

**OFFICE OF STATE FINANCE
DCAR NEWSLETTER**

Brenda Bolander, State Comptroller
Steve Funck, Deputy State Comptroller

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OSF HelpDesk (PeopleSoft questions)	405.521.2444	helpdesk@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
Accounting: Jennie Pratt	405.521.6160	jennie.pratt@osf.ok.gov
Financial Reporting Unit: Deric Berousek	405.521.3298	deric.berousek@osf.ok.gov

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Voucher Batch Slip Revision

Employees will soon see a change to the Voucher Register Batch Slip Notice, whereby, a “T” will be placed in front of the voucher numbers listed for Travel Reimbursement claims (i.e., T00121935). This change is in connection with our Voucher Imaging Project as participating agencies are granted approval to stop submitting their voucher forms to OSF. The batch slip forms will still be required for submission to OSF and this flag will assist us in making certain all travel vouchers continue to receive a 100% audit, although on-line.

There is no change in the sorting of the voucher numbers on the form and will remain in voucher number sequence. Also, when viewing the vouchers in the PeopleSoft system the “T” will not be part of the voucher number.

Oklahoma GSA Lodging Rate

When OSF issued the last DCAR Newsletter with information concerning the new GSA rates it was stated that there were no across the board changes to the federal meals and incidentals (Oklahoma’s per diem) rate, including lodging. Although the standard lodging rate did not change and is still \$60 (appropriate taxes can also be claimed in addition). The rates that did change were the special Oklahoma City and Tulsa lodging rates. Oklahoma City increased from \$67 to \$73 and Tulsa from \$66 to \$68. These changes were effective for October 1, 2006 (the Federal FY2007) and can be viewed or downloaded at www.gsa.gov/perdiem.

Finalizing Vouchers ONLY when POs are in Valid Budget Checking Status –Report to Run

Finalizing one or more voucher distribution lines after a voucher has successfully budget checked should only be done when the PO is in valid budget checking status. Finalizing causes the voucher to budget check again and if the voucher budget checks when the PO is not budget checked or is in error budget checking status, it causes certain records that tie the PO and voucher together to be deleted. This requires a burdensome process with multiple steps to restore the record and continue the process. To minimize the number of such occurrences, please use the navigation: Purchasing > Purchasing Reports > PO Budget Checking Report, to identify POs in budget checking error status before finalizing vouchers.

Internal Controls Corner – Some General Reminders

Internal controls and auditing of controls have been an integral part of economic activities since early times. They apply to government, nonprofit organizations, businesses and individuals. The cost of an absence or weakness in internal control and auditing of controls has been likened to the cost of no education. Try going without either and the cost will be obvious.

Internal controls are a two-way street. They are useful and beneficial to both the entity and the manager / employee. They protect each and they assist them in being more effective and efficient on both performance and evaluation of economic activities. They are needed even when one believes that they have “total trust” in others. Total trust means that one believes the other **can not** and **will not** make a **mistake**, has no incentive to act in any way that is inconsistent with the best interests of the organization, and can not be corrupted or even forced to act in any improper manner.

The basic theories of internal control are based on a desired goal of “separation of duties” in these areas: authorization, custody and recordkeeping/accounting. In the business function of “purchasing” for example, the following segregation of duties is desired:

1. Authorization - Requisitioner, Purchaser, or Approver
2. Custody - Receiving
3. Recordkeeping - Accounts Payable or Accounting.

Vendor Information On-Line

There will be a few changes in the vendor file information that you can view when selecting a vendor. First, the location page will now have two new links. One is for the Comments field which will have explanations when a vendor has been inactivated or placed on hold or blocked for ordering for events such as a tax snag or nonrenewal of registration. The Comment link will **NOT** appear as a link **UNLESS** it actually contains a comment. The second link is to the Vendor Types so you can see if the vendor location is registered through the Department of Central Services.

The last change is related to improving identity protection. Now that we are three years into the new system, the Old Vendor IDs will be removed from view. These old IDs were FEI numbers in the old system and need to be secured. To locate a vendor ID, use the vendor inquiry screens by entering the first and/or last name and select "contains" to find your vendor. If there are several with the same name the vendor address should help you select the correct one. If you already have the FEI number and want the vendor number you can run the OSF_VENDOR_CHECK query in query viewer to get the vendor number. If you need assistance running the query please contact the OSF Helpdesk.

