

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.

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
ABS: Riley Shaul	(405) 521-4775	riley.shaul@osf.ok.gov

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PAYROLL

Instructions on Payment of Miscellaneous Payroll Withholding Claims

Miscellaneous withholding claims are paid using a regular voucher (15A claim form). The required fields for these payments are Business Unit, Account, Fund, Class and Budget Reference. The department field should be left blank. **The OSF Form 15A must accompany all Form 3s submitted.** Please contact Transaction Processing if you have any questions about the required forms or information to include.

Centralized Oklahoma Child Support Payments

OSF is working with the Oklahoma Department of Human Services (OKDHS) child support division to begin centrally paying all Oklahoma child support payments for state agencies. Institutions of higher education are not currently included in the central payment plan but will be reevaluated after the conversion to the HCM system.

Agencies will still be responsible for ensuring all orders are correctly entered into the HCM system and processed through payroll. Notification is being sent to agency personnel of data that requires cleanup before the implementation of the new central payment process. Data cleanup must be completed no later than Oct. 14 with a Go-Live date of Oct. 17. Instructions for reviewing and correcting child support data in the HCM system are available on the CORE section of the OSF website at: http://www.ok.gov/OSF/CORE/HCM/HCM_News.html.

All payrolls processed with warrant issue dates on or before Oct. 14 must have the child support vouchers processed and payment completed no later than Oct. 21. Payrolls processed with a warrant issue date greater than Oct. 14 will not have Oklahoma child support amounts included in the voucher build process and will not be visible to agencies in the PS Financial system for payment. Payments will be processed by OSF weekly; warrants with issue dates of Monday through Friday will be processed the following Monday to pay support payments to OKDHS.

Employee Moving Expenses

Authorized payments of employee moving expenses under Title 74 O.S., Sec. 500.51 et seq, either directly or indirectly to an employee, may be taxable and/or reportable on the employee's W-2. Payments may be for qualified or nonqualified moving expense reimbursements and require close review to ensure proper reporting is completed.

Qualified moving expenses paid or reimbursed by an employer can be treated as an excludible fringe benefit to the employee. The exclusion only applies to the reimbursement of moving expenses that the employee could deduct if he or she had paid or incurred them without reimbursement. Please refer to IRS Publication 15-B, Employer's Tax Guide to Fringe Benefits, and IRS Publication 521, Moving Expenses, for additional information. Qualified moving expense reimbursements paid directly to the employee are reported on Form W-2 only in box 12 with code "P". Qualified moving expenses paid by an employer directly to a third party on behalf of an employee (i.e. moving company) are not reportable on Form W-2.

Nonqualified moving expense reimbursements, paid directly to an employee or indirectly on behalf of an employee, are taxable to the employee and are included on Form W-2 in boxes 1, 3, 5, and 16 with the applicable taxes withheld and reported. No box 12 reporting is required for nonqualified moving expense reimbursements.

A common error occurs when employee moving expenses are paid through accounts payable without notifying agency payroll personnel. Agency business practices must ensure communication between the different departments. Good communication and procedures will allow for the correct reporting of all moving expense amounts as required by the IRS. When moving expenses are paid through accounts payable, please forward all relevant information to agency payroll personnel for inclusion on the employee's W-2 at year end as needed. Payroll personnel will need to review the information, and if taxable to the employee, process through payroll so that taxes are calculated and withheld and the amounts are reported on the W-2.

PeopleSoft Agencies: Process the taxable amount using the TRC Code of "MOVE," which will show as earnings code "MOV." The amount will be included as taxable income and will be taxed on the paycheck.

PACS (Legacy System) Agencies: Process the taxable amount as an additional amount subject to FICA using Trailer Code "0106." The amount will be included as taxable income and will be taxed on the paycheck as other additional FICA amounts are taxed.

