

OFFICE OF STATE FINANCE

DCAR NEWSLETTER

Brenda Bolander, State Comptroller
Steve Funck, Deputy State Comptroller

Volume 20, Number 3

FY-2010

Nov. 2, 2009

The last issue of the DCAR Newsletter, Volume 20, Number 2, was issued on Sept. 15, 2009. The DCAR Newsletter is available on the OSF website at 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 Service Desk (PeopleSoft questions)	405.521.2444	helpdesk@osf.ok.gov
Financial Reporting Unit: Deric Berousek	405.521.3298	deric.berousek@osf.ok.gov
ARRA: Steve Funck	405.521.3231	steve.funck@osf.ok.gov

TABLE OF CONTENTS

FY-2010 Revenue Collections	2
Lapse Date (November 15) is Quickly Approaching	2
Lapsed Funds	2
Deadline for November Monthly Payrolls	3
Refunds of Taxes for Overpayments to Employees (Form 94(P))	3
Reduction of Annual Leave Hours for Overpayments	3
Taxable Fringe Benefits	4
Higher Education Deduction/Trailer Codes	5
PeopleSoft Deduction/Trailer Codes	6
Fillable OSF Form PWC now available	7
New PeopleSoft Queries	7
Accounts Payable Voucher Close	7
Voucher Message on 1099 Vendors	7
Review 1099 Reportable Transactions Report	8
New Expenditure Account Code – 537150 - Shop Supplies-Non-Production	8
Trip Optimizer Required for Out-of-State Vehicular Travel	9
Clarification of the Federal Per Diem Rate Changes	9
New Deposit Screens	9
Agency Address Verification	10
OSF Form 90 Revision	10

FY-2010 Revenue Collections

The Office of State Finance has determined that revenue collections are insufficient to make full General Revenue allocations to state agencies for the remainder of the fiscal year. State agencies will receive a 5% reduction in monthly General Revenue allocations through June 2010.

In accordance with Title 62, Section 34.49, agencies will be required to submit a revised budget for FY-2010 that reflects the reduced amount of General Revenue available to the agency. These revisions are due to the Office of State Finance by Friday, November 20. However, if agencies have not yet submitted their carryover revision, please combine this revision with your carryover revision.

Please use the template language distributed previously for the description section of the required allotment letter. Contact your Budget Analyst if you need more detailed information.

Lapse Date (November 15) is Quickly Approaching

If you have appropriated funds from FY-2009 that will be carried over to FY-2010, please have your revision entered into the CORE PeopleSoft budget system and allotment letters for the FY-2009 revision and the FY-2010 revision submitted to your OSF budget analyst by Friday, November 7th. This will give us ample time to review and approve both revisions. Please note that BOTH the prior year and current year revisions must be approved and processed by November 15th. If you have any questions, please contact your budget analyst.

Lapsed Funds

Agencies are required to complete all transactions related to fiscal appropriations for FY'09 funding lines by the expiration/lapse date of November 15, 2009. Although the funds are still valid and available through November 15th, due to the holidays, we are recommending that agencies complete all transactions related to the lapsing funds, including budget revisions, no later than November 10th.

The following steps should be started immediately to ensure completion before the lapse date:

1. Run the LAPSED FUNDS REPORT – APPROPRIATED FUNDS. The navigation is: **General Ledger > General Reports > Lapse Fund Adv Notice – Approp**
2. Reconcile Requisition and PO balances to zero or positive amounts
3. Process any necessary Change Orders
4. Process any necessary Expenditure Corrections
5. Process final payments for goods and services encumbered on FY'09 funds
6. Finalize Voucher, Requisition and PO funding lines as appropriate
7. Process Budget Revisions and Carryover Budgets through OSF Budget Division

The LAPSED FUNDS REPORT APPROPRIATED FUNDS report shows all appropriated funding lines which will lapse within the next 60 days. The report must be run prior to the lapsing date. If any lines have negative Encumbrances or Pre-Encumbrances on this report, these amounts need to be resolved. If you are unable to resolve the differences, submit a case to the OSF Helpdesk. Be sure to specify the particular funding lines with negative balances. Please run this report and begin working on it immediately as it could take several days to resolve any cases.

