units. Reallocation and approval of PCard transactions are done by the BSC.

Travel – Operating units are responsible for arranging travel in accordance with University and OSP travel policies.

Executives' Expenses

All expenditures, purchases, travel requests and reimbursements for the Executive Dean are routed to the Provost's office for review/approval. All expenditures, purchases, travel requests and reimbursements for the Divisional and/or Assistant/Associate Deans must be approved by the ASC Executive Dean or ASC Chief Administrative Officer. All expenditures, purchases, travel requests and reimbursements for department/center Chairs/Directors must be approved by the Divisional Dean or ASC Finance Team staff in accordance with the ASC Delegation of Signature Authority documents and established University Policies.

Alcohol Purchases

The ASC Executive Dean, ASC Chief Administrative Officer, ASC Director of Finance or ASC Finance Managers review/approve alcohol expenditures in accordance with the ASC Delegation of Signature Authority documents and established University Expenditures Policy concerning alcohol procedures.

Revenue

Earnings operations are defined as campus entities that charge an approved fee for goods and services to university departments, faculty, staff or students, the general public, or research grants. Earnings units earn their own revenue and incur all of their own costs, both direct and indirect.

The four types of earnings operations and their fund ranges are:

- Departmental earnings 110000-115999
- Conferences 116000-119999
- University Services /Recharge Centers 140000-149999
- Auxiliaries 160000-169010

General Requirements

- All revenue associated with the sale of goods and services must be deposited into an earnings fund. Revenue must not be deposited as a credit to expense in a non-earnings fund.
- Operations must be fully costed. Both the direct and indirect costs such as salaries, benefits, supplies, equipment, and university overhead must be included.
- Operations should be self-supporting. If it is determined that an operation cannot be fully self-sufficient, the department can support the operation from its general funds via a funds transfer.
- Operations must be reviewed and approved by the Office of University Resource Planning and Institutional Analysis.
- Operations must have start up funding. Spending into a deficit until sufficient revenue is earned is not permissible.
- Operations must not use an external bank account. All financial activity must go through the university financial accounting system.

Budget Policies

- A budget must be submitted annually to University Resource Planning and Institutional Analysis during the annual budget process. Auxiliary operations and university services also must submit a cash flow statement.
- Budgets represent planned income and expense. Budgets should be reasonable, based on prior years' actual experience or marketplace demands.
- Budget variances from actual should be incorporated into the following year's budget. Budget revisions should be minimal.
- "Budget balances" on the income statement do not carryforward at year-end.
- Deficit budgets are not permitted unless the operation has sufficient cash to cover the operating loss.
- If a cash deficit does develop, it must be resolved within a two-year period and the budget should reflect resolution of the deficit.

Rates Policies

- Rates/fees, except for conferences, must be submitted annually to University Resource Planning and Institutional Analysis.
- Rates must be calculated to cover all costs that are incurred in providing the goods or service. If necessary, departments may choose to use their general funds to subsidize the operation, thereby lowering their rates. (Submit a fund transfer to University Resource Planning and Institutional Analysis).
- Rates must not include unallowable costs as defined by A-21 regulations.
- Two different methods are available for calculating rates, depending on the type of operation: (1) full-cost recovery and (2) marketplace.



- Rates must be associated with customer types and operations must indicate who their customers are, i.e., federal grants, university departments, faculty, staff, students, corporations, and the general public. This information is important because different rate setting strategies and considerations apply to different types of customers.
- Rates must not be calculated to generate a surplus if (1) the operation is designated as a university service (recharge center), (2) the primary customers are university departments or federal grants and (3) a monopoly exists e.g. the Telephone Company.
- Rates (marketplace) calculated to produce an operating surplus are allowed if (1) the primary customers are the general public, a private corporation, or university employees or students acting as the general public (athletic events), (2) there is reasonable marketplace competition, or, as in the case of conferences, when it is stated on the registration form.
- Documentation associated with rate calculations must be maintained by departments and be available for internal and external audits.
- All rates are presented to the Board of Trustees at their September meeting. Selected rates, especially those that affect students (tuition, residence halls, parking, etc.) are presented to the Board of Trustees at their June meeting. Copies of approved rates are provided to Internal Audit and the University Research Foundation.
- The Office of Resource Planning and Institutional Analysis must approve all rates applied to federal research grants before they are accepted by the Research Foundation. Departments must not use credits to expense as a substitute for charging federal grants for goods or services.

