

OFFICE OF STATE FINANCE

DCAR NEWSLETTER

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http://www.ok.gov/OSF/Comptroller/DCAR_Newsletters.html.

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PAYROLL

Correcting 2011 W-2s

Corrected 2011 W-2 forms must be delivered to OSF by February 24, 2012. Please send the original W-2, a copy of the corrected form, and a letter explaining why the correction is needed. If the correction is due to a statutory canceled warrant which is not to be replaced, please also send a letter asking that the warrant not be replaced.

NOTE: Because a warrant has been canceled by statute is not a reason for a W-2 correction. If it was a valid payroll payment, the employee is still entitled to a replacement warrant; therefore, the original W-2 is correct.

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 employee’s new 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: Corrected 2011 W-2 forms must be delivered to OSF by February 24, 2012, as stated in the above article, for inclusion on the file being submitted to SSA.

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.

Annual Withholding Tax Exemption Certification for Military Spouse

Agencies are reminded to review and ensure employee's have a valid OTC Form OW-9-MSE on file for 2012. The form must be completed annually to continue the exemption for 2012. If a new exemption form has not been submitted for 2012, the employee's withholding status must go back to the last valid IRS Form W-4 on file with the employer. If you receive an exempt Form OW-9-MSE after processing a payroll, do not process a tax refund to the employee or submit one to OSF for processing. The new exemption form will take effect on the next pay cycle; it is not retroactive to the beginning of the year.

As a reminder, a nonresident spouse of a nonresident servicemember may be exempt from Oklahoma income tax on income from services performed in Oklahoma. OTC Form OW-9-MSE must be completed and returned to the employer with the required documentation. The instructions to the form list the "Requirements of Employer" before allowing the withholding exemption. The form must be completed each year the exemption is to be claimed.

The state PeopleSoft payroll system, employee 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." When the entry is saved, the employee's SWT Marital/Tax Status will be set to "X" ("Claiming exemption from withholding") *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 accountants.

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

Voluntary Buyout Reimbursement Reminders

HB 2177 extended the use of Voluntary Buyout Reimbursement Revolving Fund. Agencies can apply to be reimbursed for the amount of eligible voluntary buyout expenditures paid not later than June 30, 2012. The procedures and forms are located on the OSF website at <http://www.ok.gov/OSF/>, under Popular Links "HB 2363 (Voluntary Buyout) Information".

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.

Missing 1099 Forms

Some agencies have reported that 1099 forms were not printed for all reportable payments. We have found two primary reasons for the questioned 1099 forms. Many of the requests related to missing forms were a result of the vendor not being marked as reportable. Agencies are reminded that it is crucial on the Vendor/Payee Form to correctly mark the 1099 Reportable Status. If the vendor isn't setup to be 1099 reportable and a reportable object code is used to pay the individual, no 1099 will be produced. For other agency requests, we have found that some of the payees requesting forms were corporations, which are not generally reportable on Form 1099. Payments to corporations are reportable when certain object codes are used, ie. attorney payments or medical payments.

Agencies should be reviewing the Misc Tax Information Report quarterly to look for vendors which are incorrectly marked as not reportable. Questions about this report, and corrections to be made to vendors, can be submitted to Beth Brox at beth.brox@osf.ok.gov. Navigation to the report in PeopleSoft Financials is: Accounts Payable>Reports>Payments>Misc Tax Information Report.

If an agency finds a reportable payment for which they did not receive a 1099, they should complete a Form 1099-MISC on one of the blank forms they were provided. Supply the form to the vendor and send a copy of the form to OSF for inclusion on the file submitted to the IRS.

Reminder for Vendor Setup

Due to the importance of Vendor setup for 1099 reporting, agencies are reminded that for each 1099 reportable vendor, please select the "Add" box in the Agency Section of the Vendor/Payee Form and identify the type of payment by indicating which 1099 box the amounts will be reportable in. Page 3 of the Vendor/Payee Form identifies the account codes that are reportable on the 1099-MISC and are listed for each type of payment..

ACCOUNTING

Voucher Maintenance

Once a voucher is created in PeopleSoft, regardless of whether it was keyed online, uploaded via EDT, or the associated warrant stat cancelled within the last 36 months, the same invoice should not be reentered in the system. Reentering it in PeopleSoft exposes the agency to a duplicate expenditure and a possible stat cancelled warrant. Vouchers with errors should be corrected online and the replacement of stat cancelled warrants should be initiated with the Warrant Replacement Form 20R.

