

OFFICE OF STATE FINANCE

DCAR NEWSLETTER

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TABLE OF CONTENTS

PAYROLL

Oklahoma State Income Tax Withholding	2
Types of W-2s	2
Elimination of Advanced Earned Income Credit	2
VOBO 2363C forms to get money to agencies	3
Employee IRS Forms W-4	3
New Tax Marital Status for Employees Claiming Exemption from State Withholding Tax	3

ACCOUNTING

No Changes to Vouchers after Submission	4
Imaged Voucher Corrections	4
Remittance Advice – Travel EFT Payments	4
DCS – Fiscal Year 2011 Deadlines	5

TRAINING

Upcoming Local Training/CPE	5
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PAYROLL

Oklahoma State Income Tax Withholding

Oklahoma state income tax withholding cannot be a flat amount or percentage. Oklahoma income tax withholding follows the IRS Form W-4, Employee's Withholding Allowance Certificate. The OK Withholding Tables packet (OW-2) states that: "The number of withholding allowances claimed on the federal W-4 must be used." Additional withholding is allowed in addition to the amount deducted based on the status and allowances claimed on the federal W-4.

Types of W-2s

The following are terms frequently used for different types of W-2s based on when the form is completed.

Original W-2: Form W-2 that was originally issued to an employee by January 31.

Reissued W-2: Original Form W-2 reissued to an employee due to the original form being lost, misplaced, not received, etc. Write "REISSUED STATEMENT" on the new employee copies. A reissued W-2 can be produced at any time because the data is not being changed. The form can include a "reissue date".

Corrected W-2: Used to correct the original W-2 when an error has been discovered before OSF submits the file to the Social Security Administration (SSA). "CORRECTED" must be written on the employee's new copies.

NOTE: OSF should have received a copy of all Corrected W-2s by February 25, 2011 for inclusion on the file being submitted to SSA with an explanation of the changes from the original W-2.

W-2C: Used to adjust the original W-2 (or corrected W-2) information when an error has been discovered after OSF has submitted the file to the SSA.

NOTE: W-2Cs must be submitted to OSF as soon as completed and will be filed with the SSA. Please provide an explanation of the changes from the original W-2.

Elimination of Advanced Earned Income Credit

Employers can no longer accept the IRS Form W-5, Earned Income Credit Advance Payment Certificate, from an employee. Effective Jan. 1, 2011, the advance payment of the earned income tax credit (EIC) was eliminated. If an employee submits the Form W-5, please return the form to the employee, informing them of this change and encourage them to seek advice from their tax consultants.

VOBO 2363C forms to get money to agencies

Agencies with an approved OSF Form 2363, Voluntary Buyout Agency Reimbursement Application, and have subsequently paid the employees need to complete and submit the OSF Form 2363C, Voluntary Buyout Agency Claim Document, to receive reimbursement of approved expenditures. Please submit all outstanding claim documents just as soon as possible.

For approved VOBO applications pending payment to employees, please submit the claim document within 30 days after payment to employees. For more information, please visit the homepage of the OSF website.

Employee IRS Forms W-4

The exempt Form W-4, Employee's Withholding Allowance Certificate, expired on Feb. 16, 2011. Employees need to submit a new form to continue the exemptions for 2011. Tax refunds cannot be processed for exempt W-4s received after Feb. 16, 2011. The W-4 will take effect on the next pay cycle; it is not retroactive to the beginning of the year.

New Tax Marital Status for Employees Claiming Exemption from State Withholding Tax

The following information is applicable to agencies on the State's PeopleSoft HCM system:

With the Tax Update 11-A there is a change on how to set up a tax exempt employee. A new value "X" is added to the SWT Marital Status Table in Employee Tax Data on the State Tax Data page.

When Special Tax Status is set to "Maintain Taxable Gross," and the entry is saved, the new PeopleCode will automatically set the employee's SWT Marital/Tax Status to "X" ("Claiming exemption from withholding"), instead of incorrectly continuing to display the SWT Marital/Tax Status value that existed before Special Tax Status was set to "Maintain Taxable Gross".