Accounts Receivable and Cost of Sales

- It is the responsibility of each earnings operation to accurately reflect accounts receivable in the general ledger.
- All receivables must be promptly recorded.
- Receivables more than 120 days old must be referred to the Office of Accounts Receivable Collection Services (ARCS) for active collection.
- All returned checks and credit card drafts are receivables and are collected by ARCS.
- Interest assessed on unpaid account receivable balances must be in accordance with ARCS policy.
- All operations must keep a record of the age of its accounts receivable.
- Policies and procedures information related to accounts receivable is available from the Office of the Treasurer, Accounts Receivable.

Cost of Sales Policies

- Merchandise and services purchased externally for the purpose of resale and direct pass-through qualify as cost of sales.
- University overhead for operations with approved cost of sales is calculated on gross margin, i.e. total revenue minus approved cost of sales.
- The Office of Resource Planning and Institutional Analysis must approve the use of cost of sales by earnings operations. Proposed cost of sales accounts should be submitted during the annual earnings budget process.

Other Earnings Policies

- Earnings operations that consistently do business in excess of \$100,000 annually are charged a "physical plant assessment" (i.e. a central charge for utilities and maintenance costs associated with the space occupied by the earnings unit).
- Operations over \$100,000 that pay physical plant costs also earn interest on their cash balances. Interest expense is charged on negative cash balances.
- Operations in excess of \$100,000 that earn interest on their cash balances also earn interest on plant funds, usually equipment replacement reserves, associated with the earnings operation.

Establishing a New Earnings Fund

If a department determines that it needs a new earnings fund for a particular business that is important to the department, the department, through its college, should:

- Discuss the new operation with a budget analyst in University Resource Planning and Institutional Analysis.
- Prepare a "New ChartField Value Request" form for the Accounting Division, which will establish the fund and chartfield values, required to support the operation's financial activities.
- Prepare a proposed fee schedule, rate calculations and a budget for review by the college or office and the Office of Resource Planning and Institutional Analysis.

Cash and Check Handling Guidelines

These guidelines provide an overview of the requirements for handling cash or checks. It applies to anyone involved in a financial transaction while working on behalf of the College of Arts and Sciences, an affiliated organization (including alumni organizations) or at a College-sponsored event. Adhering to these guidelines will ensure compliance with University policy, Ohio Ethics Law, GAAP, and the University's and College's Internal Control Structure while providing appropriate protection to the individuals involved in the cash handling process.

Handling cash and checks on behalf of the College comes with a fiduciary responsibility to protect the University's financial resources by accounting for all cash and checks received. Every transaction must be recorded in the general ledger. Following these guidelines will allow for such transactions to be appropriately recorded and documented. Please review and follow the University's [Petty Cash and Change Funds Policy #5.11](#) as well as the University's [Deposits – Cash and Checks Policy #5.12](#).

Cash Handling Preparation Procedure

Organizations who intend to collect money at an event are advised to obtain the following items to be prepared for the event:

- A safe or cash box that locks. If your organization is using a safe, the combination should be reset every time an employee/ student of your unit/ organization leaves/ graduates from the University.
- A register or a pre-numbered receipt book used to log each transaction as it occurs, for example at every event



- A counterfeit money detector pen for each register/cash box which can be procured via eStores
- A change fund if necessary
- An OSU check endorsement stamp

Collection of Money during Events

Units/ organizations should have a prepared collection process when it comes to receiving cash at an event.

- Make an approved list of people who will be handling cash and currency. Minimizing the number of people handling the cash is a best practice
- If you are using a register, be sure to only have a single individual use it at a time. Individuals should reconcile the cash to receipts prior to the next individual who will use the register.
- Check all dollar bills that are \$20 or higher with a counterfeit pen.
- Do not leave any cash out in plain sight. Another recommended best practice is to keep cash on hand to a minimum.

Reconciliation of Money after Events

Units/ organizations should ensure that the amount of money on hand is equal to the total sales of items or donations that are collected/received during the event.

