

OFFICE OF STATE FINANCE

DCAR NEWSLETTER

Lynne Bajema, State Comptroller
Steve Funck, Deputy State Comptroller

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http://www.ok.gov/OSF/Comptroller/DCAR_Newsletters.html.

Accounting: Jennie Pratt	(405) 521-6160	jennie.pratt@osf.ok.gov
General Ledger: Dan Thomason	(405) 522-4992	dan.thomason@osf.ok.gov
Payroll: Lisa Raihl	(405) 521-3258	lisa.raihl@osf.ok.gov
Transaction Processing: Steve Wilson	(405) 521-4679	steve.wilson@osf.ok.gov
Payroll Processing: Elsa Kunnel	(405) 521-6178	elsa.kunnel@osf.ok.gov
AP Manager: Patricia Garcia	(405) 522-6855	patricia.garcia@osf.ok.gov
Vendor Maintenance: Julie Dvorak	(405) 522-1749	julie.dvorak@osf.ok.gov
OSF HelpDesk (PeopleSoft questions)	(405) 521-2444	helpdesk@osf.ok.gov
Financial Reporting Unit: Steve Funck	(405) 521-3298	steve.funck@osf.ok.gov
ARRA: Steve Funck	(405) 521-3231	steve.funck@osf.ok.gov
ABS: Riley Shaull	(405) 521-4775	riley.shaull@osf.ok.gov

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PAYROLL

Payroll Withholding Payments

If a payroll withholding vendor provides banking information, it will be added to the vendor file. If your agency can arrange with the vendor to email scanned or mail paper documents referencing the warrant number, then the agency should pay the vendor electronically. If such arrangements cannot be made, request an OST exemption and pay the vendor by warrant. If the vendor defaults with EFT for a particular vendor location into the voucher, it will be the payers' responsibility to change the voucher to create a paper warrant.

Voluntary Buyout Reimbursement Reminders

Agencies with an approved OSF Form 2363, Voluntary Buyout Agency Reimbursement Application, that have subsequently paid the employees need to complete and submit the OSF Form 2363C, Voluntary Buyout Agency Claim Document, to receive reimbursement of approved expenditures. Please submit all outstanding claim documents within the next 30 days.

State Contribution Fund Ready for Interagency Payments

The State Contribution Fund, Vendor ID # 0000000467, has been setup to process using the "wire" payment method. This vendor should only be used for tax payments due to OSF for backup withholding on vendors and other withholding taxes due that were not processed through the payroll system (for example 1042-S withholding, GTL taxes).

Agencies that have vendors requiring backup withholding on miscellaneous claims need to process and submit payment to OSF at the same time payment is made to the vendor. Agencies that have taxes due on items not processed through the payroll system need to process and submit payment to OSF immediately for timely deposits to the IRS.

When payment has been processed, please immediately forward the paperwork detailing the transaction, vendor name, ID, gross payment amount, and other information as needed to Lisa Raihl or Jean Hayes so that the payment can be matched and the taxes can be timely paid. **NOTE:** Please do not use Vendor # 0000000090; we will not get the money, the taxes will be late, and the agency will be responsible for any late penalties or interest.

Taxability of Gift Cards, Certificates, and Coupons

Giving gifts to employees is restricted and should only be given as part of a formal employee recognition program. See Oklahoma Statutes, Title 74, Sections 4121 and 4122. Furthermore, any gift cards, certificates, and coupons given to employees are to be included in the employee's taxable income. These items are considered by the Internal Revenue Service to be cash or a cash equivalent and do not meet the requirements to be excludable as a de minimis fringe benefit.

Even when an employer provides gift cards, certificates, or coupons to purchase a turkey, ham, or other nominal value property, these are considered wages and are subject to income and employment taxes.

This is true even when the card restricts the items purchased, the time to use the coupon, and any unused portion is forfeited. Cash equivalents do not meet the de minimis fringe benefit requirements.

PeopleSoft Agencies: Process the gift card amount using the TRC Code of "GIFT," which will show as earnings code "GFT." The amount will be included as taxable income and will be taxed on the paycheck.

PACS (Legacy System) Agencies: Process the gift card amount as an additional amount subject to FICA using Trailer Code "105." The amount will be included as taxable income and will be taxed on the paycheck as other additional FICA amounts are taxed.

Reduction of Annual Leave Hours for Overpayments

The amount the State of When an employee chooses to pay back an overpayment using annual leave, the amount of annual leave reduced should equal the gross amount of overpayment. In the past there have been instances where agencies have incorrectly reduced the annual leave by the net amount of the overpayment.

