

OFFICE OF STATE FINANCE

DCAR NEWSLETTER

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TABLE OF CONTENTS

2009 IRS Form W-4, Employee's Withholding Allowance Certificate	2
W-2 Forms	2
Final Pay for Terminated Employees	2
Clearing Account and Agency Special Account Reconciliation	2
OSF Form VEND	3
Regular Supplier Vendors – TIN and Name Errors	3
Adding State Employee Vendor Records	3
After Employee Record is Converted to Direct Deposit	3
Accounts Payable Year-End Preparations	4
Voucher Invoice IDs	4
Correction - Credit Invoices	5
Change to the Accounts Payable Voucher	5
Purchase Order Vouchers Quantities	5
REVISED Electronic Warrant Cancellation Form	5
Upcoming Local Training/CPE	6

2009 IRS Form W-4, Employee's Withholding Allowance Certificate

The 2009 IRS Form W-4 specifically states in the Basic Instructions that for regular wages, withholding must be based on allowances claimed and may not be a flat amount or a percentage of wages. This has always been a fact, but employees tend to complete their W-4s incorrectly. With the instructions on the form, you can now show the employee the rule. If your employees need assistance with the W-4 worksheets, you can direct them to the Withholding Calculator on the IRS website, <http://www.irs.gov/individuals/article/0,,id=96196,00.html> or refer them to IRS Publication 919, "How Do I Adjust My Tax Withholding?"

If an employee fails to give you a properly completed Form W-4, please ask the employee to submit a new one. If you do not get a valid Form W-4, you must withhold federal income taxes from his or her wages as if he or she were single and claiming no withholding allowances. However, if you have an earlier Form W-4 for this employee that is valid, withhold as you did before.

In addition, you may want to review employees' tax data to ensure IRS compliance. 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.

W-2 Forms

Please be reminded that W-2 forms for prior years can only be changed for social security and Medicare wages and taxes when the agency receives a gross payback of a prior year overpayment. Federal and state taxable wages and income taxes withheld cannot be adjusted.

Final Pay for Terminated Employees

Employee termination pay should be paid on the next regularly designated payday established for the pay period in which the work was performed, unless otherwise provided for by a collective bargaining agreement covering the employee. This applies to all employees in compliance with O.S. Title 40 Section 165.3, Termination of Employee – Payment – Failure to Pay.

Requests should NOT be made to CORE Staff to establish additional pay calendars to pay terminated employees before the regularly scheduled pay day. If your agency has a special circumstance, please send a letter detailing the issues to Steve Wilson.

Clearing Account and Agency Special Account Reconciliation

Several notifications have been distributed regarding the reconciliation of agency clearing and special accounts. Procedures were announced initially in October, 2006, with multiple reminders and individual contacts since that time. The State Auditor and Inspector's Office is requiring that these accounts be reconciled to PeopleSoft. All reconciliations must be completed by June 30, 2009.

Many agencies have complied with this requirement; however several agencies do not appear to have completed the reconciliation. Those agencies which are not reconciled, must take action to complete the reconciliation. The monthly reconciliation forms 11 and 11a are being modified to include a section showing the reconciliation with the PeopleSoft system. Forms submitted without proof of reconciliation will be rejected as incomplete and subject to suspension.

If you need assistance with this reconciliation, please contact Vivian Day at 521-6164 or vivian.day@osf.ok.gov.

OSF Form VEND

Please take the time to fill out your name, phone and fax numbers on the top of the OSF Form VEND, so that we may quickly contact you with questions regarding problems with the vendor form. The fax cover sheets are routinely tossed in recycling or get separated from its vendor form, so please do not rely solely on it to identify your vendor forms.

Regular Supplier Vendors – TIN and Name Errors

To ensure accuracy of vendor records, OSF Vendor Maintenance staff now log into the IRS TIN Matching Interactive website to confirm Tax IDs prior to adding or updating information in the vendor file. The most common errors are: name and number match, TIN is not currently issued, and name and number do not match. The results do not give us "correct" name or numbers. When an error is received, OSF will call the agency contact to obtain the correct information.