- After each shift change, the cash box/register/receipt book should be reconciled against receipts for that shift in order to identify any discrepancies prior to another individual taking over.
- A minimum of one person should count the total cash collected prior to making any deposits. Be sure to count the cash in an out of sight location that is secure.
- The individual who will be counting the cash cannot be the individual who will also be making the deposit.
- If you have a change fund, it should be re-counted and reset to the original amount for the next shift.

Tips for Dealing with Questionable Currency

- All authorized cash handling units are responsible for exercising reasonable care in screening cash transactions for counterfeit currency.
- If a questionable bill is received, the department should retain possession of the bill. Contact the University Police immediately. Do not return the bill to the payer.
- Do not handle the counterfeit note. Place it inside an envelope to protect it until you place it in the hands of an identified police officer.

How to Detect Counterfeit US Currency

- Texture - Feel the texture of the bill. Genuine currency has slightly raised ink. You should be able to feel the texture of this ink, especially if you are holding a new dollar bill.
- Printing Techniques - Real U.S. bills are printed using printing and digital techniques that cannot be replicated. Look for blurry areas especially in fine details around the borders; real bills have clear, unbroken borders. Portraits in fake bills may appear dull, blurred, and flat, while in real currency, the portraits are sharp and contain very fine detailing.
- Fibers part of genuine currency - All U.S. bills have tiny red and blue fibers embedded in the paper. Counterfeiters sometimes try to reproduce these by printing or drawing these fibers onto the paper. However, close inspection reveals that on the counterfeit note you will see they are printed on the paper rather than being part of the paper.
- Security Thread "USA" - Look for a security thread (a plastic strip) running from top to bottom. The printing will say "USA" followed by the denomination of the bill, which is spelled out for \$5, \$10, and \$20 bills but presented in numerals on \$50 and \$100 bills.
- Watermark - Hold the bill up to a light to check for a watermark. A watermark bearing the image of the person whose portrait is on the bill can be found on all \$10, \$20, \$50, and \$100 bills series 1996 and later, and on \$5 bills series 1999 and later.

How to Detect Counterfeit Checks

- Perforated Edge - Most checks have perforation on one side of the check where it is detached from the detail. Counterfeit checks may lack a perforated edge.
- MICR line - The account and routing numbers printed along the bottom of the checks are known as the Magnetic Ink Character Recognition line. This strip is difficult to replicate because of the special ink used. Authentic checks should have a dull and non-glossy appearance on the MICR line, while fake checks will look raised and shiny.
- Authorized Signature - Review whether the check lacks an authorized signature from a known individual.
- Address Information and Logo - Review whether the address or logo information looks incorrect or is missing.
- Fraction at top right of check - The "fraction form" in the top right corner of the check has a numerator and a denominator. These numbers are used to determine the routing number if the MICR line has been destroyed. However, it can also be used in fraud prevention. Parts of the fraction correspond to information at the bottom of the check. Review the information below.
 - The numerator consists of two parts separated by a dash. The prefix (no longer used in check processing, yet still printed on most checks) is a 1 or 2 digit code (P or PP) indicating the region where the bank is located.
 - The second part of the numerator (after the dash) is the bank's ABA Institution Identifier, which also forms digits 5 to 8 of the nine digit routing number.
 - The denominator is also part of the routing number; by adding leading zeroes to make up four digits where necessary (e.g. 212 is written as 0212, 31 is written as 0031, etc.), it forms the first four digits of the routing number.
 - For example, a fraction of 55-2/212 corresponds to a routing number of 021200025. The prefix (55) no longer has any relevance, but from the remainder of the fraction, the first 8 digits of the routing number (02120002) can be determined.

Additional Important Information

- Each department must restrictively endorse all checks "for deposit only" immediately upon receipt. This prohibits the negotiation of the check if it is stolen.



- Deposits must be made within one business day for accumulations of \$1,000 or more in cash/checks or within three business days for accumulations of cash/checks less than \$1,000.
- Ohio State Units may deposit checks, cash and coin at an OSU Deposit Center located on the main campus or with treasury approval at an off-campus bank branch.
- Be sure to transport cash in a discrete, non-see through bag. This will deter any potential for theft/ robbery.
- Travel in a group when traveling to make a deposit.
- Any cash and checks should be stored in a combination safe, locked drawer or locked office until the deposit is going to be made.