Mileage Reimbursement Rate Increases for 2007

The Internal Revenue Service has announced an increase in the mileage reimbursement rate, effective January 1, 2007, to \$0.485 per mile. This is an increase from the \$0.445 rate for 2006. (See Internal Revenue Bulletin 2006-168, 11/01/06.) The new rate is for travel incurred on and after January 1, 2007 **not** your 2006 travel reimbursement vouchers submitted after January 1st.

Higher Education - Independent Audit Reports – New Due Dates

With the passage of last year's legislation (Title 70, Chapter 50, Section 3980.10) Higher Education institutions that receive proceeds from the "Oklahoma Higher Education Promise of Excellence Act of 2005" through the Oklahoma Capitol Improvement Authority will have an earlier due date for the completion and submission of independent audit reports. Those new due dates are 105 days (October 13th) for FY 2007 and 90 days (September 28th) for FY 2008 and beyond.

All Higher Education institutions should make plans now to include these new due dates in contracts with independent certified public accountants.

In addition, this new statute requires that the audited financial statements must be made available to the general public on the institution's web page within 30 days of completion of the audited financial statements.

Revised Payroll Warrant Cancellation (PWC) Form

OSF Form PWC has been revised effective December 2006. A change of JPMorgan Chase ACH processing location necessitated the form revision. Please begin using the new form as soon as possible. Use of the old form will delay the payroll warrant cancellation process with funds not being returned promptly to the agency. Additionally, the instructions for form PWC have also been updated. Use the following link to access the forms from our website: <http://www.osf.state.ok.us/comp-frm.html>.

Internet Explorer Version 7

Microsoft has released its newest version of Internet Explorer (IE 7). Several issues have occurred when using this browser version with the PeopleSoft applications. This version is not a supported browser version for the PeopleSoft applications. Please refer to the CORE website for a complete list of supported browser versions. If you have upgraded to IE 7 and are having trouble with any PeopleSoft applications, you will have to go back to IE 6.

Payroll - End of Calendar Year 2006

December 15, 2006 - Last day refund of taxes due to overpayments can be returned to agencies. (see article below)

December 27, 2006 - Last day OSF will process payrolls for calendar year 2006. The electronic payroll system will close at 2:00 pm for the transfer of payroll. All payrolls for both systems must be delivered to OSF by 2:00 pm on this date.

Any Legacy system payrolls received but not processed will be voided out of the system and must be resubmitted on or after January 2, 2007 with new claim numbers and new rates.

December 27, 2006 - Backup withholding payments from agencies must be received by OSF. (see article below)

January 2, 2007 - On January 2, 2007, at 12:00 noon, OSF will begin processing payroll.

January 5, 2007 - Payroll warrant cancellations for calendar 2006 must be received at OSF by 3:00 pm on January 5, 2007. Any 2006 payroll cancellations received after January 5, 2007 will require a corrected W-2. Please note that payroll cancellations for 2007 issued payrolls may not be processed until on or after January 9, 2007. (See article below)

Payroll - Calendar Year 2007

Listed below is information necessary for payroll processing in calendar year 2007.

January 2, 2007 - OSF will begin processing payroll at 12:00 noon for 2007 warrant pay dates.

January 9, 2007 - Payroll cancellations with 2007 pay dates can be processed.

Withholding Fund - Payrolls processed after January 1, 2007 will continue to post withholdings to the 994 class (fund number), which is the same as in 2006.

Payroll Warrant Cancellations

Even though OSF will not be able to process 2007 payroll cancellations in the Legacy system before January 9, 2007, agencies should submit the paperwork on direct deposits as soon as the request is known. This will allow the Treasurer's office to begin the process of collecting the money.

Rates & Maximums

(Year 2006 rates are provided for comparison purposes)

	2007	2006
FICA (Social Security) Withholding Rate	6.2%	6.2%
FICA (Social Security) Gross Maximum	\$97,500.00	\$94,200.00
FICA Annual Maximum Withholding	\$6,045.00	\$ 5,840.40
MQFE (Medicare) Withholding Rate	1.45%	1.45%
MQFE (Medicare) Gross Maximum	No \$ Max	No \$ Max
MQFE Annual Maximum Withholding	No \$ Max	No \$ Max
Unemployment Rate	1.0%	1.0%
Unemployment Gross Maximum	\$13,200.00	\$13,500.00
Unemployment Annual Maximum	\$ 132.00	\$ 135.00

Tax Reporting Information for 2006

At the end of each tax year OSF prints IRS tax forms for agencies and submits this information to the IRS. Regulations generally require the agencies to distribute the tax forms to recipients by January 31 of the subsequent year. So within a narrowly defined time period, OSF and agencies must coordinate the transmission of data and distribution of the printed forms.

