

**OFFICE OF STATE FINANCE**  
**DCAR NEWSLETTER**

**Volume 12, Number 5XXXXXXXXXXXXFY-2002xXXXXXXXXXXXXNoJanJanuary 15, 2002**

The last issue of the DCAR Newsletter, Volume 12, Number 4, was issued on December 14, 2001. If you did not receive a copy of our last issue, consult your agency's finance officer or notify Norcetta Whitfield of OSF at 405-521-6203.

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 & Reporting (DCAR) staff members:

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**June 30, 2001 Comprehensive Annual Financial Report Issued**

DCAR is pleased to announce that Oklahoma is apparently the first state to issue financial statements under the new GASB 34. We would like to thank all of the State Agencies for their cooperation and hard work in this endeavor. We especially want to acknowledge the effort of our CAFR reporting unit in implementing this historic change in governmental accounting. The CAFR is available online at the OSF website at [www.osf.state.ok.us/comp-fr.html](http://www.osf.state.ok.us/comp-fr.html).

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**Effect of Revenue Shortfall Declaration on Cash Allocations**

In December, the Director of State Finance declared a revenue shortfall for the current fiscal year. While it appears that sufficient cash will be available for January and February allocations at the original appropriation levels, revenue trends show that collections in February and March, which are allocated in March and April, tend to be lower than previous months. Accordingly, the subsequent monthly cash allocations will be reduced with each agency sharing in the reduction in a proportionate amount. (Rollo Redburn, OSF Budget Director, has issued a letter dated January 15, 2002, which discusses this in more detail.) Since OSF will not be able to notify agencies in advance of the actual allocation amounts,

agencies should verify the amount distributed through the ICS system. If unable to verify the amount, contact Lucy Usiukiewicz, OSF, at 521-6179.

Further, agencies are cautioned to manage cash received in January and February in a prudent manner since lower cash allocations are expected in future months. With the current concerns about revenue, coupled with the revenue outlook for next year, agencies should be diligent in cutting expenses. Agencies were previously notified by letter from the OSF Budget Director concerning modifications to be made to budgets. The modifications should have been completed by January 11. If more information is needed regarding the budget modifications, please contact the OSF budget analyst assigned to your agency.

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### **State of Oklahoma Selects PeopleSoft as the Enterprise Vendor**

The State of Oklahoma has signed a contract with PeopleSoft Inc. for designing, developing and installing a new integrated system to replace the current core systems for Financials, Purchasing, Personnel and Human Resources. Also in the contract was the utilization of an Implementation Partner which is Maximus. The project is scheduled to start immediately with the assignment of a project team. The project team will office at 3812 N. Santa Fe. The new facility is "Core Applications Systems." The staff is currently developing the requirements for the hardware platform, network requirements and establishing kick-off training schedules. In the next issue we will provide the team members, telephone numbers and the assignments of application responsibilities. This will be an exciting project for the state and provide a fully integrated platform and applications for all the functions within state government.

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### **Brenda Bolander To Join the Core Project Implementation Team**

Starting this month, Brenda Bolander, State Comptroller will join the implementation team for the PeopleSoft, Inc. project to design, develop and install a new integrated system. Once Brenda has transitioned to this position, her duties as comptroller will be assumed by Nancy McElyea, Deputy State Comptroller. The phone number for the Comptroller's office will remain 521-6162. Brenda will continue to be involved in and aware of all issues concerning DCAR.

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### **Agency Annual Reports**

In connection with the Core Applications Systems project, OSF will be designing a more citizen friendly annual report which is sometimes referred to as a popular report. This report will be in addition to the CAFR and other type reports which are currently issued. Typically, these popular type reports include program highlights and some performance information. To facilitate research in this area, Oklahoma state agencies which produce an agency annual report are requested to send a copy of the latest report available to Brenda Bolander at OSF.

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### **Mileage Reimbursement Rate Increases for 2002**

The Internal Revenue Service has announced an increase in the mileage reimbursement rate, effective January 1, 2002, to \$0.365 per mile. This is an increase from the \$0.345 rate for 2001. (See Internal Revenue Procedure 2001-54, Internal Revenue Bulletin 2001-48, 11/26/01.) The new rate is for travel incurred on and after January 1, 2002, not 2001 travel reimbursement claims submitted after January 1st.