General Ledger

Reconciliation is the responsibility of each university department that manages one or more university funds. Responsibility for initiating journal entries and budget/fund transfers and deposits is resides with the finance personnel for each operating unit, and approvals for such transactions resides with the ASC Finance Team staff. Unit managers should refer/adhere to the ASC Journal Entry and Fund Transfer Guidelines document prior to initiating transfers. University policy requires both indirect and direct controls. Indirect controls include management integrity, communication of ethical values, and managerial compliance with existing policies. Direct controls are quite specific. They are listed in Basic Controls and Segregation of Duties.

Basic Controls

- There should be an audit trail for each financial transaction. Documentation can be in either electronic or paper form.
- There should be at least one designated person in the department who is responsible for safeguarding assets including cash and cash equivalents and physical assets such as equipment, space, and supplies.
- Accounting data must be checked to ensure that it is accurate and reliable.
- All financial data must be checked against other documents such as receipts, billings, etc. For financial data to be validated, it must be reconciled. The external auditors recommended "documentation of the reconciliation process and timely resolution of any discrepancies found."
- During the reconciliation process, departments must ensure that only expenses related to their fund are recorded in that fund. The department must follow up on all inaccurate charges. Reconciliation is a critical step in ensuring that the university properly manages its resources.
- The department administrator or designee, at least monthly, must review financial records.
- All financial transactions should be complete; all financial data, e.g., organization, fund and account, which should be present, are present.
- According to state law, departments must encumber funds or set them aside for future spending to prevent overspending.
- All checks must be deposited when \$200 has been accumulated or weekly, whichever comes first.
- All checks must be endorsed immediately upon receipt.
- All cash and checks designated for university purposes must be deposited within the university. External bank accounts are not permitted unless approved by the Office of the Treasurer.
- If you suspect fraud, contact university Internal Audit.
- Inventories of retail operations should be reconciled periodically to purchases of products and products sold.
- Gifts received directly by the department should be forwarded to the Development Fund for receipting and deposit.

Segregation of Duties

- Segregation of duties is critical. Segregation deters fraud or concealment or an error because another individual's cooperation (collusion) is needed to conceal wrongdoing.
- Two signatories are required on most financial transactions. Appropriate authorizations must be in place.
- Receipt of funds and recording of funds should be assigned to different employees.
- Authorization of expenditures and recording of expenditures should be segregated duties.
- All cash received should be recorded. Another person must reconcile this record to the amounts deposited.
- If a department is too small to have two or more employees who can segregate duties, then the department administrator (Chair, Dean, etc.) must frequently review departmental transactions, both personnel and non-personnel.

Reconciliation Guidelines

- Reconciliation is the responsibility of each university department that manages one or more university funds.
- Each fund should be reconciled monthly.
- All financial transactions entered on-line by the department should be reconciled monthly to their internal source document or log.
- All financial transactions from all source systems - Human Resources, Procurement, Stores, service operations, billing units and other entities that provide financial data to the General Ledger should be reconciled to supporting documentation.
- Supporting documentation, either paper or electronic, should be adequate to support the financial transaction.
- Supporting documentation should be maintained in the department.
- Fund managers should recognize the transaction information that appears on the university financial reports.
- Fund managers have the responsibility for identifying financial problems and resolving errors.
- The Fund Exception report should be reviewed periodically to ensure that no one has used your org/fund combination inappropriately.
- Workflow should be set up appropriately to ensure that proper approvals occur for your department's financial transactions.

These reconciliation packets are comprised of three components: a narrative, a sample 91, and a sample reconciliation document. Some packets (e.g., AP/PO) may include more than one narrative, 91, or reconciliation document. Others (e.g., Allocations) may not include a reconciliation document, because there is none for that kind of transaction.



At the top of the narrative is a summary table, that tells you how to recognize each type of transaction on the 91 and describes the associated billing cycle. Then the narrative provides key information about how the transaction will appear on the 91, and on the reconciliation document. Finally, it describes how to compare the 91 to the reconciliation document. For your convenience, fields referred to in the narrative are labeled on the sample 91 and reconciliation document. In some cases, you will want to go beyond simply verifying the data on the 91; you may also want to verify the reconciliation documents (especially billing statements) against your own records. These examples do not discuss that verification.

