OFFICE OF STATE FINANCE
DCAR NEWSLETTER

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Important Notice on Agency Deposits

With the implementation of A/R Deposits functionality, OSF has been monitoring the deposit entries that have not been finished. Additionally, we have received several helpdesk cases related to unfinished deposits.

It is very important for users to timely complete and budget check each deposit. If a deposit is not in a valid budget checking status, OST will not receive the deposit information and will not be able to sweep the appropriate remote banks. If funds remain in remote banks, OST is unable to invest the money resulting in the loss of interest revenue to the State.

If the agency does not finish a deposit because it is incorrect or unneeded, the agency must delete the entry before rekeying a new deposit. Instructions for deleting a deposit can be found in the COR121 Deposit/Transfer Entry Manual located at http://www.ok.gov/OSF/CORE/Financials/index.html

OSF will be monitoring deposits and will delete unfinished Batch 99 deposits after 3 days. Agencies can review their deposit data by going to Accounts Receivable > Payments > Online Payments > Regular Deposits > Find an Existing Value. Any deposit that shows up in the Search Results screen has not been finished.

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1099 Tax Information Quarterly Report

Now that the first quarter of the 2010 tax year is complete, it is time for **ALL** agencies to run the Miscellaneous 1099 Tax Information Report which will include all transactions from January 1, 2010 through March 31, 2010.   The path for this report in PeopleSoft Financials is: Accounts Payable>Reports> Payments> Misc Tax Information Report.

With this report please review the following:
- The Name and Tax ID number (TIN) must match the information on the vendor's W-9.
- **Pay attention to the 1099 Flag: Y means the vendor should receive a 1099, and N means the vendor should not receive a 1099.** A vendor does not need a 1099 if it is registered as a corporation, non-profit or government entity (the exception to this is when the payment is for a legal or medical payment).
- Address 1 in the vendor file is the designated address for 1099 reporting. If the 1099 Flag is N only new addresses will be added but address 1 will not change.
- Review all warrants processed for each vendor to ensure that all are accounted for. (Any warrant corrections need to be made at the agency level.)

Please send any corrections on this report to the Office of State Finance by May 17, 2010. If you have any questions contact Beth Brox at (405) 522-1099 or by e-mail at Beth.Brox@osf.ok.gov.

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Hiring Incentives to Restore Employment (HIRE) Act

On March 18, 2010, the President signed into law the H.R. 2847, Hiring Incentives to Restore Employment (HIRE) Act, as Public Law 111-47. The Act provides relief from the employer share of FICA (social security) tax on wages paid by a qualified employer to a qualified individual from March 19, 2010 through Dec. 31, 2010. Under the act, a 'qualified employer' includes any employer which is a public institution of higher education (as defined in section 101(b) of the Higher Education Act of 1965).

Payroll personnel at the Oklahoma colleges and universities have been notified of the HIRE Act and the impact on payroll. OSF is setting best practice procedures and will be distributing the information to agency finance officers and payroll personnel. Please direct any questions to Lisa Raihl at (405) 521-3258, lisa.raihl@osf.ok.gov or Jean Hayes at (405) 522-6300, jean.hayes@osf.ok.gov

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Oklahoma Annual Withholding Tax Exemption Certification for Military Spouse

In 2009, the President signed into law the Military Spouses Residency Relief Act, amending the Servicemember Civil Relief Act, to provide that spouses of military personnel who move because their spouse is posted for military duty will be treated as not having changed residency for tax purposes. The Act is effective for taxable year 2009 and thereafter.

A nonresident spouse of a nonresident servicemember may be exempt from Oklahoma income tax on income from services performed in Oklahoma. Employees that choose to claim the exemption must complete the OTC Form OW-9-MSE and turn in to the agency with the required documentation. The instructions to the form list the Requirements of Employer before allowing the withholding exemption. The employee must complete and submit a new form each year they claim the exemption.

For agencies on the State's PeopleSoft payroll system, the employee's State Tax Data will require updating. The Special Tax Status will be changed to: "Maintain Taxable Gross; SWT zero unless specified in 'Additional Withholding' below". This does not affect the Federal Tax Data. Federal withholding will still be calculated based on the IRS Form W-4 in effect.

For agencies on the PACS legacy system (Higher Education), the employee tax data must be updated as applicable to your payroll system. Again, this does not affect the Federal Tax Data. Federal withholding will still be calculated based on the IRS Form W-4 in effect.

Although exempt from state income tax withholding, the income is still reportable on the W-2 as Oklahoma wages. Employees with questions regarding this should contact their tax accountant.

