

**OFFICE OF STATE FINANCE  
DCAR NEWSLETTER**

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The last issue of the DCAR Newsletter, Volume 18, Number 2, was issued on September 26, 2007. The DCAR Newsletter is available on the OSF webpage at <http://www.osf.state.ok.us/comp-nl.html>. Questions or comments about information contained in this publication should be addressed to those noted in the article or the following Division of Central Accounting and Reporting (DCAR) staff members:

<b>OSF HelpDesk (PeopleSoft questions)</b>	405.521.2444	<a href="mailto:helpdesk@osf.ok.gov">helpdesk@osf.ok.gov</a>
<b>Transaction Processing:</b> Steve Wilson	405.521.4679	<a href="mailto:steve.wilson@osf.ok.gov">steve.wilson@osf.ok.gov</a>
<b>Payroll Processing:</b> Elsa Kunnel	405.521.6178	<a href="mailto:elsa.kunnel@osf.ok.gov">elsa.kunnel@osf.ok.gov</a>
<b>AP Manager:</b> Patricia Garcia	405.522.6855	<a href="mailto:patricia.garcia@osf.ok.gov">patricia.garcia@osf.ok.gov</a>
<b>Accounting:</b> Jennie Pratt	405.521.6160	<a href="mailto:jennie.pratt@osf.ok.gov">jennie.pratt@osf.ok.gov</a>
<b>Financial Reporting Unit:</b> Deric Berousek	405.521.3298	<a href="mailto:deric.berousek@osf.ok.gov">deric.berousek@osf.ok.gov</a>

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## **Tax Reporting Information for 2007**

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, 2007, 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.

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## **W-2 and 1099 Pick-Up Instructions**

OSF will have W-2s and 1099s ready for release on January 16, 2008. Agencies may pick up the forms from OSF, Room 122, 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 by 8:00 AM, January 22, 2008, OSF will mail them through our normal process.

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## **Parking and Security Issues**

Please note, all personal property is subject to search and metal detectors have been installed at all entrances of the Capitol. Renovations are still in progress for deliveries on the west entrance of the Capitol. Those who have dollies or carts should contact Capitol maintenance at 405-521-2101 to verify which entrances are available to enter the building. Parking is limited to visitor parking on the south side of the Capitol or in the visitor lot on the east side of the Lincoln Boulevard (access to the Capitol through the tunnel under Lincoln Boulevard). Expect to walk a distance from either location.

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## **Envelopes**

The format for the W-2 forms will be the same as that used for 2006. Envelopes that fit the 2006 W-2 forms should fit the 2007 W-2 forms. Please note: If your agency converted to the PeopleSoft Payroll System in 2007, the format is different than the W-2 form from the legacy system.

The format for the 1099 MISC forms is the same as 2006. 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](http://www.1099express.com/laser_forms.asp). Click on View for 1099 Misc on blank letter size paper. 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 PeopleSoft W2, Legacy W2 and 1099 MISC can be provided as requested.

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## **2007 – 1099 Report**

A 1099 report is available for agencies to run in the PeopleSoft system at any time. This report will reflect the 1099 data from PeopleSoft 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, 2008. 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 4, 2008.

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.

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### **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.

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### **New 1099 File Format – Outside Agencies**

The format of the file was changed to Excel spreadsheet for 2006. The format remains the same for 2007. 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 4, 2008.

The following links contain the instructions and file format information:

Instructions – [http://www.osf.state.ok.us/1099\\_letter\\_07.doc](http://www.osf.state.ok.us/1099_letter_07.doc)

Cross-Reference Object Codes – [http://www.osf.state.ok.us/1099\\_cross\\_ref.xls](http://www.osf.state.ok.us/1099_cross_ref.xls)

1099 Detail File Format – [http://www.osf.state.ok.us/1099\\_detail.xls](http://www.osf.state.ok.us/1099_detail.xls)

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### **OSF Contact Information**

Listed below is contact information for OSF personnel working on the IRS reporting project for tax year 2007. The fax number is 405-521-3902.

