

OFFICE OF STATE FINANCE

DCAR NEWSLETTER

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HB 2363 VOBO Information

In HB 2363, the Oklahoma Legislature authorized agencies to offer voluntary buy-outs (VOBO) for retirement-eligible state employees to reduce the number of full-time equivalent employees on agency payrolls. The procedures and forms are located at: www.ok.gov/OSF

W-2 Forms

Please be reminded that W-2 forms can only be changed for prior years 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.

Changes in Fees for Deferred Plans

The rate certified for the administrative cost which will be calculated in payrolls submitted for the fiscal year beginning July 1, 2010 has changed to \$1.52 per month for any qualified participant. The equivalent amount for a bi-weekly pay period is \$0.70. This change will be reflected in any payrolls submitted with a pay period code of M01 or B01.

Employer Contribution Rate for Justices and Judges Retirement System

The employer contribution rate for the Uniform Retirement System for Justices and Judges will remain at 8.5% for FY 2011.

State Share of Oklahoma Public Employees Retirement

The amount the State of Oklahoma pays for employee retirement will remain at 15.5% FY 2011.

Schedule of FY-2011 Pay Periods

Please distribute the following FY-2011 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. Questions on the below codes may be directed to Lisa Raihl at 405.521.3258, lisa.raihl@osf.ok.gov or Jean Hayes at 405.522.6300, jean.hayes@osf.ok.gov

SCHEDULE OF FY 2011 MONTHLY PAY PERIODS

Pay Period Number	Begin Date	End Date	Pay Date
M01	07/01	07/31	7/30/2010
M02	08/01	08/31	8/31/2010
M03	09/01	09/30	9/30/2010
M04	10/01	10/31	10/29/2010
M05	11/01	11/30	11/30/2010
M06	12/01	12/31	12/30/2010
M07	01/01	01/31	1/31/2011
M08	02/01	02/28	2/28/2011
M09	03/01	03/31	3/31/2011
M10	04/01	04/30	4/29/2011
M11	05/01	05/31	5/31/2011
M12	06/01	06/30	6/30/2011

**SCHEDULE OF FY 2011 BIWEEKLY PAY PERIODS
NON-HIGHER EDUCATION**

Pay Period Number	Begin Date	End Date	Pay Date
B01	6/20	7/3	7/16/2010
B02	7/4	7/17	7/30/2010
B03	7/18	7/31	8/13/2010
B04	8/1	8/14	8/27/2010
B05	8/15	8/28	9/10/2010
B06	8/29	9/11	9/24/2010
B07	9/12	9/25	10/8/2010
B08	9/26	10/9	10/22/2010
B09	10/10	10/23	11/5/2010
B10	10/24	11/6	11/19/2010
B11	11/7	11/20	12/3/2010
B12	11/21	12/4	12/17/2010
B13	12/5	12/18	12/30/2010
B14	12/19	1/1	1/14/2011
B15	1/2	1/15	1/28/2011
B16	1/16	1/29	2/11/2011
B17	1/30	2/12	2/25/2011
B18	2/13	2/26	3/11/2011
B19	2/27	3/12	3/25/2011
B20	3/13	3/26	4/8/2011
B21	3/27	4/9	4/22/2011
B22	4/10	4/23	5/6/2011
B23	4/24	5/7	5/20/2011
B24	5/8	5/21	6/3/2011
B25	5/22	6/4	6/17/2011
B26	6/5	6/18	7/1/2011

**SCHEDULE OF FY 2011 BIWEEKLY PAY PERIODS
HIGHER EDUCATION**

Pay Period Number	Begin Date	End Date	Pay Date
B01	6/27	7/10	7/23/2010
B02	7/11	7/24	8/6/2010
B03	7/25	8/7	8/20/2010
B04	8/8	8/21	9/3/2010
B05	8/22	9/4	9/17/2010
B06	9/5	9/18	10/1/2010
B07	9/19	10/2	10/15/2010
B08	10/3	10/16	10/29/2010
B09	10/17	10/30	11/12/2010
B10	10/31	11/13	11/24/2010
B11	11/14	11/27	12/10/2010
B12	11/28	12/11	12/23/2010
B13	12/12	12/25	1/7/2011
B14	12/26	1/8	1/21/2011
B15	1/9	1/22	2/4/2011
B16	1/23	2/5	2/18/2011
B17	2/6	2/19	3/4/2011
B18	2/20	3/5	3/18/2011
B19	3/6	3/19	4/1/2011
B20	3/20	4/2	4/15/2011
B21	4/3	4/16	4/29/2011
B22	4/17	4/30	5/13/2011
B23	5/1	5/14	5/27/2011
B24	5/15	5/28	6/10/2011
B25	5/29	6/11	6/24/2011
B26	6/12	6/25	7/8/2011

IT and Telecommunications Procurement Procedures

OSF and DCS signed an interagency agreement to form a partnership for the processing of the state Information Technology (IT) and telecommunication procurement needs.

