

OFFICE OF STATE FINANCE

DCAR NEWSLETTER

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Volume 16, Number 5

FY-2006

June 8, 2006

The last issue of the DCAR Newsletter, Volume 16, Number 4, was issued on February 9, 2006. The DCAR Newsletter is available on the OSF webpage at <http://www.osf.state.ok.us/comp-nl.html>.

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Fiscal Year End Payroll Processing

Legacy Payroll System

The OPM Agency Payroll System will be closed at 5:00 pm Tuesday, June 27, 2006 for end of year processing. It will be available to users again at 12:00 noon, Monday, July 3, 2006.

OSF will process all payroll claims received by 1:00 pm on June 29th, 2006. Any claims received after 1:00 pm will be rejected back to the submitting agency. Claims rejected will require resubmission on or after July 3, 2006, with new claim numbers, starting with 1, or the first number assigned for the new year. Similarly, any Payroll Fund Transfer (PFT) received after 1:00 p.m. on Thursday, June 29th, 2006, will be rejected back to the submitting agency. Rejected PFT's will require resubmission on or after July 3rd, 2006 with PFT numbers, starting with 1, or the first number assigned for the new year.

OSF will resume processing payrolls at 1:00 pm on Monday, July 3, 2006. The new FAAC line for FY2007 will be 905-XXX-000700-00001 (XXX represents agency number).

Longevity payroll for June 2006 cannot be run until July 3, 2006, or later, due to the account number change.

As a reminder to Higher Education Institutions, Column 14-19 on the "C" record must be account number 000700 for any payroll received by OSF on or after July 3, 2006. Please ensure that you have made this change to your payroll claims so they will process without error.

Payrolls and PFT's submitted after June 29, 2006 for the prior year (FY2006) must have a notation on the form indication "prior year payroll." Also, please ensure proper notation of a prior period claim within the pay period code (e.g. B25P, B26P or M12P). Failure to include this code may cause a rejection of your payroll claim or the issuance of payroll warrants with an incorrect pay date.

Fiscal Year Funding Changes on PS Payroll

Each fiscal year, funding attached to individuals in the payroll systems has to be updated for the new year funding codes. This avoids voluminous manual changes. OPM will update the legacy system, and now OSF will process new effective dated rows in the PeopleSoft HRMS ACCT_CD table. This process will be run in July after the supplemental payrolls are processed. No new '07 funding lines will be created until this process has been run.

The changes are for Budget Reference from '06' to '07', and for the General Revenue Fund from 196 to 197. For example class-funding '19601' would be revised to be '19701'. However, class-funding 194xx and prior years will not be "rolled forward" to 195xx or 196xx, but a 195xx with bud ref '06' will be changed to 195xx with bud ref '07'. Additionally, any '05 and prior bud refs will not be updated and the HR account code containing those bud refs will be inactivated. In the case of capital projects, if your agency funds payroll from an '05 or prior bud ref, please contact Jennie Pratt now.

A report of changes made will be sent to agencies. The report will list all active account codes and a message of what happened, for example, bud ref changed to '07'. In the case of inactivated codes, a list will be provided of any employees who have job earnings distribution records attached to the inactivated HR account code so agencies can remove those old codes from the employee job earnings distribution and replace them with new codes as appropriate under an approved budget.

Fiscal Year End Miscellaneous Claim Vouchers and Orders Processing

Miscellaneous Claim Vouchers Processing

Voucher batches received by 1:00 pm on Thursday, June 29, 2006 will be processed for payment on June 29. To accommodate this schedule, budget checking and matching will be run periodically during the morning of June 29 until noon. Any FY 2006 vouchers received at OSF after 1:00 pm will be processed for payment in 2007. New vouchers should not be created after the 1:00 p.m. cutoff on Thursday, June 29, 2006. New vouchers may be created beginning on Monday, July 3, 2006.

Manual Agency Claims

“Manual” agencies whose claims are entered into the system by OSF to create vouchers, must have their claims to OSF by 5:00 p.m., Wednesday, June 28, 2006. This is to allow OSF sufficient time to create the vouchers for processing on June 29.

Manual Warrants

The cutoff for manual warrant vouchers is noon on Thursday, June 29, 2006. Agencies whose warrants are entered into the system by OSF must have the supporting paperwork to OSF by 1:00 p.m. on June 29. Manual warrants may be issued and the associated voucher created beginning on Monday, July 3, 2006.

340 Fund Expenditures

Expenditure entries for 340 funds for June 29, 2006 and prior days must be received by 9 a.m. on June 30, 2006 to be processed in FY 2006. Expenditure entries for 340 funds for June 30, 2006 must be received by 3 p.m. on June 30, 2006 to be processed in FY 2006.