- Lisa Raihl, Accounting and Reporting Analyst -- Phone: 405-521-3258/E-mail: [Lisa.Raihl@osf.ok.gov](mailto:Lisa.Raihl@osf.ok.gov)
- Beth Brox, Accounting Technician -- Phone: 405-522-1099/E-mail: [Beth.Brox@osf.ok.gov](mailto:Beth.Brox@osf.ok.gov)
- Jennie Pratt, Accounting & Reporting Supervisor -- Phone: 405-521-6160/E-mail: [Jennie.Pratt@osf.ok.gov](mailto:Jennie.Pratt@osf.ok.gov)

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## **Payroll - End of Calendar Year 2007**

- December 21, 2007 - Last day refund of taxes due to overpayments can be returned to agencies. (See article below)
- December 27, 2007 - Last day OSF will process payrolls for calendar year 2007. 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, 2008 with new claim numbers and new rates.
- December 27, 2007 - Backup withholding payments from agencies must be received by OSF. (See article below)
- January 2, 2008 - On January 2, 2008, at 12:00 noon, OSF will begin processing payroll.
- January 4, 2008 - Payroll warrant cancellations for calendar 2007 must be received at OSF by 3:00 pm on January 4, 2008. Any 2007 payroll cancellations received after January 4, 2008 will require a corrected W-2.
- January 31, 2008 - Deadline for delivering W-2 forms to employees.
- February 15, 2008 - Last date to submit corrected W-2 forms. (See article below.)

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## **Payroll - Calendar Year 2008**

Listed below is information necessary for payroll processing in calendar year 2008.

- December 27, 2007 - New Form I-9 Effective.
- December 31, 2007 - Form W-5 expires (See article below.)
- January 2, 2008 - OSF will begin processing payroll at 12:00 noon for 2008 warrant pay dates.
- January 9, 2008 - Payroll cancellations with 2008 pay dates can be processed.
- Withholding Fund - Payrolls processed after January 1, 2008 will continue to post withholdings to the 994 class (fund number), which is the same as in 2007.
- February 15, 2008 - Form W-4 with exemptions expires. (See article below.)

## **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 OSF office Helpdesk to have the agency's address updated in the payroll system. For those agencies not on PeopleSoft (Higher Education), please contact OSF, Laurie Galletly at 405-521-2141.

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## **Refunds of Taxes for Overpayments to Employees (Form 94)**

The last day agencies can submit requests for refunds of 2007 payrolls related to employee overpayments is December 21, 2007. 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 4, 2008.

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## **Backup Withholding**

Agencies that have collected backup withholding on miscellaneous claims need to submit payment to be received by OSF prior to December 27, 2007. Make checks payable to the State Contribution Fund (Vendor 0000000467, ADDR # 002, LOC # 0002)

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## **Correcting W-2s**

Corrected W-2 forms must be delivered to OSF by February 15, 2008. 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.

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## **2008 Payroll Warrant Cancellations**

Even though OSF will not be able to process 2008 payroll cancellations in the Legacy system before January 9, 2008, 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.

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## **Updated Form I-9 and Employer Handbook – Effective December 27, 2007**

U.S. Citizenship and Immigration Services (USCIS) has released an updated version of Form I-9, **Employment Eligibility Verification**, as well as a revised **Handbook for Employers** (Publication M-274) with "Instructions for Completing the Form I-9."

Employers may not continue to use prior versions of Form I-9. All such versions are no longer valid. After December 26, 2007 employers who fail to use the new Form I-9 may be subject to penalties.

There are no changes in the way the new Form I-9 is completed. The updated form should be completed exactly the same way the old one was. The only difference is the type of documents that employers may accept in Section 2. Employers may not accept documents that used to be on the I-9 form but aren't now.

Employers only need to complete the 2007 Form I-9 for new employees. They do not need to complete new forms for current employees. However, employers must use the 2007 Form I-9 when employees require re-verification.