GENERAL LEDGER REPORT: GLU0040S-91

Description	Source	GL Type	Journal ID Format	Frequency of Posting	Reconciliation Notes
On-Line Journal Entries: <ul style="list-style-type: none"> Adjustments and Accrual Income/Expense Transfer Charge Sales 	ONL (On-Line)	JRNL (Journal)	Standard Ten Digits Sequentially Assigned	Journal entries processed by the GL when approved "Posted date" reflects day entries are processed by GL	<ul style="list-style-type: none"> Description on the journal lines entry panel will be in the Journal Line Description column in the GL The combination of Journal ID and Source replace the FAS accounting reference After a journal is posted, use Journal Inquiry to view all journal lines, i.e., debits and credits Use operator ID Lookup on the Process Journals panel to determine who made an entry that you do not recognize
<ul style="list-style-type: none"> Pre-encumbrance Deposits Other bank activity Interdepartmental Billing 		PRE DPST BANK IDB		Billing units provide data to the GL typically at month end (see Other Source Systems below)	<ul style="list-style-type: none"> Deposits, Other Bank Activity, IDBs, and Pre-encumbrances do not go through workflow. Entries with this GL Type should be reviewed. Pre-encumbrances must be manually relieved by the user Simplified flex reports available that lists all deposits (and other types of transactions) for a college for a specified time period Retain copies of 100Ws for interdepartmental billings Review monthly detail transaction reports from billing units All lines (total IDB transaction) are assigned one Journal ID. Individual transaction can be searched via Ledger Inquiry

Documenting Financial Transactions in the General Ledger

Millions of financial transactions are processed annually by the university's general ledger. These include journal entries, deposits, procurement activity, personnel appointments and adjustments, etc. In a paper-based system, documentation for these transactions followed three basic principles:

- A paper-based system requires paper documentation that supports the transaction with the appropriate approvals and final review by the appropriate office that processed the financial transaction.
- The requirements of the Ohio Revised Code specific to retention of paper records must be followed.
- Additionally, documentation has always been associated with internal controls and level of risk associated with each. From this perspective, required documentation is not the same for all transactions. For example, an adjustment to an expense between accounts within a department is not as critical from the perspective of internal controls and risk as processing additional pay in the human resources system.

With the advent of the new general ledger, two of these basic principles have been revised to reflect an electronic environment.

- In an electronic system review and approvals for many entries are processed and stored electronically.
- According to Ohio Revised Code, records that are created in an electronic environment can be retained electronically.

The third basic principle of aligning required documentation with internal controls and level of risk is true regardless of the medium used to process the transaction. Required documentation for transactions, therefore, depends closely on the level of risk associated with them.

Documenting general ledger entries including adjustments, transfers, and deposits, human resources payroll related entries, procurement activity, and entries from the university's source systems such as UNITS, Bookstores, Stores, etc. are based on the following considerations.

Minimal documentation is required when:

- There are system controls that minimize errors. Examples are transactions that have workflow associated with them. These transactions are reviewed and approved by someone other than the initiator before it posts to the general ledger.
- The transactions can be fully documented in the system itself. Comments describing the transaction and its purpose as well as the operator ID of the person who initiated the transaction are available in the on-line system. The transaction can be audited from the system itself.

Increased documentation is required when:

- The transaction is for a large dollar amount.
- The transaction is part of a legally binding contract.
- The transaction is created via the Procurement Card.
- The transaction is created using an Internal Order form or 100W (there is no upper dollar limit for transactions that use the 100W)



- The transaction in part of the procurement process.
- The transaction pertains to personnel actions.

Given these considerations and in an effort to assist users in determining the level of documentation for each type of transaction processed by the general ledger, the Office of the Controller has developed a matrix which includes transactions by type, level of security and risk and appropriate documentation. These guidelines should be used in your record-keeping process.

