

OFFICE OF STATE FINANCE

DCAR NEWSLETTER

Lynne Bajema, State Comptroller
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http://www.ok.gov/OSF/Comptroller/DCAR_Newsletters.html.

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New State Comptroller in OSF's Division of Central Accounting and Reporting

On March 31, 2012 Brenda Bolander retired from Oklahoma state government after 30 years of state service and has taken a position in the private sector. For the last ten years, Ms. Bolander has been the Oklahoma State Comptroller directing the daily operations of the Division of Central Accounting and Reporting in the Office of State Finance.

Ms. Lynne Bajema was appointed State Comptroller and began her role in April 2012. Ms. Bajema served as the Chief Financial Officer for the Oklahoma State and Education Employees Group Insurance Board (OSEEGIB) for two years after serving as Director of Finance for the previous decade.

PAYROLL

IBM Payroll Accounting System Functionality Change

Functionality has been changed to allow reporting for Roth 457(b) contributions which are reportable on the employee's W-2. Payroll personnel have been given detailed information on this change. If higher education institutions have no need for the new functionality, the payroll claims sent to OSF will remain unchanged.

Higher education institutions that already processed payrolls, with Roth 457(b) amounts prior to the changes in the PACS for calendar 2012, must submit to OSF a spreadsheet of the balances that have been accumulated for each employee. Employee balances will be updated for these amounts. Please contact Lisa Raihl at 521-3258, lisa.raihl@osf.ok.gov or Jean Hayes at 522-6300, jean.hayes@osf.ok.gov with any questions.

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.

Payroll Warrant Cancellation Requests

To initiate the cancellation procedures for a payroll warrant, complete the OSF Form PWC (revised 09/09) found at <http://www.ok.gov/OSF/documents/OSFFormPWC.pdf>.

For direct deposits, FAX the form to OSF at (405) 521-3902. The fax number for OSF is also located on the top of the form in the area for Oklahoma Payroll. Forms that are faxed to the wrong offices (Treasurer's Office or to JPMorgan Chase ACH Services) may not get processed properly and may be cancelled from the employee's payroll record. The paper form must be mailed to OSF Transaction Processing. Please follow all instructions when utilizing this form.

For paper warrants, attach the voided warrant to the form and send to OSF Transaction Processing, room 122 at the Capitol..

Employee Direct Deposit Verification

Agencies are reminded that employee bank deposit slips should NOT be used to get the bank routing/transit number for setting up direct deposit information. A voided check from the employee is the most reliable method. If the employee does not have a voided check or wants to deposit into another type of account, have the employee call the bank directly to get the routing/transit number. A bank routing/transit number should never start with the digit "5". This indicates a branch of the bank and will cause the direct deposit to be returned to the State.

Errors in processing bank routing/transit numbers can cause significant delays in the employee's receipt of his or her paycheck. Many banks do not reject bad routing/transit numbers until after the pay date. This means the deposit for the rejected check may not be returned to the State for several days after the pay date. A replacement warrant cannot be reissued until the money is returned to the State.

Timing of Requests for Vendor ID's on New Employees

Upon receipt of a Vendor ID Request for a new State Employee, OSF runs a program to add direct deposit information and the business email address to the new vendor record from HCM. If the employee has not been completely setup in HCM with direct deposit information, then their vendor record cannot be updated and the program will fail to run.

If possible, please wait to request a new vendor ID until after the employee has been issued an Empl ID from HCM including the population of the business email address and all direct deposit information fields.

In addition all transferred employees must have the above fields updated in HCM to ensure that information in the Vendor file is accurate.

Higher Education on PeopleSoft Payroll - Required Payroll Forms

The payroll forms submitted to OSF – Transaction Processing, should include only the following documents, not all documents generated through the process.

- Payroll Claim Document (2 pages)
- GL Trace File (1 page)
- Payroll Budget Checking Report (only first and last page of report)
- Payroll Fund Transfer Form (PFT)

If you have any questions concerning the forms required, please contact Elsa Kunnel at (405)-521-6178 or Cathrine Edge at (405)-521-6197.

ACCOUNTING

Bankruptcy Notices Received

There is a new selection on the State Comptroller's webpage under Related Topics. This will provide the current bankruptcies identified by the Attorney General's office. They are notices of bankruptcies on companies possibly doing business within the state. Bankruptcy Notices are generally time sensitive and require immediate (or near immediate) attention, therefore, agencies should review this often.

If your agency has a contract for a service(s) and/or product(s) either that the debtor in each bankruptcy provides to the State of Oklahoma or that the State of Oklahoma provides to the debtor (if any), or if the debtor has already fulfilled its contractual obligation(s) to the state and/or has already provided the service(s) and/or product(s) in whole or in part, please notify Steve Wilson at (405)-521-4679 or steve.wilson@osf.ok.gov.