Amounts determined only to be reportable on the employee's W-2 in box 12, will need to be forwarded to OSF, 2300 N. Lincoln Blvd., Room 122, Oklahoma City, OK 73105-4801, Attn: Lisa Raihl or Jean Hayes. Please include in the memo, the employee name, employee ID number, and amount to be included on the W-2 in box 12 with code "P".

For more information please contact Lisa Raihl at (405) 521-3258, lisa.raihl@osf.ok.gov or Jean Hayes at (405) 522-6300, jean.hayes@osf.ok.gov.

Using State Vehicles to Commute

Title 47, O.S. Section 156.1, as amended, while forbidding the personal use of state-owned motor vehicles, permits the use of the vehicles for the commuting of designated employees.

The personal use of an employer-provided vehicle to commute constitutes a noncash taxable benefit to the employee even when the use of the vehicle is for the benefit of the employer. Excepted are qualified nonpersonal-use vehicles (any vehicle not likely to be used more than minimally for personal use because of its design). Please refer to IRS Publication 15-B, Employer's Tax Guide to Fringe Benefits, for a list of vehicles generally included as qualified nonpersonal-use vehicles.

The employee can choose to have the value included as taxable income or pay the employer for personal use rather than having it treated as wages. When treating the value as wages, the imputed income is subject to FICA and income tax withholding. The valuation method is dependent on the employee status. Control employees (elected officials or employees whose compensation is at least as great as a Federal government employee at Executive Level V - for 2011; \$145,700) cannot use the commuting valuation rule (\$1.50 rule). All other employees can have the value computed using the Automobile Lease Valuation Rule, the Vehicle Cents-Per-Mile Rule, or the Commuting Rule (\$1.50 rule) subject to each rules requirements.

All valuation methods are included in IRS Publication 15-B, Employer's Tax Guide to Fringe Benefits. The most common method is the Commuting Rule (\$1.50 rule) for valuing employee use of an employer-provided vehicle. The employer must require the employee to use the vehicle for a business purpose; it cannot be voluntary on the employee's part. Personal use for commuting can be valued at \$1.50 each way between home and work. If more than one employee commutes in the vehicle, each rider has imputed taxable income. The taxable amount, if not paid by the employee, must be processed through payroll so that taxes are calculated and withheld and the amounts are reported on the W-2.

PeopleSoft Agencies: Process the taxable amount using the TRC Code of "CAR," which will show as earnings code "CAR." The amount will be included as taxable income and will be taxed on the paycheck.

PACS (Legacy System) Agencies: Process the taxable amount as an additional amount subject to FICA using Trailer Code "0104." The amount will be included as taxable income and will be taxed on the paycheck as other additional FICA amounts are taxed.

We highly recommend the vehicle usage be included in the employee's payroll each pay period (for the previous pay period, as needed). This will preclude a large sum being included in the employee's last pay of the calendar year which would result in a higher than normal amount of taxes withheld. Additionally, up-to-date reporting of vehicle usage will benefit the agency should the employee terminate during the year.

For more questions, please contact Lisa Raihl at (405) 521-3258, lisa.raihl@osf.ok.gov or Jean Hayes at (405) 522-6300, jean.hayes@osf.ok.gov.

Reissuance of Prior Year W-2s

Agencies are provided blank W-2 forms each year along with the printed employee forms. These are to be used for reissuing a W-2 when requested by an employee. PeopleSoft agencies can view prior year W-2 data in the HCM system by the following navigation: Payroll for North America > US Annual Processing > Create W-2 Data > Review/Update Year End Data. W-2 data is available for all years on the PeopleSoft payroll system. For years prior to PeopleSoft, the W-2 data can be provided to the agency for completion of the W-2. Please contact Lisa Raihl at (405) 521-3258, lisa.raihl@osf.ok.gov or Jean Hayes at (405) 522-6300, jean.hayes@osf.ok.gov.