EDT Claim Vouchers Submissions

Agencies which upload claim data via ‘EDT’ transmissions should provide for sufficient internal lead time so that paper vouchers arrive at OSF by the 1:00 p.m. Thursday, June 29, 2006 deadline. Any FY 2006 transmissions received after the deadline will be deleted and will require retransmission as FY 2007 business beginning on Monday, July 3, 2006.

Encumbrance Documents

Agencies are reminded that their FY 2006 funds should be fully encumbered by June 30, for purchases made during FY 2006. As usual, receipt of actual goods and payment after the fiscal year close are allowed until the funds lapse, normally November 15. Unless otherwise authorized, FY 2006 funds are not allowed for FY 2007 purchases. **NOTE:** Encumbrances must be established through the state purchasing system within these dates and budget checked.

WARNING! Payments Due (Effective) July 1, 2006

Because of the 'expenditure by fiscal year' accounting requirement, payments due or effective on July 1, 2006 and after may not be processed as FY 2006 business (i.e., pre-FY 2007). This may involve such payments as rental agreements, post office box services, contractual maintenance agreements, subscription renewals, etc. Agencies are advised to forewarn their vendors and contractors of this end-of-year processing dilemma, which could delay payment beyond the due date.

Core Payroll System

The PeopleSoft (CORE) System will not be closed during this time. However, on Tuesday, July 11, 2006 or Wednesday, July 12, 2006, the PeopleSoft (CORE) system will be down for a mass update change. A notice with a specific date will be sent in early July.

Change in Fees for Deferred Plans

The rate certified for administrative cost which will be calculated in payrolls submitted for the fiscal year ending June 30, 2007 has changed to \$1.73 per month for any qualified participant. The equivalent amount for a bi-weekly pay period is \$0.80 and for a semi-monthly pay period is \$0.87. This change will be reflected in any payrolls submitted with a pay period code of M01 or B01.

Change in Employer Contribution Rate for Justices and Judges Retirement System

The employer contribution rate for the Uniform Retirement System for Justices and Judges will increase from 3% to 4% effective July 1, 2006.

Changes in State Share of Oklahoma Public Employees Retirement

The amount the State of Oklahoma pays for employee retirement will increase effective July 1, 2006. The percentage will be 12.5% beginning with any payrolls submitted with a pay period code of M01 or B01. The percentage last year was 11.5%.

Deposit System Changes

OST has agreed to take over the maintenance of the screens used by state agencies to enter bank deposits and transfers from agency clearing/agency special accounts. Some changes will be made to address the OST requirement of a single “from” entry for transfers; agencies will be allowed to mix “to” entries as long as the total of the “to” entries to funds are a net positive number, and the total of the “to” entries to agency clearing/agency special accounts are a net positive number. OST will be sending communications to the agencies in the near future to explain in more detail the operating procedures and when the change will take place.

W-2 Forms

Please be reminded that W-2 forms cannot be changed for 2005 except for social security and medicare wages and taxes when the agency receives a payback of a prior year overpayment. Taxable wages and income taxes withheld cannot be adjusted.

W-4 Forms

Form W-4, Employees Withholding Allowance Certificate, is no longer required to be submitted to the IRS when an employee claims more than 10 withholding exemptions or claims complete exemption from withholding and earns more than \$200.00 a week. Agencies are no longer required to send these copies to the Office of State Finance. It is very important that all agencies continue to keep the original W-4 forms submitted by the employees. Form W-4s are still subject to review and the IRS may direct that certain Form W-4s be sent in by a written notice or in future published guidance. These forms should become a part of the employee personnel files, and the state has a required retention policy.

Please remember that 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.

Schedule of FY-2007 Pay Periods

Please distribute the following FY-2007 Pay Date schedules to Payroll and Human Resource Directors.

The following pay period codes should be used for agencies processing payroll on the legacy payroll system. Once an agency begins processing payroll on PeopleSoft, these codes are no longer used. Instructions on the use of PeopleSoft pay calendars will be provided during PeopleSoft training courses. Questions on the below codes may be directed to Lisa Raihl at 405.521.3258, lisa.raihl@osf.ok.gov or Dan Thomason at 405.522.6300, dan.thomason@osf.ok.gov.