Vouchers that have posted to the ledger but will not be paid should be closed. This will reverse the accounting entries and restore the encumbrance and/or budget. The voucher should not be unposted and zeroed.

Use the Accounts Payable Voucher Style of “Journal Voucher” to correct the accounting entries of a paid voucher. If any other Voucher Style is used, the voucher will need to be processed through the pay cycle, even if the voucher amount is zero. Zero vouchers should be processed with an “OST” bank account and a payment method of “CHK.”

Run the OCP_VCHR_DETAIL_NOT_PAID_REV query on a periodic basis to obtain a list of unposted and unpaid vouchers. Unposted vouchers should be corrected or deleted, and unpaid vouchers should be paid timely or closed. Posted, but unpaid vouchers, represent a liability on the agency’s books.

Please direct any questions regarding these matters to the OSF Helpdesk at helpdesk@osf.ok.gov.

Separate Payments

Many agencies have adopted a policy to use the Separate Payment option on all vouchers. Agencies should reassess this policy and use Separate Payment only when there is a valid reason to create separate checks for invoices paid to a vendor on the same day.

Interagency payments should not be marked to pay separately since all vouchers, regardless of the number of warrant IDs assigned, print on the Inter/Intra Agency report.

EFT payments also should not be marked to pay separately. The vendor receives an electronic remittance advice for each warrant, so a vendor doing a large volume of business with several agencies will receive many advices in a day when they could receive one remittance advice per agency, per day, listing all invoice numbers paid. Combined payments make the cash application process simpler for the vendor and less costly for the state.

Interagency Payments Layout

We continue to have problems with agencies not submitting pages with the ComData invoices that are necessary for our audit. Also, inconsistency with invoice IDs and dates are still creating problems. Please help us reduce rejections on these errors and to ensure timely proper payments to vendors.

ComData Invoices

When submitting the supporting documentation with the ComData vouchers, please include the pages that include the amounts and items of “other purchases” and annotate the expense, i.e. oil change, car wash, thermostat, etc. on the invoice. This is for auditing purposes to determine the correct OEC account code is used.

Voucher Invoice IDs & Invoice Dates

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.

Internal Control Self-Assessment Questionnaires

Internal Control Self-Assessment Questionnaires have been sent out for Agency Numbers 631-981. The completed surveys are due Feb. 29, 2012. If your agency falls into this category and did not receive the questionnaire or has questions regarding it, please contact Nykkia Harris at nykkia.harris@osf.ok.gov or (405) 521-4952.

Update to COSO’s Internal Control – Integrated Framework

In 1992, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) published Internal Control – Integrated Framework, one of the most widely accepted frameworks for designing and evaluating systems of internal control. Although the Framework concepts are timeless, the business environment has changed considerably over the last 20 years. In November 2010, COSO began a project to “refresh” the Framework in response to technological advances, globalization, and other complexities of business operations.

After gathering input from an extensive list of interested parties, a proposed updated Framework was released for public comment on Dec. 19, 2011. This update did not change the definition of internal control, its objectives, or the five components of internal control – Control Environment, Risk Assessment, Control Activities, Information & Communication, and Monitoring Activities. What did change is the codification of 17 principles embedded in the original Framework, an expansion of reporting objectives, and an increased emphasis on operations and compliance objectives. The updated Framework is projected to be issued in late 2012.

COSO is currently soliciting comments on the proposed updated Framework. The comment period is open until March 31, 2012. To obtain a copy of the exposure draft and/or provide feedback on the proposal, visit www.ic.coso.org.

Account Codes for Vehicle Rental Related Costs

In the last newsletter we addressed the coding when renting motor pool vehicles from State Fleet Management and vehicles from Enterprise Rental when making direct payment of rentals. However, we are now seeing from the Trip Optimizer results, situations where, instead of direct payments by the agency to Fleet or Enterprise, there are reimbursements occurring to employees for the rental expense. To clarify the coding in all cases of rental costs, we present the following:

- Direct payment by agency to Fleet Management and Enterprise Rental – code 532140-Rent of Equipment and Machinery
- Reimbursement of mileage when limited to lower rental car costs – code 521110 In-State Mileage - Motor Vehicle
- Reimbursement of rental car cost when billed to the employee (not agency) – code 521130 In-State Public Transportation Charges - Non-Mileage

OST - Electronic Payment Requirement

House Bill 1086 requires that beginning July 1 funds disbursed from the State Treasury must be sent electronically. State agencies will be able to request an exemption from this requirement with cause. The Office of the State Treasurer (OST) will distribute an Electronic Payment Exemption Request (Request) electronic document for state agencies by mid-February.