Agencies should continue to process IT and telecommunication procurement needs through OSF according to statutes, thresholds, and procurement developed (refer to OSF Information Services Division website at: http://www.ok.gov/OSF/Information_Services/index.html).

When submitting an OSF Form 115 Plan Approval to OSF, agencies will need to include all of the required standards of documents (specifications/scope, special provisions, sole source document, OSF Form 115, quotes, agreement or contract) in addition to the following as applicable: a suggested vendor list, VPAT(s), proper PeopleSoft requisition form and evaluation scoring tool. Upon completion of OSF's review, the documents will either be sent back to your agency or forwarded to DCS if requested, just as they have been in the past.

All exceptions to mandatory information technology or telecommunication statewide contracts should be submitted to OSF on Form 115, with details as to why the exception is needed. This request should also include all of the relevant information identified in the above paragraph. Upon approval, OSF will either return the documents to your agency or forward them to DCS, according to your request.

With the appointment of the State Chief Information Officer, OSF may develop additional processes in the future in which case you will be notified.

We value your input and would like to hear about your ideas or suggestions in identifying potential information technology or telecommunication statewide contracts. If you would like to share your ideas please send them to the OSF Helpdesk at: helpdesk@osf.ok.gov

The HIRE Act

The Federal Hiring Incentives to Restore Employment (HIRE) Act provides relief from the employer share of social security tax on wages paid by institutions of higher education for "qualified" individuals. Packets were mailed to college and university finance officers regarding this program. If you need additional information about the HIRE Act or did not receive the packet, contact Lisa Raihl by phone at 405-521-3258, or email lisa.raihl@osf.ok.gov

Fiscal Year End Miscellaneous Claim Vouchers and Orders Processing

Follow these are procedures for closing out the current fiscal year and beginning the new fiscal year activity.

- **Miscellaneous Claim Voucher Processing**

Voucher batches received by 1:00 pm on Tuesday, June 29, 2010 will be processed for payment by the close of business that day (June 29). To accommodate this schedule, budget checking and matching will be run periodically during the morning of June 29 until noon. Any FY 2010 vouchers received at OSF after 1:00 pm will be processed for payment in FY 2011. New vouchers should **not** be created after the 1:00 p.m. cutoff on Tuesday, June 29, 2010. Wednesday, June 30, 2010, is reserved for fiscal year closing activities. New vouchers may be created beginning on Thursday, July 1, 2010.

- **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., Monday, June 28, 2010. 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 Tuesday, June 29, 2010. Agencies whose warrants are entered into the system by OSF must have the supporting paperwork to OSF by noon on June 29, 2010. Manual warrants may be issued and the associated voucher created beginning on Thursday, July 1, 2010.

- **340 Fund Expenditures**

Expenditure entries for 340 funds for June 29, 2010 and prior days must be received by 9 a.m. on June 30, 2010 to be processed in FY 2010. Expenditure entries for 340 funds for June 30, 2010 must be received by 3 p.m. on June 30, 2010 to be processed in FY 2010.

- **EDT Vouchers Submission**

Agencies which upload voucher data via 'EDT' transmissions should provide for sufficient internal lead time so that paper vouchers arrive at OSF by the 1:00 p.m. Tuesday, June 29, 2010 deadline. New 'EDT' transmissions may be submitted beginning on Thursday, July 1, 2010.

- **Encumbrance Documents**

Agencies are reminded that FY 2010 fund expenses should be fully encumbered by June 30, for purchases made during FY 2010. 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 2010 funds are not allowed for FY 2011 purchases. **NOTE:** Non-exempt encumbrances (most agencies) must be established through the state purchasing system by Wednesday, June 30, 2010 and budget checked.

- **WARNING! Payments Due (Effective) July 1, 2010**

Because of the 'expenditure by fiscal year' accounting requirement, payments due or effective on July 1, 2010 and after may not be processed as FY 2010 business (i.e., pre-FY 2011). 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.

State Municipal Tax Exemption

The Office of State Finance cannot process payment for purchases of services and goods by any agency of the state that includes the payment of municipal and county taxes. This policy is based on Title 68 O.S. §1356, Title 710 Oklahoma Administrative Code, section 65-13-130 and Attorney General Opinion 2002 – 35. What follows is a much abridged version of that opinion.

ATTORNEY GENERAL OPINION 2002-35

The Oklahoma Constitution authorizes the Legislature to grant the power to assess and collect taxes to counties, cities, towns and other municipal corporations. Pursuant to this authority, the Legislature has authorized municipalities "to assess, levy, and collect taxes for general and special purposes of municipal government as the Legislature may levy and collect for purposes of state government except ad valorem property taxes." Since the power of municipalities to tax is derived from the Legislature, any constitutional limitations on the State's, power to tax would apply equally to municipalities.

III. TAX IMMUNITY OF STATE AND FEDERAL GOVERNMENTS

The federal government is immune from state taxation under the Supremacy Clause. The Supreme Court explained the current state of the federal government's tax immunity as follows:

"Under current intergovernmental tax immunity doctrine the States can never tax the United States directly but can tax any private parties with whom it does business, even though the financial burden falls on the United States, as long as the tax does not discriminate against the United States or those with whom it deals."