The Oklahoma Tax Commission has additional information and a section of Frequently Asked Questions on their website at www.tax.ok.gov. The form is located at the following link: http://www.tax.ok.gov/btforms/OW-9-MSE-10.pdf

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IBM Payroll Functionality Changes

Several changes were recently implemented to allow new items to flow through payroll on the IBM Payroll Accounting System (PACS). The new items are Health Savings Account (HSA), Roth 403(b), and the new FICA Code H for the HIRE Act. Payroll personnel have been given detailed information on these changes. If higher education institutions have no need for the new functionality, the payroll claims sent to OSF will remain unchanged.

Higher education institutions that already processed payrolls, with HSAs and/or Roth 403(b)s amounts prior to the changes in the PACS for calendar 2010, must submit to OSF a spreadsheet of the balances that have been accumulated for each employee. Employee balances will be updated for these amounts. Please contact Lisa Raihl at 521-3258, lisa.raihl@osf.ok.gov or Jean Hayes at 522-6300, jean.hayes@osf.ok.gov with any questions.

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IBM Payroll Claims Errors

IBM Payroll claims must be edit checked and error free before running the actual load process. When the load process is used and the payroll claim has hard errors, the system will abnormally end and an error message is produced. Additionally, the system becomes unresponsive and will not allow any payroll claims to process to the State.

To prevent this from happening, higher education institutions should first process the FTP as a "T" for test, which will only edit check the claim and not load it. This will avoid the system from freezing up in case of hard errors. After all errors have been corrected, then FTP using "P" for production which will perform another edit and load the file if it is clean. The panel where the higher education institutions receive the Payroll FTP on the IBM has a label of "TEST OR PRODUCTION." The word TEST really means No Load (edit only). The word PRODUCTION means Load (edit and load). This will only load if the edit is clean. TEST needs to be used until the file has no errors, and then put a P in the field and the claim will load.

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Faxing Payroll Warrant Direct Deposits Cancellation Requests

To initiate the cancellation procedures for a payroll warrant, complete the revised PWC form found at *http://www.ok.gov/OSF/Comptroller/DCAR_Forms.html*.

FAX it to OSF at (405) 521-3902. The fax number for OSF is also located on the top of the form in the Area for Oklahoma Payroll. Forms that are faxed to the wrong offices (Treasurer's Office or to JPMorgan Chase ACH Services) may not get processed properly and cancelled from the employee's payroll record. The paper form must be mailed to OSF. Please follow all instructions when utilizing this form.

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Accounts Payable Year-End Preparations

Vouchers older than ninety days at June 30, 2010 that have not posted will be deleted that day.

To identify and correct vouchers prior to that date, please run the following reports beginning now: Match Exception, Document Tolerance Exception, Budget Checking Error, and the Vouchers in Recycle Status. If a voucher is not corrected while it is an open accounts payable period, the accounting date on the voucher must be changed to the current date so it will budget check. Contact the OSF Help Desk at (405) 521-2444 if assistance is needed to resolve the errors identified on these reports.

Additionally, to ensure expenditures and liabilities are reported properly and to facilitate the reconciliation processes, run the OCP_VCHR_DETAIL_NOT_PAID_REV query to monitor unpaid vouchers. If vouchers have been created but will not be paid, please delete vouchers that have never posted and close vouchers that have posted

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Asset Purchase Orders and Account Codes

The asset management module has been implemented for five agencies and a roll-out plan is being developed for the remaining agencies.

Agencies must set up purchase orders with correct items, descriptions, quantities, unit prices, and object of expenditure codes to facilitate asset management integration processes. Open purchase orders for asset items which are not set up properly will likely require those purchase orders to be canceled or closed when the asset management module is implemented at the agency.

A few changes have been made to the object of expenditure (account) codes to improve these processes. One account name and description was revised to exclude construction in progress, and additional account codes were established for such costs. An account code was also established to record asset acquisitions purchased on behalf of other entities. Please begin using the following codes immediately:

545110 - PURCHASE OF LAND IMPROVEMENTS (Revised Name and Description)

Payments for the purchase of alterations and other improvements to land (e.g., fences, stone walls, roadways, walks, drainage, tunnels, grading and terracing and all ornamental and commemorative structures.)

545210 - CONSTRUCTION IN PROGRESS - LAND IMPROVEMENTS (New)

Payments for new construction and alterations, additions and improvements to land before it will be placed in service (e.g., fences, stone walls, roadways, walks, drainage, tunnels, grading and terracing and all ornamental and commemorative structures).