Bank Account Warning

O.S. 62 Section 34.57 states "It shall be the duty of each state agency, officer or employee, to deposit in the agency clearing account or agency special account, established under Section 7.2 of this title, all monies of every kind including but not limited to..." Virtually every type of receipt is listed including non-revenue receipts received by an agency or its employee by reason of the existence of or operation of a state agency. All monies should be deposited into an account at the State Treasurer's office. No private bank accounts should be in use by agencies. This issue has recently been in the news and there appears to be some confusion on the part of agencies about this requirement. If your agency has a private bank account it should be closed immediately and monies deposited into an account through the Office of the State Treasurer.

Reminder – Batch Slip Form Must be Signed by Approving Officer

The OSF For 25B - Voucher Register Batch Slip Notice, must be signed by an approving officer with a Form 13 – Signature Card, on file with OSF. No other signatures are recognized for approving the Batch Slip.

Batch Slips by Fax for Scanned Vouchers

We have begun accepting the OSF Form 25B - Voucher Register Batch Slip Notice by fax for vouchers submitted through the Voucher Imaging System. The original form will not be required to follow. The batch slip must be completed including an appropriate signature.

Authorized Pay Groups – SP Restricted

Please remember that the only ‘pay groups’ agencies should be using for voucher processing are MO, TU, WE, TH, FR, WF (workflow) and PC (p-card). Agencies should not be using the pay group SP without OSF authority and such authorization is only for one-time exceptions. This pay group is reserved for OSF use only, without such approval.

If granted the one-time approval, please write on the batch slip the name of the OSF Transaction Processing contact who authorized the use of the SP pay group. Our voucher auditors will verify the approval with appropriate OSF staff. Any voucher batches submitted using the SP pay group without said name listed, may be rejected back to the agency. (See DCAR Newsletters, Vol. 18, Number 2, dated 9/26/2007 and Vol. 20, Number 5, dated 1/12/2010)

Imaged Vouchers Quality

Agencies on the Voucher Imaging Program should be reviewing their voucher scans prior to releasing the imaged files to OSF. Through our audits and random sampling reviews of the scans we are finding problems with the scans. They include:

- Lines running through the document image from poor scanning
- Graying out of data normally due to “highlighting” marked by users
- Data blending in to shaded areas of forms

There are also the following problems occurring:

- Documents are not actually scanned at the time that the batch slip is submitted to process the vouchers. The voucher records file must be uploaded before the vouchers can audited and processed.
- Voucher images have been scanned behind another voucher record which means the bar code was probably misread. These combined scans should be caught by the agency during or after scanning the vouchers and before submitting the file to OSF. If not caught and corrected the “extra” voucher record is lost and not identified in the system. It is also not retrievable in the system.
- The scanned voucher records should be created similar to the actual paper voucher records, where only the normal documents required are part of the voucher record. If a voucher image must be corrected or changed in any way, agency should contact the OSF Helpdesk and have the voucher scan deleted so the correct voucher documentation can be scanned in. This removes the duplicate or erroneous documents from the voucher record.

Please remember that these imaged documents serve as the ‘official state record’ and are used for records of expense, legal actions, and research. Therefore, they must be good quality scans and consist of applicable documentation.

Vendors with Multiple Vendor ID Numbers

To facilitate the implementation of electronic vendor payments as required by HB1086, OSF will be identifying vendors who have more than one Vendor ID. OSF will take steps to determine which Vendor ID should be used by reviewing Tax ID numbers, statewide contracts, current purchase orders and vendor registrations. One Vendor ID will be designated as the official VIN and the other vendor numbers will be closed for ordering and at a date to be determined will be deactivated. OSF will use the OSF Alerts function to make Purchasing Departments aware of closed Vendor IDs.

For any cancelled Vendor IDs, agencies should cancel any Purchase Orders using those numbers and reissue the Purchase Order with the official number. Watch for more information in future newsletters.

FY-2011 and FY-2012 Budgets

FY-2011 and FY-2012 appropriations are 30-month appropriations. This is because the appropriation bills did not include language that would have limited the appropriation to a fiscal year. In accordance, the Office of State Finance policy regarding these appropriations is as follows: **Encumbrance and Expense of FY-2011 and FY-2012 Funds:**

FY-2011 appropriated funds should be encumbered by June 30; however, these funds can still be encumbered and expended after June 30 for FY-2011 expenses only and until the funds lapse in December 2013. If an agency needs to use the FY-2011 appropriations for FY-2012 or FY-2013 expenses, the agency will have to handle it as carryover to the FY-2012 or FY-2013 budget. However, the funds will lapse after about 5 months in FY-2013. Please call your budget analyst for the exact lapse date. This policy is the same for FY-2012 appropriations, that is, FY-2012 budget can only be used for FY-2012 expenditures during the 30-month life of the appropriated money. The same policy stated above applies with carryover to the subsequent year(s).*****