Deadline for November Monthly Payrolls

OSF policy requires that all payroll transactions and paperwork are filed with OSF FIVE (5) DAYS prior to the actual due date to ensure adequate time for audit and processing. In planning your work for November, it is important to remember that Veterans Day is Wednesday, November 11th. Thanksgiving is recognized on Thursday, November 26th and Friday, November 27th is also a state holiday. November monthly payrolls will be due and paid on the last working day of the month, Monday, November 30th.

With those dates in mind agency staff should plan their work accordingly for the deadlines:

SUPPLEMENTAL: PeopleSoft supplemental payrolls will be set to pay on Thursday, November 12th as normal. Agencies should have these payrolls processed and paperwork forwarded to OSF by Thursday, November 5th, but no later than 3:00 pm on Monday, November 9th. However, earlier processing would be appreciated!

BIWEEKLY: Higher Ed biweekly payrolls are scheduled to pay on Friday, November 13th. Agencies should have these payrolls processed and paperwork forwarded to OSF by Friday, November 6th, but no later than 3:00 pm Monday, November 9th. Again, earlier processing would be appreciated. The next biweekly for Higher Ed will be the week of Thanksgiving and will require early processing based on the actual pay date.

MONTHLY: All monthly payrolls will be set to pay on Monday, November 30th. Agencies should have these payrolls processed and paperwork forwarded to OSF by Thursday, November 19th, but no later than 1:00 pm Monday, November 23rd. Earlier processing is welcome and always greatly appreciated!

Refunds of Taxes for Overpayments to Employees (Form 94(P))

Agencies need to review all outstanding employee overpayments and collect required amounts from employees. After collection, please submit OSF Form 94 or Form 94P (as applicable). Agencies will be entitled to receive refunds for all forms submitted by Friday December 18, 2009. After this day, refunds cannot be returned to the agencies; however, agencies are still required to submit the form after this date for employee wage corrections. Corrections due to overpayments will still be posted to the employee's W-2 information for requests submitted through January 6, 2010.

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(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.

Taxable Fringe Benefits

As we approach the end of the calendar year, be reminded that the payroll systems have been structured to accommodate the reporting of non-cash, taxable fringe benefits. Of specific concern to state employees, the following benefits should be reviewed to determine if W-2 wage adjustments are necessary:

- Group Term Life Insurance *
- Employee Use of State Vehicles *
- Maintenance, Car and Housing Allowances *
- Additional non-cash benefits *

Reporting of these benefits is required by state and federal law, and it is the responsibility of the individual agency to ensure compliance. If the item is not run through the payroll system, the employer can deduct on a following paycheck, as a miscellaneous deduction, the taxes associated with the wage item. The State is responsible for timely depositing the taxes. Any taxes associated with items not run through the payroll system will need to be sent to OSF in a timely manner so the tax deposits can be made and the items posted to the employee's earnings record.

Under IRS rules, an employer can choose to pay the employee's share of taxes on group term life, auto fringe, and other non-cash benefits. If the employer pays these taxes without deducting them from the individual, those taxes must be included as wages for federal, state, social security and medicare wages (boxes 1, 3, 5, and 16). This increase in the employee's wages is also subject to employee social security and medicare taxes. This again increases the amount of additional taxes the employer must pay.

Example: Tom received a non-cash benefit valued at \$100.00. The agency decides to pay the employee's taxes on all non-cash benefits. The employee's taxes would be \$7.65 $[(100 * 6.2\%) + (100 * 1.45\%)]$. This amount that the employer is paying for the employee is another benefit to the employee and must be taxed $[(7.65 * 6.2\%) + (7.65 * 1.45\%)] = \0.58 . This additional \$0.58 is again taxable to the employee $[(0.58 * 6.2\%) + (0.58 * 1.45\%)] = \0.05 . Total taxes to the employee are \$8.28, for total wages of \$108.28.

An easier way to calculate, is to "gross up" the benefit. The benefit amount is divided by 92.35% $(100 - 6.2 - 1.45)$ and the outcome is the gross wages to report. From this amount, the social security and medicare taxes are calculated. $100.00/92.35\% = 108.28$ (the taxable wage amount). $[(108.28 * 6.2) + (108.28 * 1.45\%)] = \8.28 (taxes).