Transaction Type	Description and Level of Security	Documentation (Currently record retention is four years as required by University Archives.)
Journal Entries and Adjustments	<ul style="list-style-type: none"> ▪ Most journal entries correct prior month's activity. ▪ Department personnel who have security access to the general ledger make entries. ▪ Journal entries workflow and must be approved on-line before transactions enter the general ledger. ▪ Transactions have an assigned operator ID for security purposes. 	<ul style="list-style-type: none"> ▪ Document the transaction using the comments box in the header panel. ▪ Comments should be extensive, i.e., describe the transaction, its purpose and who requested it. ▪ Journal entries can be viewed on line. ▪ Units with numerous journal entries can maintain a transactions log with journal IDs and dates. ▪ Additional documentation is not required.
Budget and Fund Transfers	<ul style="list-style-type: none"> ▪ Department personnel who have security access to the system make entries. ▪ Transactions workflow to the colleges for approval. ▪ Fund transfers additionally workflow to Resource Planning. ▪ Transactions have an assigned operator ID. 	<ul style="list-style-type: none"> ▪ Use the comments box on the header panel to make extensive comments, i.e., describe the transaction, its purpose and who requested it. ▪ Additional documentation is not required.
Deposits and Other Bank Activity	<ul style="list-style-type: none"> ▪ Transactions do not workflow. ▪ Few on-line edits such as the use of org and fund. ▪ Higher risk transactions 	<ul style="list-style-type: none"> ▪ Maintain copies of deposit records and Journal Entry Detail report from the General Ledger system. ▪ Verify, on a monthly basis that deposits are accounted for in the general ledger. ▪ Follow the Treasurer's policies concerning supporting documentation and procedures for deposits.
Interdepartmental Billings - Customer purchases from Stores, Units, Bookstores, etc.	<ul style="list-style-type: none"> ▪ Interdepartmental billings do not workflow. ▪ Transactions are difficult to track via Journal ID because there can be many lines per journal. ▪ Internal orders are not encumbered. ▪ Internal orders are expensed in the general ledger in the month they are submitted by the billing unit. ▪ Internal orders have no centrally imposed upper dollar limit. 	<ul style="list-style-type: none"> ▪ Retain copies of 100Ws. ▪ Retain copies of counter receipts from Stores. ▪ Retain copies of e-mails or other requests to purchase items, especially equipment or other higher cost items. ▪ Monthly 100Ws should match monthly billing unit statements and general ledger. ▪ If 100W number is not provided by billing unit, verify charges by Source, journal line description and posted date.
Purchase Orders and Change Orders	<ul style="list-style-type: none"> ▪ Entries workflow. ▪ Approvals by delegated buyers and/or purchasing agent before entry into the GL. 	<ul style="list-style-type: none"> ▪ Use the comments box on the PO to indicate org, fund and account. These Chartfield segments are not included as part of the PO documents themselves. ▪ If org, fund and account are not included in the comments box, retain a copy of the PO, with this information added, in department files. ▪ Packing slips and other delivery information should be retained to verify receipt of goods. ▪ Bid documents should be retained. ▪ Purchasing requires documentation of contracts, vendor responses and related correspondence.