542220 - CONSTRUCTION IN PROGRESS - EQUIPMENT (New)

Payments incurred to construct or develop equipment before it will be placed in service.

542230 - CONSTRUCTION IN PROGRESS - SOFTWARE (New)

Payment incurred for software development during the application development stage, if incurred subsequent to the completion of the preliminary project stage. Capitalization is limited to situations where management authorized and commits to funding.

545999 - PASS THRU ASSETS (New)

Payments to vendors for capital asset items that are purchased on behalf of other entities

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P-Card Purchase Orders for Fiscal Year 2011

P-Card authority orders for FY 2011 will no longer be matched to allow for the insertion of voucher distribution lines. The inserted distribution lines will be linked to the same purchase order distribution line as the voucher distribution lines that were used to insert them. Document tolerance will still be required and will keep the encumbrance from being overspent.

Since a purchase order cannot be changed to the matching option of *No Match* once it has been partially or fully matched, a PO line cannot be added for the new fiscal year to an existing authority order. Therefore, new P-Card authority orders will need to be set up for FY 2011.

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Forms Imaged by OSF - REMINDER

OSF Form 77 - VOUCHER ENCUMBRANCE ADJUSTMENT REQUEST/VOUCHER REVERSAL REQUEST – Many of these forms are of poor quality when sent to OSF. Please monitor these documents to ensure that they are of good quality and legible. Any pertinent data on the forms should not be covered up. Such things as highlighting, odd color ink (even blue ink doesn't always pickup well), and etc., can cause the information to be illegible when imaged.

Any forms submitted that are determined to be a problem for imaging will be returned to the agency, and better quality forms would be required.

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Direct Deposit of Travel Reimbursement

As of April, 2010, employees in over 50 agencies have been converted to direct deposit for travel reimbursements. OSF plans to convert the remaining agencies by end of this fiscal year.

For agencies already converted to direct deposit, please adhere to the following steps for establishing a vendor number for both current and new employees:

Please use the spreadsheet form found on the OSF website to request vendor numbers for employees. (This applies to all agencies – even those not currently on direct deposit.) If the employee information is incorrectly submitted on the vendor form the employee will not be identified properly and will be classified as SUPPLIER, and will be skipped in the direct deposit update program. The correct form also requests the EMPLID which is another critical piece of information to run the program. The correct form is located at http://www.ok.gov/OSF/documents/ap_emp_vend.pdf

Please do not send the request for a vendor number until the employee's bank account information has been added to the HCM payroll. If it is not possible to wait for the bank account setup, a vendor number can be requested and a paper check will be generated. A request can be made later to run the direct deposit program after the bank account has been added in HCM payroll. Just send in the same form with name, SSN, VIN, and EMPLID and request OSF to run the direct deposit program.

If your agency has been converted to direct deposit and you find that some employees are still receiving paper checks, it may be that the SSN on the vendor record does not match the SSN in the payroll records. Please send the form in with a request to change the SSN on the vendor record and run the program.

If you have any questions please contact the OSF Help Desk.

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Object Codes for Improvements or Repairs

Agencies should review internal policies regarding how significant costs incurred in connection with capital assets in periods subsequent to the initial acquisition are recorded. These costs need to be distinguished between improvements and repairs and maintenance as follows:

Improvements provide additional value either by 1) lengthening the estimated useful life of a capital asset; or 2) increasing a capital asset's ability to provide services (i.e., greater effectiveness or efficiency). Using the appropriate '54' series expenditure account code is appropriate in either case.

Repairs retain value and are expensed in the appropriate repair expenditure account codes.

Based on these criteria, agencies should select the correct object of expenditure codes for use on purchase orders and vouchers.

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Enrolled HB 2363

Enrolled HB 2363 has been passed out of both houses and is awaiting the Governor's signature. The Office of State Finance is reviewing the requirements of the bill regarding employee voluntary buy-outs for early retirements. If the bill is approved by the Governor, OSF will issue formal documents and procedures to implement it.

OFMA Meeting May 6

The Oklahoma Financial Managers Association will hold its quarterly meeting on Thursday, May 6, 2010, from 1:30 to 4 p.m. in the Business Conference Center Auditorium of the MetroTech Springlake Campus.   Topics to be discussed include budget instructions, the asset management system, intergenerational workforce issues, and HB 2363. Seminars are provided free of charge. To ensure an adequate number of training materials and refreshments are available, please register at: www.okfma.com

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