Under IRS rules, an employer can also choose to pay the retiree's share of taxes on group term life insurance or collect them from the retiree. If the agency pays these taxes without deducting them from the individual, those taxes must be included as wages for federal, state, social security, and medicare wages (boxes 1, 3, 5, and 16). The calculation is the same as the above example.

If federal and state withholdings are required, this must also be taken into consideration for the calculations. Please refer to the W-2 instructions and Publication 15A, Employer's Supplemental Tax Guide for additional information if needed. Also, please refer to OPM rules to determine whether these payments are a valid pay plan for a particular agency.

Higher Education Deduction/Trailer Codes

For insurance purposes in calendar year 2010, please distribute this listing to Payroll and Human Resource Directors. Questions may be directed to Lisa Raihl at 521-3258, lisa.raihl@osf.ok.gov or Jean Hayes at 522-6300, jean.hayes@osf.ok.gov.

ADJUSTMENTS TO IRS SECTION 125

CODE	DESCRIPTION
0101	Group Term Life
0102	Gratuity Tips
0103	Students (Higher Education)
0104	Vehicle Usage
0105	Miscellaneous (other taxable fringe benefits)
0106	Moving Expense
0107	Cash Tips
0108	Charge Tips
0121	Medical Reimbursement
0122	Dependent Care
0123	Visual Care
0131	Medical Reimbursement/other Cafeteria Plans
0132	Dependent Care/other Cafeteria Plans
0135	Other Section 125 Refunds (other than 131 and 132)
0155	Group Cafeteria – Other authorized adjustments

CODES FOR OTHER CAFETERIA

CODE	DESCRIPTION
0321	Medical Reimbursement
0322	Dependent Care
0325	Other Section 125
0326	Parking - pretax

PeopleSoft Deduction/Trailer Codes

For insurance purposes in calendar year 2010, please distribute this listing to Payroll and Human Resource Directors. Questions may be directed to Lisa Raihl at 521-3258, lisa.raihl@osf.ok.gov or Jean Hayes at 522-6300, jean.hayes@osf.ok.gov.

EBC Deductions	Pre-tax	After-tax
Medical Reimbursement (HCA)	0221	
Dependent Care (DCA)	0222	
Transportation Account	0297	
Invisible Bracelet (Beg 1/10)	0298	
Health Savings Account (Beg 1/10)	0299	
EE & DP Vision Service Plan (VSP)	0290	0490
EE & DP Primary Vision Care Services	0292	0492
EE & DP Spectera	0293	0493
EE & DP Comp Benefits	0294	0494
EE & DP Superior Vision	0296	0496
EE Community Care Standard	0512	0612
EE Health Choice High	0513	0613
EE PacifiCare Standard	0514	0614
EE Global Health Standard	0520	0620
EE Aetna Standard	0521	0621
EE Aetna Alternative	0522	0622
EE HealthChoice S-Account	0524	0624
EE HealthChoice Basic	0528	0628
EE PacifiCare Alternative	0529	0629
EE Community Care Alternative	0530	0630
EE Global Health Alternative	0532	0632
DP Community Care Alternative	0537	0637
DP Community Care Standard	0538	0638
DP Global Health Alternative	0541	0641
DP PacifiCare Standard	0542	0642
DP Global Health Standard	0544	0644
DP Aetna Standard	0545	0645
DP Aetna Alternative	0546	0646
DP HealthChoice High	0550	0650
DP HealthChoice Basic	0551	0651
DP PacifiCare Health Alternative	0557	0657
DP Health Choice S-Account	0558	0658
EE & DP HealthChoice Dental	0560	0660
EE & DP Assurant Heritage Prepaid	0561	0661
EE & DP Assurant Freedom Preferred PPO	0562	0662
EE & DP CIGNA Prepaid Dental	0563	0663
EE & DP Delta's Choice PPO	0566	0666
EE & DP Delta Dental PPO – POS	0567	0667
EE & DP Assurant Heritage Secure Prepaid	0568	0668
EE Disability	0570	0670
EE Basic Life	0575	0675
EE Supp Life	0585	0685