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### **Revised Object Code**

This code is being revised to allow for payment to individuals under the Department of Veteran Affairs' Safety Awards program authorized by Title 72, Section 63.10A.

#### Code Title and Definition

1123 (Revised) INDIVIDUAL INCENTIVE PAY AND SAFETY AWARDS

Payroll - Payment of individual incentive pay to employees of a participating agency as approved by the Committee for Incentive Awards for State Employees (74 O.S., § 4111, et Seq.). This code also includes authorized payments to individuals under the Department of Veteran Affairs' Safety Awards program (72 O.S., § 63.10A).

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### **Reimbursement to OSF – Purchase Card Pilot Program**

Not all agencies under the p/card program are reimbursing OSF properly for their respective p/card expenses. The recommended payment procedure is a 15B Interagency claim(s) which will eliminate the handling of warrants.

Agencies shall use the following Deposit Register information for processing the 15B Interagency claim:

Fund: 701

Agency: 467

Receipt: 88191

Furthermore, some of the p/card agencies are not following the established payment period. Payments to OSF should be made within 21 days after the end of the billing cycle, but no later than the end of the next billing cycle. Further, payment to OSF shall be made in full, even though memo statements may include transactions which are disputed by the state agency. (See the Department of Central Services 'Purchase Card Procedures' for information on disputed transactions.)

The monthly p/card billing period is the 28 th through the 27 th, therefore, the latest OSF should receive payment is the 27th of the following month. The billing cycle covering the end of June into July will be considered subsequent fiscal year expenses for funding purposes (e.g., June 28 - July 27, 2002, will be funded as an FY 2003 expense.).

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### **New Payroll Processing Contact and Retirement Party**

We previously announced that after thirty-five years of dedicated service with the Office of State Finance, Freddie Woodard is retiring. Her last day with OSF is January 31, 2002. We will be having a retirement party for her on January 29, 2002, 2:00 pm - 4:00 pm, in the Governor's Large Conference Room on the 2nd floor of the State Capitol. Please join us in wishing her a long and enjoyable retirement.

The primary payroll processing contact after Freddie leaves will be Elsa Kunnel, assisted by a couple of other people. Effective February 1, 2002, your payroll processing concerns can be addressed by: Elsa

Kunnel, 405-521-6178, Jeannette Pascher, 405-521-6187, or Ed Barszewski, 405-521-6161.

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### **New Form and Instructions For Payroll Overpayments**

OSF has created a new form to be used by agencies for the reporting of payroll overpayments. The form has been numbered as OSF Form 94 and titled "Request for Overpayment Refunds." This form is to be used when an employee has been paid a check in error or when the amount paid to an employee was overstated.

A copy of the form and instructions for completing this form are attached to this DCAR. Requests for recalling a direct deposit should continue to be made through Kim Gomez at OPM. Upon receiving the net pay amount from a recall or receiving a repayment from an employee, the Form 94 "Request for Overpayment Refunds" should be completed. This form should be sent to OSF. OSF will refund taxes and OPERS overpayments into the agency's 905 fund. EBC and Deferred Comp will issue a warrant directly to the agency for recaptured payments. The agency is responsible for recapturing miscellaneous deduction payments, retirement payments other than OPERS, or any other payments not paid centrally by OSF. Please see the instructions for more information. This form will eliminate the need for sending a separate request to OSF to adjust an employee's W2 earnings or requesting refunds individually from OPERS, EBC, or Deferred Comp.

If an Excel spreadsheet of this form with pre-formatted calculations is desired, please request a copy from Barbara Low at (405)522-6300 or at [Barbara.Low@osf.state.ok.us](mailto:Barbara.Low@osf.state.ok.us). If the spreadsheet form is used, an original signature is still required. OSF is unable to accept electronic transmission of this form.