July HCM Forum – IRS Form W-4 Info Available

The July HCM Forum Notes have been posted to the web. DCAR presented a block on the IRS Form W-4, Employee's Withholding Allowance Certificate. Items discussed include rules employers must follow, form data entry, exemption from withholding, invalid forms, lock-in letters, and nonresident alien form completion. Please use the link provided to review the notes: http://www.ok.gov/OSF/CORE/HCM/HCM_News.html

ACCOUNTING

Federal Per Diem (Meals and Lodging) Rate Changes

The Government Services Administration (GSA) has posted revisions to the per diem rates which are effective October 1, 2011. There are no across the board changes for the new federal per diem rates table. The majority of the destinations will remain the same, although, there are a few rate increases/decreases by location.

For **Oklahoma**, the Oklahoma City GSA rate stayed the same at \$66 for meals and \$81 for lodging, however, Tulsa dropped back to the Standard GSA rate of \$46 for meals and \$77 for lodging.

This rate change is effective for travel occurring Oct. 1, 2011 and after, which is the start of the federal fiscal year (FY) 2012. These changes can be viewed or downloaded at the GSA website: www.gsa.gov/perdiem.

Travel Changes – HB 1086

Enrolled HB 1086 makes changes to the State Travel Reimbursement Act. HB 1086 had no emergency clause and became effective Aug. 24, 2011.

The law allows the use of electronic receipts for registration fees and other expenses requiring receipts. OSF has normally required “original” receipts; however, we will now accept electronic receipt documents. The law also restricts the use of Frequent Travel Miles earned through official state business travel and limits their use to offset future travel claims against the state.

We are working on a revised OSF Form 19-Travel Voucher, with revisions relating to this law change and changes resulting from another law (effective November 1). Until the revised form is released, the statement “*I have not benefited from the personal receipt of frequent travel miles earned from this travel*” must be placed on the body of current travel vouchers or an attachment added and signed by the traveler.

To comply with the requirements of HB 1086, OSF plans to revise the Form 19 to include language in the voucher certification section that will read:

I also certify that I have not benefited from the personal receipt of frequent travel miles earned from this travel and that they will be used only for future official state business travel.

Pertinent sections of HB 1086 follows:

SECTION 14. AMENDATORY 74 O.S. 2001, Section 500.13, is amended to read as follows:

Section 500.13 No reimbursement for registration fees for attendance at meetings, workshops or conferences shall be made, except upon written or electronic receipt for such expenditures.

SECTION 15. AMENDATORY 74 O.S. 2001, Section 500.15, is amended to read as follows:

Section 500.15 All claims for reimbursement of travel expenses shall be submitted on the regular authorized form of travel expense claim, and shall be signed by the official or employee performing the travel, and approved by the official or employee designated in 62 O.S. 1971, Section 41.26, for the agency in which the employee works. Receipts may be provided to the Office of State Finance in electronic form. No travel claim shall be awarded if the filer of the claim has benefited from the personal receipt of frequent travel miles unless those miles are used to offset future claims against the state.

OST Payments System Change

OST is migrating from ACES, an outdated unsupported application, to a web based payment application. We are working with OSF ISD to finalize the project plans which currently provide for a phased implementation for state agencies in December 2011. Implementation plans preserve the current file receipt interfaces used by state agencies. Plans to adapt system interfaces to a more standardized sustainable format will be addressed at a later date. More information regarding this transition will be provided to state agencies in the coming weeks.

HB 1207 Data Reporting

The provisions of HB 1207, requires OSF to establish financial performance metrics criteria to be used in ranking agency performance. To ensure that objective and relative measures are the basis of the evaluation, leading consultants were obtained through the National Association of State Comptrollers. The consultants have identified the data OSF should use for the assessment which will come from both PeopleSoft and the additional data elements included with the OSF Budget Instructions which were released on Sept. 9. Agencies should complete both pages of the spreadsheet and submit it with the FY-2013 Budget Request by Oct. 1, 2011.

The table below displays the various data elements and the source of the data. Other data to be considered includes items such as voucher/invoice dates, warrant cancellations and reconciliations. Thank you for your cooperation in providing the additional information.