EFT Payment Required Effective July 1, 2012

Effective July 1, 2012 statute requires that all payments made by a state agency must be done electronically. Some agencies have expressed concern that vendors will not be paid if the vendor has not provided banking information. This is not the case. Vendors who have not provided banking information will continue to receive a paper warrant as long as the agency completes an Exemption Request Form and the request is approved. An Exemption Request Form can be obtained on the State Treasurer's website at www.ok.gov/treasurer. Click on **Banking** and scroll down to find the form. Agencies should submit a request for any type of payment for which they do not have the ability to pay electronically because of system limitations or for which they do not have banking information. The Exemption Request should be submitted by April 30, 2012. Exemptions are for one year only and agencies are expected to remedy any issues preventing electronic payments. Exemption requests and any questions regarding this process should be submitted to:

Electronic.Payment.Exemption@treasurer.ok.gov

OSF is actively seeking and adding email addresses to vendor records and will be e-mailing information and PINs so that vendors can log in to their vendor record and add their own banking information. This functionality should be ready for vendors in May. Please continue to send requests for vendors' e-mail addresses along with paper warrants. E-mail address notices do not need to be sent to one-time payment vendors; any payment type for which you are requesting an exemption; and general deduction vendors

that run through payroll. OSF is consolidating the payroll general deduction payments and will request the banking information from those vendors.*****

Federal Grants Management Issues: VENDOR VS. SUB-RECIPIENT

When managing Federal awards and eventually expending the funds or awarding and/or passing through funds to another entity, it is essential to know when to classify the recipient as a sub-recipient or a vendor. The classification of the entity will determine how the funds should be managed and subsequently monitored.

A **sub-recipient** is defined as a non-federal entity that expends Federal awards received from a pass-through entity (eg. State Agency) to carry out a Federal program, but does not include an individual that is a beneficiary of such a program (i.e., client or participant). The criteria for a sub-recipient includes the following:Determines who is eligible to receive financial assistance;

- Has its performance measured against whether the objectives of the federal program are met;
- Assumes/has responsibility for programmatic decision-making;
- Assumes/has responsibility for adherence to applicable federal compliance requirements; and
- Uses government funds to carry out a program of the organization as compared to providing goods and services for a program of the pass through entity.

A **vendor** is defined as a dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a program. The criteria for a vendor includes the following:Provides the goods or services within normal business operations;

- Provides similar goods or services to other purchases;.
- Operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of the government program; and
- Is not subject to compliance requirements of the government program.

In order to avoid possible disallowance of costs and/or inaccurate financial reporting it is essential that federal funds be classified appropriately as a sub-recipient or vendor. If an entity is deemed to be a sub-recipient, there are duties, such as sub-recipient monitoring, that the awardee will be responsible for while administering the award.

If you have any questions related to vendor vs sub-recipient relationships in Federal grants management, please contact Rochelle Quillman at 405-521-4947 or rochelle.quillman@osf.ok.gov.*****

ARRA Closeout Process

Many ARRA awards have ended or are quickly approaching their end dates. It is essential to ensure that these grants are closed out properly to avoid audit issues, disallowance of costs, and inaccurate financial reporting. The closeout process and deadlines for ARRA awards will vary based upon your awarding agency. Below is a list of general items you should keep in mind when closing out your ARRA awards:

- Remember to submit your final Federal Financial reports, final progress reports, and all other required reports and documents in a timely manner. For information about additional required reports outside of the “standard” reports listed, refer to your award documents, and/or grant guidance. Grant documents should provide information on how to complete these reports, provide due dates, etc. Failure to submit timely and accurate final reports could affect future funding from the awarding agency.
- Most Federal awards require the closeout to be completed within 90 days of the grant’s end date. Some grants may require a shorter closeout period of 30 or 45 days.
- Be sure to communicate with all partners involved with the grant project that the grant is coming to an end. It is important that your partners know well in advance the grant’s end date so that projects can be completed and funds can be spent in a timely manner.
- Ensure that any special requests (eg. no cost extensions, redirections of funding, budget revisions) are submitted for approval to your awarding agency well before the ending date of the grant (if applicable).
- Perform an ongoing review of budget and expenditure data to ensure funds are spent by the grant’s end date and that all expenditures are allowable per the grant.
- Notify sub-recipients to submit final invoices and financial and/or progress reports in a timely manner.
- Check and review the status of any open purchase orders and encumbrances to ensure these are closed out and accounted for properly and in a timely manner.

If you have any general questions related to closing out your ARRA awards, please contact Rochelle Quillman at 405-521-4947 or rochelle.quillman@osf.ok.gov.

TRAINING

Upcoming Local Training/CPE

Certified Government Financial Manager Course – Budget now for 2013. The Oklahoma City Chapter of the Association of Governmental Accountants will be offering this 6-day course Wednesday through Friday, February 6-8 and Monday through Wednesday, February 11-13. 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.