For agencies that have been using a preliminary version of this form, please discontinue use of that format and begin using the formalized OSF Form 94 "Request for Overpayment Refunds." OSF appreciates the input received from agencies in formalizing this procedure. If you have any questions, please contact Barbara Low at (405)522-6300 or [Barbara.Low@osf.state.ok.us](mailto:Barbara.Low@osf.state.ok.us) or Carol Sims at (405) 521-6160 or [Carol.Sims@osf.state.ok.us](mailto:Carol.Sims@osf.state.ok.us).

#### 1. Employee is overpaid:

- a. Recall: Employee received a direct deposit payroll warrant that did not belong to the person. The agency wishes to recall the complete check from the employee's bank account.
- b. Overpay: Employee was paid a warrant for a larger amount than should have been paid.

#### 2. Agency starts the process to collect the net pay:

- a. Recall: Agency notifies OPM of the desire to collect the net pay back from the employee through the banking system. Agency takes the necessary actions to stop "other deductions" (garnishments, credit union, savings bonds, etc.) from the employee's check from being paid or to recollect them.
- b. Overpay: Agency notifies the employee of the overpayment. Asks the employee to reimburse the agency for the net pay amount of the overpay. Agency takes the necessary actions to stop "other deductions" (garnishments, credit union, savings bonds, etc.) from the employee's check from being paid or to recollect them.

#### 3. Agency completes the OSF Form 94, "Request for Overpayment Refunds": The form is divided into

two sections, Employee Payroll and State Contributions.

Employee Payroll is all information related to the warrant given to the employee. The Employee Payroll is further divided into Issued Payroll and Corrected Payroll for each line item. The Issued Payroll is the amount related to the payroll that was given in error. The Corrected Payroll is used only if an employee paid back a portion of the payroll warrant. If the warrant was recalled, all amounts in the Corrected Payroll will be zero.

State Contributions is information related to state paid items for the employee. The Issued Payroll is the amount related to the payroll that was given in error. The Corrected Payroll is used only if an employee paid back a portion of the payroll warrant and the agency should receive back a portion of their state payments. If the warrant was recalled, all amounts in the Corrected Payroll will be zero.

### **Instructions for OSF Form 94**

Form can be found at: [www.osf.state.ok.us/comp-frm.html](http://www.osf.state.ok.us/comp-frm.html)

Complete the following fields on Form 94:

Agency #: Agency of the employee who was overpaid.

Employee Name: Name of employee whose earnings are to be adjusted.

SSN: Social Security Number of the employee whose earnings are to be adjusted.

Warrant #: Warrant number of the overpaid payroll.

Paydate: Issue date of the overpaid payroll warrant.

EFT (Y/N): Enter a Y (yes) if the warrant was a direct deposit. Enter N (no) if the employee received negotiable warrant.

Pay Period Code: Enter either a Bxx or a Mxx type code or if viewing the OPM Payroll Detail screen, enter a period of 200xxxx.

Reason for overpayment (check all that applies): Check the box and complete the answer most closely related to the reason for that the overpayment happened.

A. True Gross: Gross as reported by OPM

B. Excess Benefit Allowance: Amount of benefit allowance not used for health, dental, disability & basic life insurance and added into employee's pay.

C. Income Subject to Retirement: Sum of Total Gross Pay (line A) + Excess Benefit Allowance (line B)

D. Additional Gross Income: Additional gross income subject to social security and Medicare taxes such as group term life in excess of \$50,000, vehicle usage, etc.

E. Total Income: Income subject to retirement (line C) + Add'l Gross Income (line D)

F. Flex Plan (premium conversion):

i. Employee Payroll: Includes all health, dental, disability & life insurances that are not subject to social security and Medicare taxes. Includes medical reimbursement, daycare, dependent insurance, etc. subject to premium conversion. If viewing the OPM Payroll Detail screen, this value should include the sum of amounts in Ins Caf St, Ins Caf Ed, and Ins Caf Grp fields.

ii. State Contributions: Portion of the adjusted benefit allowance used to pay employee's insurance. (Benefit allowance less excess benefit allowance that was added to employee's income.) If viewing the OPM Payroll Detail screen, this value is the amount indicated under State (\$), in the Ins St Grp field.