Date Element	Source of Data
Number of AP FTEs	Budget Request
Total Labor Cost for AP FTEs	Budget Request
Percent Federally Funded	Budget Request
Number of 340 Vouchers Processed in the Last Fiscal Year (in non-PeopleSoft systems)	Budget Request
Number of ASA Vouchers Processed in the Last Fiscal year (in non-PeopleSoft systems)	Budget Request
Number of Receiving Locations	CORE
Number of Vouchers Processed in the Last Fiscal Year	CORE
Number of T&E FTEs	Budget Request

Date Element	Source of Data
Total Labor Cost for T&E FTEs	Budget Request
Number of Expense Reimbursements Processed in the Last Fiscal Year	CORE
Number of Travelers Reimbursed for Travel and Expense during the Last Fiscal year (number of annual travelers)	CORE
Number of Procurement FTEs	Budget Request
Total Labor Cost for Procurements FTEs	Budget Request
Number of POs	CORE
Total Agency Amount on PO	CORE
Total Agency Amount on AO	CORE
Total Agency Amount on P-card	CORE
Number of Cash Application	Budget Request
Total Labor Cost for Cash Application FTEs	Budget Request
Number of invoices generated for subsequent billing (Include invoices generated in non-PeopleSoft Systems)	Budget Request
Number of Remittances	CORE
Average Number of Line Items per Remittance	CORE
Total Amount of Remittances	CORE
Total Number of Remittances processed outside of PeopleSoft	Budget Request
Total Number of Remittances processed outside of PeopleSoft	Budget Request
Number of Payroll FTEs	Budget Request
Total Labor Cost for Payroll FTEs	Budget Request
Number of Employees	Budget Request
Number of Payroll Disbursements	CORE
Number of Earnings Types	CORE
Number of Pay Groups	CORE
Average Number Garnishments per paycheck,	CORE

TRAINING

Upcoming Local Training/CPE

PayTrain Fundamentals

Sept. 13 – Nov. 15, 2011

In cooperation with the American Payroll Association, Oklahoma City Community College presents the Paytrain College & University program for payroll professionals.

Paytrain Fundamentals teaches the fundamental payroll calculations and provides the basic knowledge and skills required to maintain payroll compliance. This is great for both experienced and entry-level payroll professionals. For more information, please visit <http://www.occc.edu/corporatelearning/pdf/PTCU.pdf> or contact Francine Gissy at (405) 682-7856 or fgissy@occc.edu.

11th Annual Oklahoma Payroll Conference

Sept. 16, 2011

Presented by the Oklahoma City and Northeastern OK Chapters of the American Payroll Association

Renaissance Tulsa Hotel & Convention Center

For more information, please visit www.neokapa.org

Preparing for Year-End and 2012

Nov. 8, 2011

Presented by the American Payroll Association

Tulsa, OK

Preparing for Year-End and 2012 brings you up to date on the latest changes in legislation and regulations that affect the close of 2011 and the beginning of 2012. Year-end processing tips, fringe benefit taxation and reporting, implementing new tax laws and regulations. Good for payroll, human resources, systems, accounting and finance professionals responsible for payroll operations and involved in year-end processing.

For more information, please visit www.americanpayroll.org

PayTrain Mastery

Jan. 10 – April 3, 2012

In cooperation with the American Payroll Association, Oklahoma City Community College presents the Paytrain College & University program for payroll professionals.

Paytrain Mastery provides students with a solid understanding of advance payroll topics necessary for payroll managers and supervisors. This is ideal for experienced payroll professionals seeking compliance training, professional development, or Certified Payroll Professional (CPP) certification. For more information, please visit <http://www.occc.edu/corporatelearning/pdf/PTCU.pdf> or contact Francine Gissy at (405) 682-7856 or fgissy@occc.edu.

Next OFMA Meeting December 8, 2011

The Oklahoma Financial Managers Association is planning its next quarterly meeting and it will be on Thursday, Dec. 8, 2011. Seminars are provided free of charge. More details will be forthcoming.