THE OHIO STATE UNIVERSITY

College of Arts and Sciences

186 University Hall
230 North Oval Mall
Columbus, OH 43210-1370

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artsandsciences.osu.edu

Invoices	<ul style="list-style-type: none"> Original invoice goes to Accounts Payable. Copies are sent to departments from AP, indicating the assigned voucher number. Invoices are entered manually into the GL by Accounts Payable. 	<ul style="list-style-type: none"> Retain copies of invoices. Match invoices to packing slips or other evidence of receipt.
Procurement Card	<ul style="list-style-type: none"> Each card has a pre-assigned number. Individual cardholders make purchases. Cardholders provide receipts for all transactions. Transaction data comes from the bank. Transactions are to be reassigned by departments from the clearing account to the correct account(s) on a monthly basis. 	<ul style="list-style-type: none"> Retain credit card receipts and any matching itemized cash register receipts. Retain monthly bank statement.
Payment Request	<ul style="list-style-type: none"> On-line or paper through Accounts Payable. Appropriate authorization required by AP. Original receipts are sent to and retained by Accounts Payable. 	<ul style="list-style-type: none"> Retain copy of payment request and any supporting documentation. Copies of receipts are not required.
Travel	<ul style="list-style-type: none"> Most travel orders are processed on-line directly to the university's Travel Office. Original request and reimbursements require appropriate approval. Original receipts are sent to and retained by the Travel Office. 	<ul style="list-style-type: none"> Retain copy of travel reimbursement. Copies of receipts are not required.
UNITS	<ul style="list-style-type: none"> There is no system security. Departments responsible for internal controls. 	<ul style="list-style-type: none"> Maintain a log or other documentation on personal calls, especially long-distance that require reimbursement to the university.
Human Resources	<ul style="list-style-type: none"> Security is org based. Limited workflow before payroll transaction is processed. Positions are approved via workflow before posting. Hiring workflows but is notification only, not approval. Limited ability to document purpose and reason for transaction on-line. Human Resources controls retroactive appointment adjustments. 	<p>Retain the following:</p> <ul style="list-style-type: none"> Copy of position descriptions. Hire data worksheet for each employee. Letters of offer or letters or e-mails with other salary notification; include salary and effective date. Letters or e-mails for non-regular payroll activities i.e., supplemental pay, bonuses, special awards, additional pay. Approved salary and labor distribution worksheets for continuing employees. Time sheets for hourly employees, signed by a supervisor who has direct knowledge of the work performed. Approved documentation for overtime signed by the appropriate supervisor who must verify hours worked. Reviewed and approved Action Audit Report (BRIO) that shows changes in job data activity for all employees. Reviewed and approved monthly and biweekly check distribution lists.

The university provides monthly detail financial transaction reports, GLUOO4OS-91, which should be used for reconciliation to department records. Retain copies of the documentation along with the detail reports with reconciliation approved by supervisor signature.



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Sub-Certification Form

As a public institution, the University is held to a high level of public scrutiny and accountability. University officials are responsible for providing assurance that internal controls and risk management processes relevant to fiscal management and oversight are sufficient and consistent with the University's mission. Consistent with practices in private industry, the University has implemented an internal control and compliance certification process for all of its operating units. The ASC Chief Administrative Officer provides formal sub-certifications as part of the annual financial statement audit process.

The Fiscal Year sub-certification form and a related document that provides additional guidance on obtaining "reasonable assurance" in each of the 17 areas described on the form (#17 is a one-time assessment related to COVID-19 impacts on internal controls) is provided by the Business and Finance Controller's Office. The ASC Chief Administrative Officer assigns "green, yellow, red" ratings to each of the 17 areas. The ASC Chief Administrative Officer submits completed sub-certification forms to John Lister via e-mail in July each year.

Colleges must provide an honest assessment of their operations. It is not expected that all areas will rate themselves as "green" in all categories. For each area assessed as "yellow" or "red", the areas of weakness (gaps) are identified and steps that will be taken to resolve the identified gaps are briefly articulated by the ASC Chief Administrative Officer.

Accountability and Issue Resolution

Any issues or concerns related to compliance with University policy, ASC policy, the Internal Control Structure or the procedures associated with administrative business processes may be brought to the attention of the ASC Chief Administrative Officer, ASC Director of Finance or ASC Human Resources Business Partner. Individuals who feel threatened or pressured to approve a document/transaction that they believe is inappropriate should apply the process for reporting wrongful financial conduct described below.

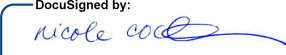
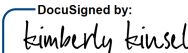
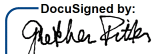
Process for Reporting Wrongful Financial Conduct

The Ohio State University encourages all faculty, staff, students and volunteers, acting in good faith, to report suspected or actual wrongful conduct. The university is committed to protecting individuals from interference with making a protected disclosure and from retaliation for having made a protected disclosure or for having refused an illegal order as defined in this policy. The ASC reporting process for wrongful financial conduct is designed to complement the OSU Whistleblower Policy (<https://hr.osu.edu/wp-content/uploads/policy140.pdf>) that is meant to apply to situations involving "wrongful conduct" (as defined in the policy).