SCHEDULE OF FY 2007 MONTHLY PAY PERIODS

| Pay Period Number | Begin Date | End Date | Pay Date |
|------------------------------|-----------------------|---------------------|---------------------|
| M01 | 07-01 | 07-31 | 07-31-2006 |
| M02 | 08-01 | 08-31 | 08-31-2006 |
| M03 | 09-01 | 09-30 | 09-29-2006 |
| M04 | 10-01 | 10-31 | 10-31-2006 |
| M05 | 11-01 | 11-30 | 11-30-2006 |
| M06 | 12-01 | 12-31 | 12-29-2006 |
| M07 | 01-01 | 01-31 | 01-31-2007 |
| M08 | 02-01 | 02-28 | 02-28-2007 |
| M09 | 03-01 | 03-31 | 03-30-2007 |
| M10 | 04-01 | 04-30 | 04-30-2007 |
| M11 | 05-01 | 05-31 | 05-31-2007 |
| M12 | 06-01 | 06-30 | 06-29-2007 |

**SCHEDULE OF FY 2007 BIWEEKLY PAY PERIODS
HIGHER EDUCATION**

| Pay Period Number | Begin Date | End Date | Pay Date |
|------------------------------|-----------------------|---------------------|---------------------|
| B01 | 06-18 | 07-01 | 07-14-2006 |
| B02 | 07-02 | 07-15 | 07-28-2006 |
| B03 | 07-16 | 07-29 | 08-11-2006 |
| B04 | 07-30 | 08-12 | 08-25-2006 |
| B05 | 08-13 | 08-26 | 09-08-2006 |
| B06 | 08-27 | 09-09 | 09-22-2006 |
| B07 | 09-10 | 09-23 | 10-06-2006 |
| B08 | 09-24 | 10-07 | 10-20-2006 |
| B09 | 10-08 | 10-21 | 11-03-2006 |
| B10 | 10-22 | 11-04 | 11-17-2006 |
| B11 | 11-05 | 11-18 | 12-01-2006 |
| B12 | 11-19 | 12-02 | 12-15-2006 |
| B13 | 12-03 | 12-16 | 12-29-2006 |
| B14 | 12-17 | 12-30 | 01-12-2007 |
| B15 | 12-31 | 01-13 | 01-26-2007 |
| B16 | 01-14 | 01-27 | 02-09-2007 |
| B17 | 01-28 | 02-10 | 02-23-2007 |
| B18 | 02-11 | 02-24 | 03-09-2007 |
| B19 | 02-25 | 03-10 | 03-23-2007 |
| B20 | 03-11 | 03-24 | 04-06-2007 |
| B21 | 03-25 | 04-07 | 04-20-2007 |
| B22 | 04-08 | 04-21 | 05-04-2007 |
| B23 | 04-22 | 05-05 | 05-18-2007 |
| B24 | 05-06 | 05-19 | 06-01-2007 |
| B25 | 05-20 | 06-02 | 06-15-2007 |
| B26 | 06-03 | 06-16 | 06-29-2007 |
| B27 | 06-17 | 06-30 | 07-13-2007 |

**SCHEDULE OF FY 2007 BIWEEKLY PAY PERIODS
NON-HIGHER EDUCATION**

| Pay Period Number | Begin Date | End Date | Pay Date |
|------------------------------|-----------------------|---------------------|---------------------|
| B01 | 06-25 | 07-08 | 07-21-2006 |
| B02 | 07-09 | 07-22 | 08-04-2006 |
| B03 | 07-23 | 08-05 | 08-18-2006 |
| B04 | 08-06 | 08-19 | 09-01-2006 |
| B05 | 08-20 | 09-02 | 09-15-2006 |
| B06 | 09-03 | 09-16 | 09-29-2006 |
| B07 | 09-17 | 09-30 | 10-13-2006 |
| B08 | 10-01 | 10-14 | 10-27-2006 |
| B09 | 10-15 | 10-28 | 11-09-2006 |
| B10 | 10-29 | 11-11 | 11-22-2006 |
| B11 | 11-12 | 11-25 | 12-08-2006 |
| B12 | 11-26 | 12-09 | 12-22-2006 |
| B13 | 12-10 | 12-23 | 01-05-2007 |
| B14 | 12-24 | 01-06 | 01-19-2007 |
| B15 | 01-07 | 01-20 | 02-02-2007 |
| B16 | 01-21 | 02-03 | 02-16-2007 |
| B17 | 02-04 | 02-17 | 03-02-2007 |
| B18 | 02-18 | 03-03 | 03-16-2007 |
| B19 | 03-04 | 03-17 | 03-30-2007 |
| B20 | 03-18 | 03-31 | 04-13-2007 |
| B21 | 04-01 | 04-14 | 04-27-2007 |
| B22 | 04-15 | 04-28 | 05-11-2007 |
| B23 | 04-29 | 05-12 | 05-25-2007 |
| B24 | 05-13 | 05-26 | 06-08-2007 |
| B25 | 05-27 | 06-09 | 06-22-2007 |
| B26 | 06-10 | 06-23 | 07-06-2007 |

Account Payable Processes

The accounts payable reports, Vouchers in Recycle Status, Budget Checking Error, Match Exception, Vouchers Not Posted, and Vouchers Not Journal Generated, should be run frequently to monitor and correct vouchers timely. It is especially important that vouchers reported on these reports are corrected by fiscal year end to ensure the integrity of the expenditures and accounts payable liability recorded in the general ledger. If an error on a voucher cannot be resolved, please contact the helpdesk.