EBC Deductions	Pre-tax	After-tax
DP Life Low		0690
DP Life High		0691
DP Life Premier		0692

Fillable OSF Form PWC now available

The OSF Form PWC, Request for Payroll Warrant/Direct Deposit Cancellation, has been updated on the OSF website to be a fillable pdf form. Changes cannot be saved to the form, information must be entered and the form printed. The form can be saved to a computer or save the hyperlink as a Favorite for easier access when needed. The direct link to the form is: <http://www.ok.gov/OSF/documents/OSF%20Form%20PWC%20revised%2009-09.pdf>

New PeopleSoft Queries

Two new financial PeopleSoft queries have been made available to all authorized users.

OCP_PO_ACTIVE_PURCHASE_ORDER: This query prompts as of a specified date to list purchase orders that are not closed or cancelled. The purpose is to allow agencies to identify purchase orders that should be closed so they will archive. The query data includes the Bud Ref for each PO distribution line on the purchase orders so that renewal contract purchase orders can be easily identified and eliminated from the list of purchase orders that should be closed. See the purchase order archive schedule at http://www.ok.gov/OSF/CORE/Data_Archives/Financials_-_Schedule.html.

OCP_PO_ACTIVITY_WITH_INV_WRRNT: This query prompts by purchase order number and lists the activity for each voucher created against the purchase order. The purpose is to obtain the invoice date and number, voucher comments and messages, warrant number and status, and other voucher information. It is helpful when corresponding with vendors to resolve payment disputes.

Accounts Payable Voucher Close

Direct vouchers and purchase order vouchers that have posted but will not be paid should be closed: they should neither be unposted nor zeroed. Voucher closing reverses the accounting entries, returns the funds to the budget, and changes the vouchers' status to "Closed." Unposting vouchers and zeroing them causes the accrual entries to post as single entries. Because these vouchers have an "Open" status, they must be processed in the pay cycle, but since the accrual entries are not properly made, payment entries are omitted. Although the accounting entries for these transactions, if made properly, would net to zero, single and omitted voucher accounting entries report as exceptions on queries used to reconcile the cash on the Summary of Receipts and Disbursements report.

Another benefit to using Voucher Close is that there is no need to submit an OSF Form 77 requesting OSF reverse posted but unpaid vouchers. Agency accounts payable super users can close vouchers. Voucher closure differs for direct and purchase order vouchers, so please refer to page 61 in the COR113 Accounts Payable Regular Voucher Manual and page 90 in the COR112 Purchase Order Voucher Manual for instructions to close these vouchers.

Voucher Message on 1099 Vendors

The Withholding Link activates on the Invoice Information page if the voucher is associated with a vendor set up for 1099 withholding in the vendor file. A warning message displays when the vendor is set up for 1099 withholding but the location selected does not have the withholding details entered in the vendor file. The message is:

Invoice line is withhold applicable but withholding information not provided. No withholding information has been entered for the voucher line that is marked as withholding.

When the message displays on the voucher, populate the entity, type, jurisdiction, and class on the Withholding Information page following voucher fields as illustrated on page 12 in the COR113 Accounts Payable Regular Voucher Manual. Then e-mail the vendor ID and location to Vendor Maintenance at vendor.form@osf.ok.gov to include the withholding details in the vendor location.

Review 1099 Reportable Transactions Report

It is time to review 1099 reportable transactions for the first three quarters of the calendar year 2009. All agencies should run and print the 1099 Transaction Report in the PeopleSoft system. The report path is:

Accounts Payable --> Reports --> Payments --> Misc. Tax Information Report

Specify your agency number and the date range as 01/01/2009 through 09/30/2009.

Please review this report and provide any changes or additional vendor information with documentation to the Office of State Finance on or before Monday, November 16, 2009. The proper vendor name, TIN and 1099 address are our primary concerns. Vouchers are listed individually on the report with transaction amounts for you to verify with your payment records. All vendors that need to receive a 1099 should have a 'Y' in the 1099 Flag column. If it shows an 'N' please mark the change in your corrections.

