

# OFFICE OF STATE FINANCE

## DCAR NEWSLETTER

Brenda Bolander, State Comptroller  
Steve Funck, Deputy State Comptroller

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[http://www.ok.gov/OSF/Comptroller/DCAR\\_Newsletters.html](http://www.ok.gov/OSF/Comptroller/DCAR_Newsletters.html).

Accounting: Jennie Pratt	405.521.6160	<a href="mailto:jennie.pratt@osf.ok.gov">jennie.pratt@osf.ok.gov</a>
General Ledger: Dan Thomason	405.522.4992	<a href="mailto:dan.thomason@osf.ok.gov">dan.thomason@osf.ok.gov</a>
Payroll: Lisa Raihl	405.521.3258	<a href="mailto:lisa.raihl@osf.ok.gov">lisa.raihl@osf.ok.gov</a>
Transaction Processing: Steve Wilson	405.521.4679	<a href="mailto:steve.wilson@osf.ok.gov">steve.wilson@osf.ok.gov</a>
Payroll Processing: Elsa Kunnel	405.521.6178	<a href="mailto:elsa.kunnel@osf.ok.gov">elsa.kunnel@osf.ok.gov</a>
AP Manager: Patricia Garcia	405.522.6855	<a href="mailto:patricia.garcia@osf.ok.gov">patricia.garcia@osf.ok.gov</a>
Vendor Maintenance: Julie Dvorak	405.522.1749	<a href="mailto:julie.dvorak@osf.ok.gov">julie.dvorak@osf.ok.gov</a>
OSF HelpDesk (PeopleSoft questions)	405.521.2444	<a href="mailto:helpdesk@osf.ok.gov">helpdesk@osf.ok.gov</a>
Financial Reporting Unit: Deric Berousek	405.521.3298	<a href="mailto:deric.berousek@osf.ok.gov">deric.berousek@osf.ok.gov</a>
ARRA: Steve Funck	405.521.3231	<a href="mailto:steve.funck@osf.ok.gov">steve.funck@osf.ok.gov</a>
ABS: Riley Shaull	405.521.4775	<a href="mailto:riley.shaull@osf.ok.gov">riley.shaull@osf.ok.gov</a>

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## PAYROLL

### **Nonresident Alien (NRA) 1042-S Reporting & Taxpayer Identification Number (TIN) Requirements**

For payments made to nonresident aliens, a Recipient TIN **must** be provided in order to allow a reduction or exemption from withholding at the 30% tax rate. For payroll payment reporting, a social security number must be used and for non-payroll payment reporting, either a social security number or an individual taxpayer identification number (ITIN) must be obtained. If the recipient doesn't have a TIN, one must be applied for and provided to the agency before a reduction or exemption of withholding is allowed.

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### **Higher Education IBM Payroll Accounting System Object Code Usage**

In anticipation of the conversion to the State's PeopleSoft system, usage of object codes in the higher ed payroll files should be reviewed by each institution. Please ensure the object code used for each type of earnings is correct as this will affect converted data. The OSF Object of Expenditure Code list is posted on the OSF website at: <http://www.ok.gov/OSF/Comptroller/index.html>.

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### **OSF Form PWC, Payroll Warrant Cancellation, Instructions**

A separate document with instructions to properly complete the OSF Form PWC is located on the OSF Website at:

[http://www.ok.gov/OSF/OSF\\_Forms/Division\\_of\\_Central\\_Accounting\\_and\\_Reporting\\_Forms/index.html](http://www.ok.gov/OSF/OSF_Forms/Division_of_Central_Accounting_and_Reporting_Forms/index.html).

Please refer to these instructions when completing the PWC form. Incomplete forms or forms with inaccurate data cause delays in processing and may result in a Stop payment request turning into a Reversal request.

Depending on the timing of the PWC, either a Stop Payment/Delete or a Reversal will be initiated.