If an employee pays back an overpayment using terminal leave, an OSF Form 94(P) must be submitted to correct the retirement amounts reported on the check which included the overpayment. Terminal leave is not included in retirement wage calculations; therefore, a payroll earnings adjustment is required.

Deadlines for Payrolls

OSF policy requires that all payroll transactions and paperwork be filed with OSF FIVE (5) DAYS prior to the actual pay date to ensure adequate time for audit and processing. With those dates in mind agency staff should plan their work accordingly for the deadlines.

Payrolls received after this deadline are disruptive to the normal process schedules and puts a great burden on all parties involved. Additionally, agencies are taking a risk when processing payrolls so late. If the payroll has edit checking errors, budget issues, or other problems this compounds the work that must be done to ensure employees get paid on time.

ACCOUNTING

Purchase Orders to OSEEGIB, DCS, OPM and EBC

Office of State Finance, Department of Central Services (DCS), Office of Personnel Management (OPM), Employees Benefit Council (EBC), and Oklahoma State Education and Employees Group Insurance Board (OSEEGIB) were consolidated under HB 2140. Agencies contracting with these agencies are required to begin a new purchase order for fiscal year 2013 with OSF, vendor ID 0000000090.

Agencies renewing their fiscal year 2013 state leasing purchase orders payable to the DCS may continue to pay on the fiscal year 2013 DCS PO for an additional 60 days; however, the payment against DCS encumbrances will default to pay OSF. Agencies need to create a new PO with OSF, vendor ID

0000000090, and process the new PO through State Leasing as soon as possible without interrupting monthly lease payments.

Additionally, agencies contracting with DCS may continue to pay fiscal year 2012 expenditures on DCS 2012 POs, but the payment will default to pay OSF. Agencies transmitting claims to pay DCS for fiscal year 2012 should use the vendor ID 0000000090 in the payee record layout. It is important to use the correct DCS invoice ID when creating vouchers so payments can be applied properly.

OSF will no longer allow payments on Office of Personnel Management or Employees Benefit Council 2012 encumbrances for billings issued from the Office of State Finance Agency Business Services (OSF/ABS) unit. Per the January 13, 2012 DCAR Newsletter, agencies contracting with OPM and EBC were instructed to cancel POs to EBC and OPM and replace with a PO to OSF, vendor #0000000090, for services beginning in January 2012. Vouchers created on OPM or EBC POs after July 6, 2012 will be closed.

CompSource Payments

CompSource, vendor ID 0000000390, has been set up to default to pay using the 'WIR' interagency method effective July 1, 2012. Agencies transmitting claims to CompSource should populate column 208 of the payee record layout with an 'I' to pay them electronically.

CompSource requests the policy number, followed by a unique identifier to indicate the date or period, be used as the Invoice ID when submitting workers' compensation premium statements for payment. CompSource also requests the invoice ID format be consistent with each payment to facilitate the identity of the policy number. Agencies should include the CompSource format in the agency invoice ID policy and style guide.

Applying payments that do not include the policy number could be delayed. In order to receive the one percent Prompt Pay discount, payment must be received by CompSource on or before the due date. Eligibility for the discount will be determined based on the date received rather than the date submitted for interagency transfer.

If your agency does not utilize CompSource's online payroll reporting, continue to mail your payroll reports with the payment reference number annotated on them to CompSource; however, the agency does encourage signing up for the online payroll reporting by visiting their online services at <http://www.compsourceok.com/policyholders/online-services/>.

Questions regarding interagency payments to CompSource can be directed to Cathey Martin, CompSource's Controller, at (405) 962-3554.

Oklahoma Tax Commission Interagency Tax and Tag Payments

Tax payments to the Oklahoma Tax Commission should be made using the interagency method, but OTC requests the three digit tax code be used in the invoice ID. For example, if an agency's invoice ID policy is to use permit number for sales tax payments, the invoice ID could be formatted to be 555555STP. Agencies should include the OTC tax payment invoice ID format in the agency invoice ID policy and style guide to ensure consistency.

Motor vehicle tag payments made to the OTC and processed at the Connors Building should be made using the interagency payment method. Payments made to local tag agencies can be processed with a warrant, but an exemption should be obtained from the state treasurer for these payments.