Additionally, the query, OCP_VCHR_DETAIL_NOT_PAID_REV, should be run to identify unpaid vouchers. If vouchers have been created but will not be paid, please take one of the following actions:

- Delete vouchers that have never posted.
- Close vouchers that have posted but are not paid against a PO.
- Send a signed copy of vouchers that have posted and are paid against a PO to OSF, room 107, with instructions to reverse them. Indicate whether the funds should be restored to the encumbrance or to the available budget. In order to complete this task for all agencies by June 30, 2005, OSF is requiring these vouchers be sent no later than June 15, 2006.
- Include vouchers with a voucher style of “Regular” that have posted with a zero balance and are vouchered against a PO in a batch so a zero warrant can be processed.

Reminder – TBD Accounts

Voucher Processing

Please be cognizant that the number of PO distribution lines with a TBD account for FY 2007 will increase as we approach the fiscal year end. If a TBD PO distribution line is copied into a voucher, it must be deleted from the voucher; otherwise, if the voucher with the TBD account has posted, the TBD account can not be changed on the PO at any time in the future. Additionally, a TBD account **must not be** overwritten on the voucher distribution line after it has been copied from the PO. OSF will delete vouchers where the associated PO distribution line has a TBD account. E-mail notification will be sent to the agency finance officer each day identifying these vouchers.

Compliance Requirement for POs

In order to comply with the State encumbrance laws, it is imperative that TBD accounts related to FY07 purchases must be changed to valid object of expenditure accounts on agency purchase orders as soon as FY07 budgets are approved. The OCP_PO_TBD_ACCT query will identify PO distribution lines with the TBD account. These must be changed in order to encumber the funds and before the lines are vouchered against.

Reminder – Annual Contracts and Authority Orders

Last year we had numerous audit findings because Purchase Orders were dated after the invoice date or not encumbered within a reasonable time. Most often they were related to authority orders or annual contracts. Remember to review your authority orders and annual contracts and set up your 2007 Purchase Orders as soon as you receive you're funding.

Replacement Warrants

We have had several inquiries recently from vendors who have received a payment and are trying to find out how to apply the payment. The payment they received is a replacement for a statutory canceled warrant issued from the Canceled Warrant Fund, Fund 950, Agency 467. Replacement warrants identify the warrant number and agency number of the warrant being replaced; however this is not usually sufficient information for the vendor to accurately apply the payment. Replacement warrants are processed by OSF and sent to the original issuing agency for distribution to the vendor. Agencies need to ensure that they include sufficient information with the replacement warrant to allow the vendor to apply the payment correctly.

Post Audit Program

As we continue our post-auditing program we are seeing a lot of improvement in many areas. However, there are still a few areas where agencies need to pay special attention:

Incorrect Object Code Accounts

We are continuing to find many incorrect object codes. A large percentage of these are incorrect on the purchase order and not corrected before the voucher is processed. There is a link to the Revised Object of Expenditure Code Listing at <http://www.osf.state.ok.us/comptrol.html>. Please ensure that purchasers as well as payers are referring to this when preparing purchase orders and vouchers.

Incorrect Invoice Information

Please ensure that the invoice number and date entered on OSF Form 15A matches the vendor's invoice. If an invoice number is not provided, please see the guidance provide in DCAR Newsletter Volume 16, Number 3, dated December 9, 2005.

Invoice Summary Pages

In the case of a multiple page invoice, agencies may attach only the first page if it is a summary page that provides all information necessary to approve payment of the claim. At a minimum, the summary page must include the **period of service**, the **current charges** and a **description of the service provided**. If the summary page does not include all the necessary information, the entire invoice must be attached.

Invoices – Receipt Of Goods And Services Approval

We are still finding a number of invoices that do not show that the goods or services have been received. According to Title 74 O.S. § 86.1, the agency head or his authorized agent will approve the invoice by executing a certificate of delivery or acceptance of goods or services. The OSF Procedures Manual addresses this by requiring that the invoice be signed by an employee of the agency to indicate the goods or services have been received. Office of State Finance will also accept signed receiving reports or signed funding sheets attached to the invoice as long as they tie directly to the invoice being paid and state that the goods or services have been received. Preferably the Core System on-line receiving reports will be used to satisfy this requirement.