- Stop Payment/Deletes are initiated for payroll items that have been processed and have an effective date three (3) or more days prior to the item effective date.
  - The OSF Form PWC will need to be at the Office of State Finance by 12:00 noon three (3) or more business days prior to the effective date of the payroll item. For example, May 31st payroll cutoff will be May 25th at 12 noon.
  - Successfully processed stop payment/deletes prevent the funds from being deposited into the employee's bank account.
  - OSF is notified of the return on the effective date of the payroll item. The warrant cancellation will be completed after receiving this notification.
- Reversals are initiated for payroll items that do not fall into the Stop Payment/Delete time frame. A reversal is a debit transaction that follows the credit payroll item to the employee's bank account.
  - The receiving bank has five (5) business days from the date of the reversal request to return the item. All reversal items are at risk of not being returned to the State.
  - NACHA, the National Automated Clearing House Association, rules require that an employee be notified in writing of a reversing entry and the reason for the reversing entry no later than the effective date of the reversing entry. Please notify the employee no later than the day the OSF Form PWC is submitted to OSF.

The statement below can be modified by your agency and used to inform an employee of the pending reversal.

A payroll item will be posted in error to your bank account on MM/DD/YY. A reversal has been issued and will post to your account to pull these funds back to the State. Please keep the full amount of this deposit in your account. If the State cannot retrieve the full amount of the deposit, action will be taken in accordance with applicable procedures to retrieve the funds from you.

The agency is responsible for recovering the funds from the employee should the funds not be returned to the State. Please refer to O.S. 74 Chapter 27A, Section 940-2.19 D for proper procedures for recovering overpayments if needed. The agency should submit the OSF Form 94 for processing if the employee pays back the funds through a miscellaneous payroll deduction or cash.

If you have any questions regarding these procedures, please contact Lisa Raihl at 405.521.3258, [lisa.raihl@osf.ok.gov](mailto:lisa.raihl@osf.ok.gov) or Jean Hayes at 405.522.6300, [jean.hayes@osf.ok.gov](mailto:jean.hayes@osf.ok.gov).

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### **Social Security Administration Changes to Social Security Number Issuance**

The Social Security Administration (SSA) is changing the way Social Security Numbers (SSNs) are issued. This change is referred to as "randomization." The SSA is developing this new method to help protect the integrity of the SSN and to extend to longevity of the nine-digit SSN nationwide.

SSN randomization will affect the SSN assignment process in the following ways:

- It will eliminate the geographical significance of the first three digits of the SSN, currently referred to as the area number, by no longer allocating the area numbers for assignment to individuals in specific states.
- It will eliminate the significance of the highest group number and, as a result, the High Group List will be frozen in time and can be used for validation of SSNs issued prior to the randomization implementation date.
- Previously unassigned area numbers will be introduced for assignment.

Now more than ever, it is imperative that agencies do not randomly assign numbers to employees that do not currently have one issued by the SSA. For agencies requiring a temporary number while waiting on one to be issued, please contact Lisa Raihl at 405.521.3258, [lisa.raihl@osf.ok.gov](mailto:lisa.raihl@osf.ok.gov) or Jean Hayes at 405.522.6300, [jean.hayes@osf.ok.gov](mailto:jean.hayes@osf.ok.gov).

For institutions of Higher Education, these changes to the SSN may require systems and/or business process updates to accommodate SSN randomization.

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## **SSA Business Services Online (BSO)**

With the mandatory use of E-Verify beginning November 1, 2007, all state agencies must utilize the system to verify the federal employment authorization status of all new employees. The system first completes a social security number verification with the SSA. This verification is similar to the one users previously accessed in the BSO system to manually verify the SSN. Since the E-Verify system performs this verification, new authorization requests to use the BSO system should not be initiated for agency employees.

For agencies on the State's PeopleSoft HCM system, the query GO\_HR\_AUDIT\_EVERIFY should be run frequently and will return a list of employees who were hired or rehired after 11/1/07 and do not show the completed e-verify.

For institutions of Higher Education on the IBM payroll accounting system, internal processes should be in place to identify those employees who have not yet had the e-verify completed.