State agencies must complete and submit the request electronically via email to OST at the email address that will be provided. Each request will be evaluated based on the information provided as specified in the request. Each agency will receive a confirmation of the receipt of its request along with a notification of whether the exemption(s) requested has been approved. All exemptions will expire on June 30, 2013. Agencies should submit their requests by April 30, 2012 to ensure any exemption(s) can be processed before July 1. If you have questions about how your agency can accept or send electronic payments, please do not hesitate to contact Diedra O'Neil at 522-4256 or Carole Bailey at 522-4216.

TRAINING

“Clarifying the Clarity Standards: An Overview” – A NASACT Webinar

The Office of the State Auditor & Inspector is hosting a two-hour NASACT Webinar on Clarifying the Clarity Standards: An Overview

NASACT, in conjunction with the Association of Government Accountants and the Association of Local Government Auditors, is pleased to announce the latest in its series of training events addressing timely issues in government auditing and financial management.

It has been years in the making, but with the issuance of SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, the Auditing Standards Board (ASB) of the American Institute of Certified Public Accountants completed a major portion of its “Clarity Project.”

SAS No. 122 (also known as the “Super SAS”) brings together and codifies 39 clarified SASs that the ASB had finalized, but had not issued, during the past three years. Because the Clarity Project spanned several years, some of the earlier clarified standards needed to be updated to reflect, among other things, amendments to certain SASs and changes in SAS titles, terminology, and formatting that were introduced towards the latter part of the project. In preparation for SAS No. 122, the clarified SASs were reviewed and fine-tuned to identify and eliminate inconsistencies and to verify cross-references.

SAS No. 122 also adds a preface to the Codification of Statements on Auditing Standards titled, *Principles Underlying an Audit Conducted in Accordance With Generally Accepted Auditing Standards*. These principles provide a framework that is helpful in understanding and explaining an audit. Further, these principles address the purpose of an audit, the personal responsibilities of the auditor, the auditor’s actions in performing an audit, and auditor reporting.

This webinar, the first of a two-part series on the clarity standards, will provide an overview on:

- Which standards changed?
- Which standards are still being worked on?
- How much is different?
- How will the new standards affect my audits?
- What do I need to know now?

This webinar will discuss the answers to those questions and allow you the opportunity to ask your own. Join Randy C. Roberts, Professional Practice Director for the Arizona Office of the Auditor General, for this informative two-hour training session. Randy served as a member of the Auditing Standards Board from 2008 through 2010 during the majority of the deliberations of the Clarity Project. He has served, and continues to serve, on various AICPA task forces.

- Date:** Wednesday, February 29, 2012
- Time:** 1:00 – 3:00 pm (Registration will begin at 12:30 pm)
- Location:** Concourse Theater (located in the tunnel between the Will Rogers and the Sequoyah buildings, just north of the State Capitol Building)
- Speaker:** Randy C. Roberts, Professional Practice Director for the Arizona Office of the Auditor General, and former member of the AICPA Auditing Standards Board
- CPE:** Two Credit Hours
- Cost:** Free if attending the Webinar in the Concourse Theater

Learning Objectives: At the conclusion of this webinar, participants will be able to:

RSVP: To Trey Davis at tdavis@sai.ok.gov with your name, agency name, phone number and email address.

Registration deadline is Monday, Feb. 27, 2012

OFMA Meeting March 1, 2012

The Oklahoma Financial Managers Association next quarterly meeting is scheduled for March 1, 2012. Seminars are provided free of charge. To ensure an adequate number of training materials and refreshments are available, please register at: www.okfma.com.

DATE: Thursday, March 1, 2012

TIME: 1:30 to 4:00 pm

PLACE: Business Conference Center Auditorium
MetroTech Springlake Campus
1900 Springlake Drive, Oklahoma City, OK

AGENDA: Please check the website for information on speakers

Upcoming Local Training/CPE

The next HCM Forum Training will be held on Tuesday, March 13, with two sessions offered at 9-11 am and 1-3 pm. Details and agenda will be sent out a week prior to the training via the OSF HelpDesk and GoGov Notification system. To sign up for notifications, please follow the link: <http://www.ok.gov/triton/modules/oknotify/index.php?id=65> and sign up for the notification groups you wish to join.