Late Payment to Vendors - New Interest Rate - FY-2013

The Fiscal Year 2013 interest rate applicable to late payments to vendors has been set at 0.01% per annum, computed on a 360 day calendar, or \$0.00002 per \$100 per day, which will be in effect July 1, 2012, through June 30, 2013. This interest rate is provided by the State Treasurer based on the average interest rate for 30 day time deposits of State funds during the last calendar quarter of the last preceding fiscal year. (Titles 62, § 41.4a & 4b and 74, § 840.14. and OSF Prompt Payment Rules/Regulations).

TRAINING

Upcoming Local Training/CPE

HCM Forum Training

The next HCM Forum Training is tentatively scheduled for Wednesday, July 18, with two sessions offered at 9-11 a.m. and 1-3p.m. Details and agenda will be sent out a week prior to the training via the OSF HelpDesk and GoGov Notification system. To sign up for notifications, please follow the link: <http://www.ok.gov/triton/modules/oknotify/index.php?id=65> and sign up for the notification groups you wish to join.

GASB Review – 2012 - A NASACT Training Webinar

NASACT, in conjunction with the Association of Government Accountants and the Association of Local Government Auditors, is pleased to announce the latest in its series of training events addressing timely issues in government auditing and financial management.

Date: Wednesday, July 18, 2012

Time: 1 p.m. to 3 p.m. – Registration will begin at 12:30 p.m.

Location: Concourse Theater (located in the tunnel between the Will Rogers and the Sequoyah buildings)

Speakers: Robert H. Attmore, Chair, GASB; David R. Bean, Director of Research, GASB; and other GASB staff.

Cost: Free if attend the webinar in the Concourse Theater

CPE: 2.0 CPE Credits will be awarded upon completion of the audio conference

RSVP: To Stacey Porterfield at stacey.porterfield@osf.ok.gov with your name, agency name and number, phone number and e-mail address. Please specify the July 18 webinar.

As fiscal year-end for most state governments quickly approaches and a new year begins, it's an opportune time for financial statement preparers and auditors to get a refresher on standards that will be effective for June 30, 2012, financial statements as well as recently released GASB statements that will require attention in fiscal year 2013.

This webinar will provide "must know" guidance from GASB statements issued in the past year, including:

- Statement 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
- Statement 64 - Derivative Instruments: Application of Hedge Accounting Termination Provisions-an amendment of GASB Statement No. 53
- Statement 65 - Items Previously Reported as Assets and Liabilities
- Statement 66 - Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62

Also included will be coverage on previously-issued GASB statements that are effective for June 30, 2012 and 2013. For 2012, these statements include:

- Statement 57, paragraph 8 - Agent OPEB Plans
- Statement 59 - Financial Instruments Omnibus

Statements effective for 2013 are:

- Statement 60 - Service Concession Arrangements
- Statement 61 – Financial Reporting Entity
- Statement 62 - Codification of AICPA and FASB Pronouncements

Join GASB Chair Robert Attmore, GASB Director of Research David Bean, and other GASB staff for this informative two-hour training session. You will also be given an opportunity to ask questions and share experiences during the last 25 minutes of the audio conference.

Oklahoma Employer Services Center

The next Oklahoma Employers Advisory Council meeting is July 26, at Nonna'a Restaurant in Bricktown. OKESC has partnered with Oklahoma Child Support Services (OCSS) to present "Workforce Innovation Now." Register online at www.okesc.org – under the Employer Outreach tab. OKESC contact: Rusty Rasmussen (405) 325-9262, rustyrasmussen@ou.edu.

12th Annual Oklahoma Payroll Conference

Friday Sept. 14, 2012

Presented by the Oklahoma City and Northeastern OK Chapters of the American Payroll Association PHF Conference Center, Oklahoma City.

For more information, please visit www.neokapa.org

For information: Quita Tucker, CPP, MBA, (405) 722-6900, qtucker@paycomonline.com

Certified Government Financial Manager Course

The Oklahoma City Chapter of the Association of Governmental Accountants will be offering this 6-day course Wednesday through Friday, Feb. 6-8, 2013, and Monday through Wednesday, Feb. 11-13, 2013. This is a rare opportunity to attend this certification course in Oklahoma City. Also, the national conference in 2013 is in Dallas. A two-day review course is offered at the National Conference and the certification testing is free with the review course. All combined, this may be an unusually cost-effective way for you or your staff to receive the CGFM certification. The February course will provide 48 hours of CPE. The cost is \$1,150 for those who sign up before the early-bird deadline. For more information contact Riley Shaul at riley.shaul@osf.ok.gov.