G. Amt Subject to Social Security & Medicare: Total income (line E) - Premium Converted Flex plan (line F). Both lines will be the same amount unless the employee's YTD earnings exceed the federal

limit of income subject to social security taxes.

H. Deferred Comp: Amount employee has elected to defer in the state's deferred compensation savings plan. Note: State's matching contribution of \$25.00/month plus administrative fee is not reimbursable. Due to federal regulations, this amount cannot be recaptured.

I. Retirement (OPERS & Judicial):

i. Employee Payroll: Amount withheld from employee's payroll for OPERS or Judicial retirement.

ii. State Contributions: Amount state has contributed to OPERS or Judicial on behalf of the employee.

J. Other Pretax: Payments for pretax programs not paid by OSF (teachers retirement, educational annuity, OLEERS, etc.). The agency is responsible for collecting the refund from the appropriate company.

K. Total Taxable Gross: Amount subject to Medicare (line G) - Deferred Comp (line H) - Retirement, OPERS (line I) - Other Pretax (line J)

L. State Income Taxes: Amount withheld from the employee's payroll for state income taxes.

M. Federal Income Taxes: Amount withheld from the employee's payroll for federal income taxes.

N. Social Security Taxes:

i. Employee Payroll: Amount withheld from the employee's payroll for social security taxes. If the employee has reached the social security yearly maximum, no social security will be withheld. (2002 = \$84,900) If the employee is subject to social security, this amount should equal 6.2% of the Income Subject to Social Security (Line G x 6.2%)

ii. State Contribution: Amount employer matched of social security taxes

O. Medicare Taxes:

i. Employee Payroll: Amount withheld from the employee's payroll for medicare taxes. This amount should equal 1.45% of the Income Subject to Social Security (Line G x 1.45%)

ii. State Contribution: Matching amount paid by the agency.

P. Earned Income Credit: Includes amount employee is paid for advance earned income credit. This amount is a reduction to total taxes withheld.

Q. Total Taxes: Sum of State taxes (line L) + Federal taxes (Line M) + Social security taxes (Line N) + Medicare taxes (Line O) - Earned Income Credit (Line P)

R. Non-Prem Conv Benefit: Includes employee deductions for health, dental, disability, and life insurance that have not been elected as premium conversion. If viewing the OPM Payroll Detail screen, this amount should be in the Ins St Grp field.

S. Optional Deductions: Includes all amounts withheld from the employee's payroll that the agency is responsible for paying (garnishments, savings bonds, credit union, etc.). These amounts must continue to be recaptured by the agency.

Net Pay: This amount is the net pay of the payroll warrant that was/should be paid to the employee.

Total hours: Indicate the original reported hours and the corrected reported hours.

Net Amount Repaid by Employee:

i. Amount: Indicate the amount received from the employee or the amount received from OSF (if the overpayment was recalled).

ii. Date: Indicate the date the repayment was received from the employee or OSF (if the overpayment was recalled).

iii. OSF: Complete only if warrant was recalled. Indicate OSF check number of the net pay repayment.

Authorized Refund Requester:

- i. Requestor: Signature of person at the agency who is authorized to request the refund. This field must contain an original signature.
- ii. Agency: Agency requesting the refund
- iii. Contact Phone: Phone number of a person to contact if questions arise regarding this refund.
- iv. Date: Date refund request is submitted.

4. OSF will review the claim.

- a. OSF will refund to the agency the employee's and employer's taxes through a journal entry which will put the refund into the agency's 905 fund.
- b. OSF will refund to the agency the employee's and employer's retirement payments to the agency's 905 fund as long as the request is made within 4 months of the payroll date. If the request is made after 4 months, OSF will communicate with OPERS as to if and how the refund is to be made. OPERS will make the determination if the refund is allowed.
- c. OSF will forward the request to Deferred Comp and EBC to approve and pay adjusted benefit payments, employee benefit plans, employee deferred comp withholdings.
- d. EBC and Deferred Comp will notify OSF if the refunds have been approved and repaid to the agency.
- e. OSF will adjust the employee's w-2 to reflect the corrected earnings.

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