### **Updates to List A**

Five documents have been removed from List A (proving both an employee's identity and work authorization) of the Lists of Acceptable Documents:

- Certificate of U.S. Citizenship (Form N-560 or N-561)
- Certificate of Naturalization (Form N-550 or N-570)
- Alien Registration Receipt Card (I-151)
- Unexpired Reentry Permit (Form I-327)
- Unexpired Refugee Travel Document (Form I-571)

One document has been added to List A:

- Unexpired Employment Authorization Document (I-766)

All Employment Authorization Documents with photographs in circulation are now included as one item on List A:

- I-688, I-688A, I-688B, I-766

### **Other updates**

The amended Form I-9 also informs employees that providing their Social Security number is voluntary. However, employees must provide their Social Security number because of our mandatory participation in E-Verify. The Form I-9 also includes changes to its organization and formatting that are more consistent with standard DHS practices, such as including a clarification that there is no filing fee associated with the Form I-9.

The Form I-9 and instructions can be downloaded and printed from the following link:

<http://www.uscis.gov/files/form/I-9.pdf>

The Handbook for Employers (Publication M-274) can be downloaded and printed from the following link:

<http://www.uscis.gov/files/nativedocuments/m-274.pdf>

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## **2008 Rates & Maximums**

(Year 2007 rates are provided for comparison purposes)

	<b><u>2008</u></b>	<b><u>2007</u></b>
FICA (Social Security) Withholding Rate	6.2%	6.2%
FICA (Social Security) Gross Maximum	\$102,000.00	\$97,500.00
FICA Annual Maximum Withholding	\$6,324.00	\$ 6,045.00
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	\$13,600.00	\$13,200.00
Unemployment Annual Maximum	\$ 136.00	\$ 132.00

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## **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 2006 and anticipated no income tax liability for 2007 was entitled to an exemption from withholding for 2007. This exemption is effective until February 16, 2008, and must be renewed at that time if conditions remain the same. If you receive an exempt W-4 after February 15, 2008, 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.

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## **Earned Income Credit Advance Payment Certificate (W-5)**

The Form W-5 expires December 31, 2007. If an employee is eligible, a new W-5 must be submitted for 2008. 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 effect on the next payroll; it is not retroactive to the beginning of the year. The maximum amount of advanced earned income credit for 2008 is \$1,750.00.

## **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 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 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.

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## **P-Card Scheduled Pay Cycle**

The following represents the actual dates of action associated with the P-Card payments. This includes when the p-card download to PeopleSoft will occur each month, the date agencies can begin preparing their p-card vouchers, and the submission deadline for the vouchers received at OSF each month.

Month	(After 5:00) Bank Data Download	Voucher Build Available	Scheduled Submission Deadline	OSF Runs “PC” Pay Group
Jan 2008	31 (Dec)	2	7	8
Feb	31 (Jan)	1	6	7
Mar	3	4	7	8
Apr	1	2	7	8
May	1	2	7	8
Jun	30 (May)	2	5	6
Jul	2	3	8	9
Aug	31 (Jul)	1	6	7
Sep	29 (Aug)	2	5	8
Oct	2	3	8	9
Nov	30 (Oct)	3	5	6
Dec	3	4	9	10

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## **Mileage Reimbursement Rate Increases for 2008**

The Internal Revenue Service has announced an increase in the mileage reimbursement rate to \$0.505 per mile, effective January 1, 2008. This is an increase from the \$0.485 rate for 2007. (See Internal Revenue Procedure 2007-70, Internal Revenue Bulletin 2007-192, 11/27/07.) The new rate is for travel incurred on and after January 1, 2008, and is not for 2007 travel reimbursement claims submitted after January 1st.