Faculty, staff and others who become aware of any wrongful financial conduct within ASC that they feel is significant are encouraged to report the conduct through the appropriate channels to ensure that the integrity of financial information within ASC is maintained at the highest level possible. Individuals should share their questions, concerns, suggestions, or complaints with a university administrator who can address them properly. In many cases the individual's supervisor is in the best position to address an area of concern. If an individual is not comfortable speaking with the supervisor, or is not satisfied with the supervisor's response, individuals should take their concerns to those listed below that will investigate and/or address the concern as appropriate. Any of the following options are available to report wrongful financial conduct:

1. Management personnel in the operating unit (e.g. supervisor, department manager or Chair/Director)
2. ASC Chief Administrative Officer, ASC Director of Finance or ASC Human Resources Business Partner
3. [University Whistleblower Policy Reporting Violations Contact List](#)

College of Arts and Sciences Internal Control Structure Signatures:

Prepared by:	<div>DocuSigned by:</div>  <div>A74B56F7C7F5460...</div> Nicole D. Cochran, ASC Director of Finance	Date:	07/28/2020
Approved by:	<div>DocuSigned by:</div>  <div>Kimberly Kinsel</div> Kimberly Kinsel, ASC Chief Administrative Officer	Date:	07/29/2020
Approved by:	<div>DocuSigned by:</div>  <div>Gretchen Ritter</div> Gretchen Ritter, Executive Dean and Vice Provost	Date:	07/30/2020

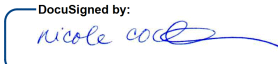
Certificate Of Completion

Envelope Id: 48DC946DAB2B44928386C08A19D4F031	Status: Completed
Subject: Please DocuSign: ASC internal control structure 2020.pdf	
Source Envelope:	
Document Pages: 10	Signatures: 3
Certificate Pages: 2	Initials: 0
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	Nicole Cochran
Time Zone: (UTC-05:00) Eastern Time (US & Canada)	1050 Carmack Rd
	Columbus, OH 43210
	cochran.113@osu.edu
	IP Address: 143.59.165.229

Record Tracking

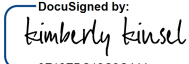
Status: Original	Holder: Nicole Cochran	Location: DocuSign
7/28/2020 3:41:28 PM	cochran.113@osu.edu	

Signer Events

Signer Events	Signature	Timestamp
Nicole Cochran cochran.113@osu.edu Director of Finance Ohio State University Security Level: Email, Account Authentication (None)	<p>DocuSigned by:</p>  <p>A74B56F7C7FE460...</p> <p>Signature Adoption: Uploaded Signature Image Using IP Address: 143.59.165.229</p>	<p>Sent: 7/28/2020 3:46:12 PM</p> <p>Viewed: 7/28/2020 3:46:27 PM</p> <p>Signed: 7/28/2020 3:46:45 PM</p>

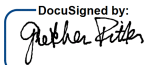
Electronic Record and Signature Disclosure:

Not Offered via DocuSign

Kimberly Kinsel kinsel.21@osu.edu Chief Administrative Officer, College of Arts & Sciences The Ohio State University Security Level: Email, Account Authentication (None)	<p>DocuSigned by:</p>  <p>9F18EBC18C3C444...</p> <p>Signature Adoption: Pre-selected Style Using IP Address: 74.215.238.139</p>	<p>Sent: 7/28/2020 3:46:47 PM</p> <p>Viewed: 7/29/2020 3:54:02 PM</p> <p>Signed: 7/29/2020 3:58:59 PM</p>
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Electronic Record and Signature Disclosure:

Not Offered via DocuSign

Dr. Gretchen Ritter ritter.1596@osu.edu Executive Dean, College of Arts & Sciences The Ohio State University Security Level: Email, Account Authentication (None)	<p>DocuSigned by:</p>  <p>003EE06875E245E...</p> <p>Signature Adoption: Drawn on Device Using IP Address: 76.5.120.55</p>	<p>Sent: 7/29/2020 3:59:01 PM</p> <p>Viewed: 7/30/2020 7:53:49 AM</p> <p>Signed: 7/30/2020 7:53:58 AM</p>
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Electronic Record and Signature Disclosure:

Not Offered via DocuSign

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp

Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
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Certified Delivered	Security Checked	7/30/2020 7:53:50 AM
Signing Complete	Security Checked	7/30/2020 7:53:58 AM
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Payment Events	Status	Timestamps