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## **ACCOUNTING**

### **State of Oklahoma SWCAP**

The State of Oklahoma SWCAP has been approved for use in calculating federal reimbursements of indirect costs for the fiscal year ending June 30, 2011, by DHHS, Division of Cost Allocation. Agencies will use this information for claiming reimbursement of indirect costs or as matching costs, as allowed by your federal grants for fiscal year 2011. The plan will be sent to agencies via the email address provided to the Office of State Finance. Should you not receive an email by May 20<sup>th</sup>, please notify Susan Perry at [susan.perry@osf.ok.gov](mailto:susan.perry@osf.ok.gov).

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### **Revised Expenditure Account Code Listing**

The Object of Expenditure Account Code Listing and Definitions from the Office of State Finance - Procedures Manual 7/01 - Chapter 100, has been revised effective May 2011. This revision includes the changes made to account codes since it was last revised in October 2005.

See the hyperlink to "Appendix A3: OSF Object of Expenditure Code (5/11)" on the State Comptroller's web page at <http://www.ok.gov/OSF/Comptroller/index.html>

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### **OSF Imaging System Upgrade**

OSF is upgrading the imaging system on Thursday, May 19<sup>th</sup> and Friday, May 20<sup>th</sup>. The cut-over to the new system will occur on the evening of May 19<sup>th</sup>, and new scanning software will be installed on all the scan stations (about 30 of them) on Friday. Agencies under the imaging program will be contacted concerning the installation of the new software.

All agencies using the OSF imaging program should have all critical vouchers scanned in by 5:00 pm Thursday, May 19<sup>th</sup>. Current plans are to have agencies scanning again by Friday afternoon or at the latest Monday morning.

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## TRAINING

### Upcoming Local Training/CPE

#### OFMA Meeting June 2, 2011

The Oklahoma Financial Managers Association will hold its quarterly meeting on Thursday, June 2, 2011, from 1:30 to 4 p.m. in the Business Conference Center Auditorium of the MetroTech Springlake Campus. The agenda will be available soon on the OKFMA website and will list all the scheduled speakers. Seminars are provided free of charge. To ensure an adequate number of training materials and refreshments are available, please register at: [www.okfma.com](http://www.okfma.com)

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The Office of State Finance is hosting the following audio conference in Oklahoma City:

#### Audio Conference June 8, 2011 - "Improving Controls Can Improve Program Performance"

AGA is pleased to announce a new and increasingly important topic to our audio conference schedule—the role that internal controls play in improving agency performance.

Establishing and maintaining effective internal controls are key factors for managing risk while improving operational efficiency and effectiveness. Many government agencies are making progress on improving controls, but are hampered by limited resources and the proliferation of requirements.

This audio conference focuses on how some agencies are meeting this challenge. Participants will gain insight into the methodologies, solutions and tools available to enable agencies to more effectively and efficiently assess entity-wide risks, evaluate internal controls, improve processes, comply with government requirements, and achieve agency program goals and business objectives.

To share their expert knowledge and practical experience in internal controls are **Kathy Hill**, director, Risk Management and Compliance, Federal Emergency Management Agency, and **Rory Souther**, chief, Office of Resource Management, U.S. Coast Guard.

Please join us for two hours of lively discussion about this important and timely topic. In addition to the speakers' commentary, about 20 minutes will be set aside for questions.

**Date:** Wednesday, June 8, 2011

**Time:** 1:00 – 3:00 p.m. and Registration will begin at 12:30 pm

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

**Learning Objectives:** To understand how government agencies can improve operations by balancing good internal controls, risks, mandates and agency goals

**Prerequisite:** None required

**CPE:** Two credit hours

**Field of Study:** Auditing

**Cost:** Free if attending the audio conference in the Concourse Theater

**RSVP:** To Susan Perry at [susan.perry@osf.ok.gov](mailto:susan.perry@osf.ok.gov) with your name, agency name and number, phone number and e-mail address. Please specify the June 8<sup>th</sup> audio conference.

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