In early December, 2006, colleges and universities were provided a specialized packet of information regarding IRS Reporting for Higher Education institutions. The following information applies to all state agencies as well as colleges and universities. The issues that were addressed in the specialized packet of information remain applicable and are not included in the list below.

Important Dates for IRS Reporting Deadlines

<u>Completion Date</u>	<u>IRS Form</u>	<u>Submit Information</u>
January 5, 2007	W-2	Last day to submit payroll cancellations
	1099 R	Last day to submit payroll adjustments to OSF
January 5, 2007	1099 M	Last day to update vendor information/transactions
January 5, 2007	1099 M	Last day to submit EDT petty cash, ASA
January 17, 2007	All forms	Noon. Agencies may pick up forms. OSF will ship forms at the request and expense of the agency.
January 22, 2007	All forms	If forms are not picked up by 8:00am, OSF will distribute the forms in the customary method.

Parking and Security Issues

Short term parking will be available at the east entrance of the Capitol in the spaces posted for 15 minute parking on the sides of the circular drive. The attendants there may be able to find an alternate space if these spaces are full, but you will need to ask them. There is no parking permitted directly in front of the steps that lead into the Capitol. Due to parking lot and entrance renovations, parking and entry will **not** be allowed at the delivery entrance on the west side of the Capitol during January. Those who have dollies or carts will have to use the south entrance where a ramp is available. Other parking options are to park in the parking area on the south side of the Capitol or you may park in the lot on the east side of Lincoln Boulevard and use the tunnel. Metal detectors have been installed in the Capitol. Be prepared to show picture ID and all personal property is subject to search.

Correcting W-2s

Corrected W-2 forms must be delivered to OSF by February 16, 2007. Please send the original W-2, a copy of the corrected form, and a letter explaining why the correction is needed. If the correction is due to a statutory canceled warrant which is not to be replaced, please also send a letter asking that the warrant not be replaced. Note: Because a warrant has been canceled by statute is not a reason for such a W-2 correction. If it was a valid payroll payment, the employee is still entitled to a replacement warrant, therefore, the W-2 reporting is proper.

OSF Contact Information

Listed below is contact information for OSF personnel working on the IRS reporting project for tax year 2006. The fax number is 405-521-3902.

- Lisa Raihl, Accounting and Reporting Analyst
Phone: 405-521-3258
E-mail: Lisa.Raihl@osf.ok.gov

- Dan Thomason, Accounting and Reporting Analyst
Phone: 405-522-6300
E-mail: Dan.Thomason@osf.ok.gov

- Beth Brox, Accounting Technician
Phone: 405-522-1099
E-mail: Beth.Brox@osf.ok.gov

- Jennie Pratt, Accounting and Reporting Supervisor
Phone: 405-521-6160
E-mail: Jennie.Pratt@osf.ok.gov

Envelopes

The format for the W-2 forms will be the same as that used for 2005. Envelopes that fit the 2005 W-2 forms should fit the 2006 W-2 forms. Please note: If your agency converted to the CORE System in 2006, the format is different than the W-2 form from the legacy system.

The format for the 1099 MISC forms is changing. The forms will have three sections with the top 1/3 and the middle 1/3 of the page containing the two copies of the form. The bottom 1/3 of the page will include instructions and a mailing address. To view the new 1099 forms and envelope information go to: http://www.1099express.com/laser_forms.asp

Click on View 1099 Misc Laser Form. This is an example of the 1099 form and can be printed directly from there for measuring your envelopes. The vendor also specifies that either the standard no. 9 or 10 envelopes will work.

Sample printed forms of the CORE W2, Legacy W2 and 1099 MISC can be provided as requested.

Agency Address Verification

Please verify the correct agency address is being used on the payroll system. The agency address can be found on the Employee's Earnings Statement. If the address is not correct for the agency, this will need corrected before year end processing of tax forms. For PeopleSoft agencies, please contact the CORE office via the Helpdesk to have the agency's address updated in the payroll system. For those agencies not on PeopleSoft (Higher Education), please contact OSF, Shirley Gammill at 405-521-2141.