The "rule with respect to state tax immunity is essentially the same." The Court noted that state immunity arises from state sovereignty, whereas the federal immunity arises under the Supremacy Clause.

Tax Immunity as Applied to Hotel Room Taxes

You ask specifically about the legality of a municipal hotel room tax imposed upon the federal or State Government. Typically, the tax is paid by the individual occupying the room to the hotel operator, who remits the tax to the municipality; the hotel is liable if the taxes are not remitted.

Sales to the State and its political subdivisions and to the United States are exempt from sales tax; however, sales to individuals who are employees of such governmental entities are taxable unless the sale is billed directly to the government agency or the purchase is by means of a government purchase order or government credit card.

Correction to Asset Account Codes

In the Volume 20, Number 7 DCAR Newsletter dated April 29, 2010, object of expenditure (account) codes 542220 and 542230 were printed incorrectly. The correct account codes are:

545220 - CONSTRUCTION IN PROGRESS - EQUIPMENT (New)

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

545230 - 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.

US Savings Bonds Deductions

Agencies that have employees who participate in payroll withholding for savings bonds should have received a request from the US Treasury Direct to complete a survey about the ability to transition to the new paperless savings bonds. The US Treasury's mandate to change payment processing for purchasing savings bonds is not currently supported by the various state's computer systems. Options to implement the necessary functionality changes by January 2011 are being considered. However, potential options are significantly constrained due to ongoing budget reductions throughout state government. Another option is available to have the bonds deducted by the bank directly from the individual's account on or after pay day.

Please notify your employees that the last date to purchase paper savings bonds is December 31, 2010. Individuals who choose to continue to participate in the savings bond program must set up individual accounts at the US Treasury to purchase any bonds after that date regardless of whether the state is able to adapt to the new procedures or not.

FY Combo Code Conversion Schedule

The schedule for running the FY Combo Code Conversion process is:

Evening of 30 June 2010 – Department of Human Services. This process must be run prior to running July 15, 2010 pay cycle.

Evening of 7 July 2010 – All Agencies Having Bi-Weekly Payrolls. This process must be run prior to running 'B01' or 'C26' pay cycles which pay on the 16th of July 2010.

(NOTE: This date includes agencies running both Monthly and Bi-Weekly payrolls. All supplemental and off-cycle payrolls must be completed and processed to GL by 5:00 PM on the July 7th.)

Evenings of July 19th and 20th 2010 – All Monthly Anticipatory Agencies. Do not begin processing MO1 until July 21st.

NOTE: As soon as all of your On and Off-Cycle payroll processes are completed for the June pay period, please notify CORE by creating a Help Desk Case asking for the case to be Assigned to the HCM Payroll group. This will enable us to try and schedule your FY Combo Code Conversion Process earlier.

ARRA Reporting Deadline for 2nd Quarter is July 14, 2010

The federal government has posted the reporting timeline for the 2nd quarter reporting period - the deadline has been extended from July 10th to July 14th. As you know, unexpected errors occur when posting to the federal web site (i.e. invalid DUNS, zip code validations, etc). So we encourage you to submit your data as early as possible to avoid last minute delays.

The timelines for the 2nd quarter have been posted on federalreporting.gov.

REPORTING TIMELINE

July 1 – 14	Recipients Report
July 15 – 20	Recipients Report – Marked as 'Late'
July 21 – 22	Recipient Review
July 23 – 29	Agency Review
July 30	Data is published on Recovery.gov
August 3 – September 14	Continuous QA Period
September 16	Final Continuous QA data published on Recovery.gov

ARRA First Time Reporters

We will be holding a meeting for first-time ARRA reporters. If you have recently received ARRA funds that need to be reported this quarter, please contact Lisa McKeithan at lisa.mckeithan@osf.ok.gov or 405.521.3772 to find out the details. At this meeting we will review the process for submitting award information to the central system and then verifying the information on the central system and eventually on federalreporting.gov. If your agency is a first-time reporter or needs a refresh, please contact Lisa for meeting details.

If you are unsure whether or not your agency has reported ARRA funds in the past, please review the following list. NOTE: This list does not include higher education institutions with federal work study awards.

Agriculture (040)
Arts Council (055)
Commerce (160)
Corporation Commission (185)
District Attorney's Council (220)
Education (265)
Employment Security Commission (290)
Environmental Quality (292)
Governor (305)
Health (340)

Health Care Authority (807)
Housing Finance Authority (922)
Human Services (830)
Military Department (025)
OSBI (308)
Rehab Services (805)
Transportation (345)
Water Resources Board (835)
Wildlife (320)

Oklahoma State University (010)
OSU - Experiment Station (011)
OSU - College of Vet Med (014)
Langston (420)
Northeastern State University (485)
Rose State College (531)
OKC Community College (633)
University of Oklahoma (760)
OU Health Sciences Center (770)

FY 2011 Training

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

Preparing for Year End and 2011	OKC	November 9, 2011
Preparing for Year End and 2011	Tulsa	November 8, 2011

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