Adding State Employee Vendor Records

As agencies are converted to employee direct deposit for travel reimbursement, it is becoming increasingly important to send OSF Vendor Maintenance accurate data when setting up employee vendor records.

The only form that will be accepted is the Example Spreadsheet found at http://www.ok.gov/OSF/Comptroller/DCAR_Forms.html. Please do not use the OSF Form VEND to add or update employee vendor records. The direct deposit conversion program will not update any vendor record with the classification "Supplier" (the default). The use of the Example Spreadsheet will ensure that the Classification is changed from Supplier to Employee when creating the vendor record.

The conversion program also updates the employee's address to the agency address so there's no need to update the employee vendor address record once an agency is converted.

Finally, if available, please use the same name as that in the Payroll records (HCM). Usually this means using the full name rather than an abbreviation of the first name (Robert instead of Bob, Steven instead of Steve, etc). The first program that checks for errors will skip the names that match and will take a shorter time to run.

After Employee Record is Converted to Direct Deposit

There are a few scenarios that are raising questions regarding employee vendor records that have been converted to direct deposit.

1. As reported in the March 12, 2009 DCAR Newsletter, when an employee transfers from an agency that has converted to direct deposit and your agency has not converted, please verify that the bank account information remains accurate. If the employee has a different bank account it will need to be updated manually. Please call the Help Desk to get this change started.
2. After the employee vendor record is converted, no address/location will be created for their home address. So, even though your agency has not been converted to direct deposit, the new employee that has been converted will still be paid via direct deposit. OSF Vendor Maintenance can update

their address from the previous agency to the new agency -- just send in an address update request on the spreadsheet.

3. Some employees contract with other agencies -- again, if you have contracted with a state employee and they have been converted to direct deposit, that's how they will be paid from your agency.

About 20 agencies have already been converted. To schedule your conversion, please contact Steve Wilson.

Accounts Payable Year-End Preparations

Vouchers older than ninety days at June 30, 2009 that have not posted because of matching document tolerance, budget checking or recycle exceptions 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 helpdesk at 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.

Voucher Invoice IDs

Agencies should adopt written policies standardizing how payers enter the invoice ID on the voucher. Compliance with the standard policies ensures consistency so that system edits will detect duplicate invoice IDs and prevent duplicate payments. Accurate invoice numbers also help to ensure proper credit is applied by the vendor.

The policies should cover:

- That the invoice must be entered exactly as it appears with the inclusion or exclusion of leading zeroes and non-numeric and non-alpha characters.
- When the agency must process the invoice on more than one voucher, the agency policy must specify when that is allowable and what specific identifiers will be added at the end of the vendor invoice number (alpha or numeric).
- When no identifiable invoice number or code is present, the agency policy must specify what specific identifiers will be used.
- When processing an invoice and credit memo together, both the invoice and credit memo IDs should be entered on the voucher. It is advisable to enter the invoice ID first, followed by the credit memo ID, since vendors are more likely to search for an invoice ID. Please address invoice and credit memo IDs entered on one voucher in the agency's written policies standardizing how payers should enter invoice IDs.

Correction - Credit Invoices

In the DCAR Newsletter Volume 19, #7, dated April 22, 2009, instructions were provided for Credit Invoices under the Post Audit Program - Common Audit Findings article, which stated that a credit invoice should be processed as an adjustment voucher against the original voucher. We are rescinding these instructions due to number of instances when a credit voucher cannot be associated with a previous voucher. The intent was to create a voucher for each invoice or credit memo transaction to assist the vendor when viewing invoice and payment information in the Electronic Commerce Portal. We will re-issue instructions after the Return to Vendor functionality associated with receiving is implemented.