Backup Withholding

Agencies that have collected backup withholding on miscellaneous claims need to submit payment to be received by OSF prior to December 27, 2006. Make checks payable to the State Contribution Fund (Vendor 0000000467, ADDR # 002, LOC # 0002)

Refunds of Taxes for Overpayments to Employees (Form 94)

The last day agencies can submit requests for refunds of 2006 payrolls related to employee overpayments is December 15, 2006. Refunds cannot be returned to the agencies after this date. Corrections due to overpayments will still be posted to the employee's W-2 information for requests submitted through January 5, 2007.

Employee's Withholding Allowance Certificate (W-4)

An employee who certified to his or her employer on Form W-4 (Employee's Withholding Allowance Certificate) that the employee had no income tax liability for 2005 and anticipated no income tax liability for 2006 was entitled to an exemption from withholding for 2006. This exemption is effective until February 16, 2007, and must be renewed at that time if conditions remain the same. If you receive an exempt W-4 after February 16, 2007, do not submit tax refund requests to OSF, they will not be processed. The W-4 will take effect on the next payroll; it is not retroactive to the beginning of the year.

If you have received correspondence from the IRS specifying the maximum number of withholding allowances permitted (commonly referred to as a "lock-in-letter") and the employee submits a new W-4 claiming more allowances than the maximum allowed, you must disregard this new W-4 until the IRS notifies you to withhold tax based on the new W-4. However, the employee may furnish a new W-4 that claims less than the maximum allowed and the employer must withhold tax based on that Form W-4.

In addition, the loss of an exemption that affects withholding at the beginning of the next taxable year, such as a divorce or the loss of a dependent should be reflected by an amended certificate on or before December 1. If the change occurs in December, the new certificate must be furnished within 10 days of the day on which the change occurs.

Earned Income Credit Advance Payment Certificate (W-5)

The Form W-5 expires December 31, 2006. If an employee is eligible, a new W-5 must be submitted for 2007. If you receive a Form W-5 later during the year, do not submit tax refund requests of OSF, they will not be processed. The W-5 will take affect on the next payroll; it is not retroactive to the beginning of the year.

Reduction of Annual Leave Hours for Overpayments

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 reduced the annual leave by the net amount of the overpayment.

For agencies on the Legacy Payroll system, the following instructions apply: If the reduction for overpayment reduces terminal leave hours to be paid, an OSF Form 94 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.

W-2 and 1099 Pick-Up Instructions

OSF will have W-2s and 1099s ready for release on January 17, 2007. Agencies may pick up the forms from OSF at the State Capitol Building. If an express mail service or courier is to be used, please notify OSF with the necessary information. If the forms are not picked up, OSF will mail them through our normal process. Forms should be picked up in Room 122.

2006 – 1099 Report

A 1099 report will be available for agencies to run in the CORE system by mid-December. This report will reflect the 1099 data from CORE vouchers. This report should be reviewed and corrections submitted to Beth Brox as soon as possible. A final report should be processed by agencies by January 2, 2007. The report can be run prior to December 31 if the agency will not be making any more 1099 reportable payments. All corrections to the listing must be returned to OSF by January 5, 2007.

The 1099-MISC forms require a phone number for the payor. The program will search our agency database and insert the phone number for the finance officer of the agency.

1099 – MISC Reporting Changes for 2007

Beginning January 1, 2007, agencies will be able to process and review 1099 reports on an as needed basis. This should not be any less frequent than quarterly. Corrections of coding on vouchers should be completed by the agency as they are found. These corrections will include changes to or from a reportable code and corrections of vendor 1099 reportable flags.

1099-MISC Reporting for ASA Accounts and P-Cards

Agencies are required to submit data for compliance with 1099 reporting on Agency Special Accounts (ASA). The Office of State Finance is working with Bank One to accumulate all purchase card transactions (P-card). Any payment which would have been recognized in treasury funds as an expenditure subject to 1099 reporting should be included in the submitted file.

New 1099 File Format – Outside Agencies

Since OSF is using a new program to create 1099's this year, see details in linked documents. The format of the file has changed to Excel spreadsheet. Due to the sensitive nature of the data, please hand deliver a diskette to OSF in the new file format. Agencies can submit a test file at anytime. Final information is due January 5, 2007.

The following links contain the instructions and file format information:

[Instructions](#)

[Cross-Reference Object Codes](#)

[1099 Detail File Format](#)