You should not select the value "X" from the drop-down selection list for SWT Marital/Tax Status on State Tax Data – doing this alone will not make the employee exempt from withholding tax, and tax will continue to be withheld from the employee. **To indicate that an employee has claimed exemption from state withholding tax, you must still set Special Tax Status to "Maintain Taxable Gross".**

You will need to update the current employees that are exempt from taxes by adding a row using the next pay period begin date and changing on the state tax page the SWT Marital Status to 'X'.

If you subsequently set Special Tax Status to "None" to indicate that the employee should be subject to state withholding tax, unless you enter a valid SWT Marital/Tax Status value from the drop-down selection list, when the entry is saved, PeopleCode will automatically re-set SWT Marital/Tax Status to the default value, **Oklahoma's default value is 'S'**.

ACCOUNTING

No Changes to Vouchers after Submission

Do not make changes to vouchers once you have submitted the vouchers and batch slip (batch slip only for agencies using imaging) to OSF since this can cause them not to pay. OSF is seeing more cases where vouchers included in a batch are not processed in the pay cycle. When OSF researches why this has happened, it finds, most often, the voucher has been moved to a different pay group. Since OSF selects vouchers to process by the pay group identified on the batch slip, if a voucher's pay group is changed, the voucher is not selected to process. This can cause several days delay in processing since OSF holds the voucher and attempts to determine why it was not selected in the batch where it was listed.

If there is a problem with a voucher that is already included on a batch slip and submitted, please call OSF to see if it can be sent back to your agency. This will avoid the chance of a voucher being delayed while we see why it was not selected for payment. Also, if a voucher is listed on a batch slip and you decide not to submit the voucher, be sure to remove the pay group from the voucher and re-run the batch slip so it is not included on the batch.

Imaged Voucher Corrections

When changes have been made to imaged vouchers, you should contact the OSF Service Desk to have the original imaged voucher deleted before rescanning the corrected voucher. Alternatively, if only certain pages must be rescanned you can contact the Service Desk afterwards and tell them which page(s) in the voucher record should be removed (i.e., page 3, etc.). When rescanning a voucher and the original voucher is not removed, any pages rescanned will add to the original imaged document. Besides increasing the storage space by having duplicate or incorrect pages with the record, it also leaves the voucher document which serve as the "official state record" with inappropriate or unnecessary pages.

Remittance Advice – Travel EFT Payments

For recent conversions of agencies over to employee travel EFT payments, we are adding the employee email addresses to the vendor file so remittance advices are being sent out on them. (See DCAR Newsletter, Vol. 21, #3, dated 11/10/10) For the previously converted agencies we will be "reconverting" them in order to pull in the email addresses from the HR System. Therefore, those agencies may soon be receiving preliminary conversion reports if it appears the agencies need to confirm current employees prior to OSF repeating the conversion process.

DCS – Fiscal Year 2011 Deadlines

The Department of Central Services, Central Purchasing Division deadlines for the submittal of requisitions that need to be processed during current fiscal year will be as follows:

- April 1, 2011 – New requisitions (RFPs) with complex specifications or lengthy evaluation requirements
- May 2, 2011 – New requisitions (ITBs) with simple specifications and evaluation criteria
- June 1, 2011 – Change orders for contract renewals and new sole sources for July 1 awards

It is our expectation that you have renewal requests to the Central Purchasing office 30 days in advance of expiration. If you are unsure as to what amount to submit on funding, the dollar amount should be replaced with TBD (to be determined). Goods or services that are received after June 30th for contracts that are not renewed prior to expiration will be considered unauthorized purchases and require a settlement agreement for supplier payment.

If you have questions regarding this notice, please direct them to Steve Hagar at (405) 522-3369 or Steve.Hagar@dcs.state.ok.us.

TRAINING

Upcoming Local Training/CPE

PeopleSoft HCM Forum

Presented by the CORE HCM Team

There will be 2 identical sessions in purpose and content to accommodate employees' schedules.

Date: March 16, 2011

Times: 9-11 a.m. or 1-3 p.m.

Location: Office of Personnel Management

Jim Thorpe Building

2101 N. Lincoln Blvd.

Oklahoma City, OK 73105

OPM Conference Room 560, 5th floor