Change to the Accounts Payable Voucher

A change will be made to the accounts payable voucher by June 1, 2009 preventing an online voucher from saving when an invalid expenditure account is on the voucher. If an invalid account is copied from a purchase order, the error message will include "Vouchers with TBD overwritten will be deleted." A voucher with a TBD account that is overwritten on the voucher distribution line after it has been copied from the PO will save because the change verifies the validity of the account number, but it does not recognize that the expenditure will budget check as a direct expenditure and will not liquidate an encumbrance. Please make the payers aware of this change and ask them to be attentive to the error messages. The TBD must be changed on the PO before a voucher is created.

Purchase Order Vouchers Quantities

Many purchase order vouchers are currently processed with fractional or zero quantities. Vouchering with incorrect quantities will cause problems with matching receipts, purchase orders, and invoices after receiving is required. Beginning June 1, 2009, OSF will begin running a query to identify unpaid purchase order vouchers with quantities less than one. An e-mail notification will be sent to the agency finance officer each day during June 2009 to identify these vouchers and advise that this procedure will not be allowed for 2010 encumbrances. In July 2009, the e-mail notification will change to identify vouchers with incorrect quantities vouchered against a 2010 encumbrance. These vouchers will be placed in recycle status so that the purchase order and/or voucher can be corrected before the voucher is paid.

REVISED Electronic Warrant Cancellation Form

The Electronic Warrant Cancellation Form (OSF Form EWC) has been revised to include Class Funding information to be used in returning the monies to the correct funds.

There are now two versions of the form 1) print and manually complete or 2) complete on-line and print. The form, along with a reference guide and instructions are available on OSF's website under the State Comptroller's web page and by selecting the DCAR Forms link. **Only the revised form should be used** and is effective immediately. The form should be faxed to OSF at 405/521-3383, then mail the original OSF Form EWC to OSF Transaction Processing.

As a reminder, the form should be used to "cancel" electronic payments of 7XX Fund transactions and Miscellaneous voucher payments (travel direct deposits and vendor 'EFT' payments). This form is similar to the PFT cancellation form used for payroll direct deposits. A 'Stop Payment/Deletions, Reversal and Reclaim Request Reference Guide' is provided as the second page of the form for your information. Submit only the first page to OSF when requesting the cancellation.

If an electronic warrant (payment) is identified for cancellation fast enough, it may be stopped through the Stop Payment/Deletion process where the State Treasurer's Office works with JPMorgan Chase to stop the credit transaction before it is released to the ACH network. Thereafter, the request must be handled as a Reversal. Any request for cancellation of electronic payments processed under the reversal procedures are subject to denial by the payee's bank. If the funds are returned to the State, OSF will process a cancellation in the state system which returns the funds to the agency. If the funds cannot be recovered from the bank, then the agency must follow existing overpayment procedures.

Upcoming Local Training/CPE

Due to the tight budgets this year, many agencies are looking for local training to reduce travel costs. Listed below are several opportunities within the State:

The National Association of State Auditors, Comptrollers, and Treasurers will be sponsoring a Middle Management Conference in the Spring of 2010. The conference will be held in Oklahoma City and has finance, audit, and payroll tracks for individuals to attend. CPE credit can be obtained by attending and the cost is estimated between \$320 – \$475 depending on the track selected. Please plan now for your fiscal year 2010 budget. Additional information will be distributed as it becomes available.

The American Payroll Association also has scheduled in-state training as follows:

- Garnishments Forum Tulsa August 10, 2009
- Preparing for Year End and 2010 OKC November 3, 2009
- Preparing for Year End and 2010 Tulsa November 4, 2009

For more information, please visit their website: www.americanpayroll.org

The Oklahoma American Payroll Association chapters are co-sponsoring the Oklahoma Statewide Payroll Conference to be held at the Renaissance Hotel in Tulsa on Friday, September 18, 2009. For more information, please visit their website: www.neokapa.org or www.okcapa.org.