The preferred way of submitting any corrections to our office is to print the report and write the corrections on the report. We ask you to please use a color of ink other than black and that you return the register by mail or interagency mail. If there are just a few corrections, they may be sent in via e-mail to beth.brox@osf.ok.gov or by fax to 405/521-3902. Your timely review and response to these listings will allow us to update the vendor file in order to have the best information possible for the final report which will be sent out the first week of January 2010.

Questions or comments regarding this matter should be directed to Beth Brox at 522-1099 or beth.brox@osf.ok.gov.

New Expenditure Account Code – 537150 - Shop Supplies-Non-Production

The following account code is established to assist agencies in tracking shop type supplies that are not used in a production activity under account 535210 – Shop Supplies and Materials – Production. The account is authorized for use on expenditures meeting this description.

Code	Title and Definition
537150	SHOP SUPPLIES – NON-PRODUCTION

Payments for purchase of small-item shop tools, supplies and materials (e.g., solvents, hand cleaners, shop towels, cordless drills, drill bits, band/circular saw blades, sanding paper, holding clamps, carpenter squares, measuring tapes, etc.) not used in producing goods or services for sale.

Trip Optimizer Required for Out-of-State Vehicular Travel

Previously released procedures for using the Trip Optimizer specified that the optimizer calculation was required for only in-state travel by motor vehicle (DCAR Newsletter Vol.19, No. 9, dated June 15, 2009). However, the Department of Central Services (DCS) has reported that the trip optimizer covers all travel by motor vehicle, whether it's in-state or out-of-state.

Although, when using the trip optimizer for out-of-state travel by motor vehicle, the "coach" airfare rate for such trip can't be exceeded. Therefore, the coach airfare rate must be used for determining the most cost-effective rate. Note: If a person is flying, the trip optimizer is not required for calculating the allowed cost. Effective immediately, OSF will begin rejecting travel vouchers for all motor vehicle travel when the trip optimizer usage field is not marked accordingly.

Please review the DCS Fleet Management FAQs information on its website for additional guidance in using the trip optimizer (www.dcs.ok.gov).

Clarification of the Federal Per Diem Rate Changes

Several questions have been submitted about the chart of per diem rates listed in the DCAR Newsletter, Vol. 20, #2, dated September 15, 2009. This chart indicates the change in the standard rates for each tier of per diem (meals and incidentals) reimbursements.

The new allowable rate for a specific location may have either increased or decreased from the previous rate due to a change in the tier assignment. For example, Oklahoma City was in Tier 3 at \$49, and now is in Tier 5 at \$66. Similarly, Tulsa was in Tier 2 at \$44, and now is in Tier 4 at \$61.

Agency personnel should always check the federal GSA CONUS website for a specific location to determine the applicable rates. Those rates are the maximum allowed by location.

http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentType=GSA_BASIC&contentId=17943

New Deposit Screens

The deposits screens and processes will be changing, effective January 18, 2010.

The functionality for deposits and transfers will be changing from a custom application to delivered functionality in the new Accounts Receivable module. The delivered processes allow for the receipt and posting of payments on account as well as receipts not related to accounts receivable.

Training will be mandatory and new security forms will be required. Several opportunities will be provided to accommodate all current deposit users. However, preferred days may book quickly. Details about the timing and training will be distributed soon. Be sure to watch for the training announcement and schedule!

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 Helpdesk to have the agency's address updated in the payroll system. For those agencies not on PeopleSoft (Higher Education), please contact OSF, Lisa Raihl at 521-3258 or Jean Hayes at 522-6300.

OSF Form 90 Revision

The OSF Form 90, IBM Systems/Other Restricted Access Authorization Request, has been revised. The DEC access items were removed since such access is no longer available and a "RE-Activate" selection was added to the form. The format of the form for the 'Authorized Approval' section has changed to stress the proper approval signature by an "agency approving officer" with an OSF Form 13-Signature Card on file at OSF.

There has also been a change to the approving/processing at OSF. For 'Financial' and 'Budget' access requests, the form will continue to be submitted as usual to OSF Transaction Processing, 2300 N. Lincoln Blvd, Rm. 107. However, for the 'Other' special access requests they should now be submitted to OSF Information Services Division, 2209 N. Central. Both request types should be submitted to the Attn: Form 90 System Authorization. If you are unsure where your type of request should be submitted, please contact Jeannette Pascher 521-6187.