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## **Miscellaneous Warrant Date Change**

You may have noticed a change in the warrant issue dates. Warrants processed through the daily pay cycle are now dated for the date they are available for release, which would be the next scheduled business day. For example, warrants issued by the pay cycle on December 3, 2007, will be dated December 4, 2007. If they are processed on a Friday pay cycle, they would be dated for Monday (unless a Monday Holiday, then the warrants will be dated for Tuesday).

Be sure to remember this date change when preparing reports based on warrant dates. Also, there is a benefit from this change – you gain a whole day toward the statutory cancellation period!

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## **Reason for Miscellaneous Warrant Cancellations - REMINDER**

Please remember to state the reason for each cancellation requested on the OSF MWC Form – Miscellaneous Warrant Cancellation, when submitting warrants for cancellation. OSF is reviewing the cancellation reasons to determine if there is a way to reduce the high volume of cancellations.

There is not a specific place on the form for this, so the reason should be placed in the warrant information block below the warrant(s) listed (not on the warrant). We are now rejecting the requests if a cancellation reason is not provided. We may seek further justification on some reasons provided, so try to clearly convey the reason.

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## **EDT (VFRA) Agency Invoices and Claim Numbers**

Agencies submitting claims/vouchers electronically to OSF must avoid submitting duplicate invoice numbers for the same vendor. Although the EDT (VFRA) loading program currently by-passes the on-line edits on this field, it does prevent any further activity on that voucher/claim. Therefore, the system will place the voucher/claim in recycle (error) status anytime the agency tries to change the funding or other information on the voucher, or when OSF is trying to cancel or replace the payment associated with the voucher.

Also, agencies should avoid reusing claim numbers from prior years. Although the claim is paid for the proper amount, it prevents the correct information from printing on the warrant stub when there is more than one invoice on the claim. The claim number field is 7-digits and should provide enough numbers until OSF has archived prior activity. Currently, the active claim numbers go back to November 2003.

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## **Reissued Miscellaneous Warrants -- REMINDER**

As noted in a previous newsletter, reissues to a vendor with a different vendor ID are no longer allowed. In such cases OSF will cancel the warrant, but the agency will need to issue a new voucher to the correct vendor ID. This procedure was implemented to ensure that the correct payment information is maintained in the state accounts payable system and the correct encumbrances are liquidated.

However, OSF will process reissues under the following:

- The warrant was paid to the correct payee but to the incorrect location and address
- The warrant was paid to the correct payee but for the incorrect amount
- The warrant is paid to the incorrect payee but the multiple vendor ID #0000001104 is the vendor ID on the Invoice Information page of the voucher
- The warrant should have been assigned to a payee and the supporting documentation for the assignment was attached to the original voucher (needs to be noted on the MWC form), otherwise the agency must process a new voucher with the proper documentation.

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## **Revised OSF Form 77 - REMINDER**

The OSF Form 77, Voucher Encumbrance Adjustment Request/Voucher Reversal Request, must be signed by an "Agency Approving Officer" having an OSF Form 13 (Signature Card) on file at OSF.

Also, please be sure to complete the form with the necessary data to make the change, including marking the "Voucher Correction Type" accordingly, i.e., Encumbrance Correction or Reversal (and if to Restored Encumbrance).

Refer to the specific instructions in DCAR Newsletter, Vol. 17, Issue 5, dated May 11, 2007.

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## **Agency Contact Information – Please Respond ASAP – Third Request**

OSF is updating its contact information for each agency. We need each agency to provide the following information:

- Agency name, agency number, primary address, phone number, and FAX number
- Board or Commission Chair name, phone number, FAX number and email
- Director name, phone number, FAX number and email
- Finance Officer name, phone number, FAX number and email
- Budget Officer name, phone number, FAX number and email
- Payroll Officer name, phone number, FAX number and email
- Information Services Officer name, phone number, FAX number and email
- Reconciliation Accountant (ASA/ACA) name, phone number, FAX number and email
- 1099 Accountant name, phone number, FAX number and email

**Please submit the above information via email to [Laurie.Galletly@osf.ok.gov](mailto:Laurie.Galletly@osf.ok.gov)**