

# OFFICE OF STATE FINANCE

## DCAR NEWSLETTER

Brenda Bolander, State Comptroller  
Steve Funck, Deputy State Comptroller

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Accounting: Jennie Pratt	405.521.6160	<a href="mailto:jennie.pratt@osf.ok.gov">jennie.pratt@osf.ok.gov</a>
General Ledger: Dan Thomason	405.522.4992	<a href="mailto:dan.thomason@osf.ok.gov">dan.thomason@osf.ok.gov</a>
Payroll: Lisa Raihl	405.521.3258	<a href="mailto:lisa.raihl@osf.ok.gov">lisa.raihl@osf.ok.gov</a>
Transaction Processing: Steve Wilson	405.521.4679	<a href="mailto:steve.wilson@osf.ok.gov">steve.wilson@osf.ok.gov</a>
Payroll Processing: Elsa Kunnel	405.521.6178	<a href="mailto:elsa.kunnel@osf.ok.gov">elsa.kunnel@osf.ok.gov</a>
AP Manager: Patricia Garcia	405.522.6855	<a href="mailto:patricia.garcia@osf.ok.gov">patricia.garcia@osf.ok.gov</a>
Vendor Maintenance: Julie Dvorak	405.522.1749	<a href="mailto:julie.dvorak@osf.ok.gov">julie.dvorak@osf.ok.gov</a>
OSF Service Desk (PeopleSoft questions)	405.521.2444	<a href="mailto:helpdesk@osf.ok.gov">helpdesk@osf.ok.gov</a>
Financial Reporting Unit: Deric Berousek	405.521.3298	<a href="mailto:deric.berousek@osf.ok.gov">deric.berousek@osf.ok.gov</a>
ARRA: Steve Funck	405.521.3231	<a href="mailto:steve.funck@osf.ok.gov">steve.funck@osf.ok.gov</a>
ABS: Riley Shaull	405.521.4775	<a href="mailto:riley.shaull@osf.ok.gov">riley.shaull@osf.ok.gov</a>

### TABLE OF CONTENTS

Administrative Flexibilities Workgroup Meeting	2
<b>PAYROLL</b>	
FY 2012 State Employees Minimum Wage Change	2
State Agency PeopleSoft HCM System FICA Status Selection	2
Employee Overpayments Collected After Year End	3
Payroll Accounting System (Legacy) Prior Fiscal Year Payrolls	3
Invalid Email Addresses on Employee Records	3
<b>ACCOUNTING</b>	
Late Payment to Vendors - New Interest Rate - FY 2012	4
Mileage Reimbursement Rate for 2011 – Mid-Year Increase	4
1099 Tax Information Quarterly Report	4
FY-2011 and FY-2012 Budgets	4
Notice of Email Scam	5
<b>TRAINING</b>	
PeopleSoft HCM Forum	5
GASB Review – 2011 - A NASACT Training Webinar	6

## **Administrative Flexibilities Workgroup Meeting**

This is a reminder for all state agencies who administer federal programs and who would like to participate in our Administrative Flexibilities Workgroup. Our next Workgroup meeting is scheduled from 10-11:30 a.m. on Wednesday, July 13, 2011, at the State Capitol Building on the 4th floor in Room 419C. We will continue our discussion of our recommendations in response to the February 2011 Presidential Memorandum on Administrative Flexibilities. If any questions should arise prior to the meeting, please contact Rochelle Quillman at (405) 521-4947.

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## **PAYROLL**

### **FY 2012 State Employees Minimum Wage Change**

Effective July 1, 2011, the minimum wage for classified and unclassified state employees, with certain exceptions, increased to \$18,530 per year, or \$8.908654 per hour. The new rate applied to both classified and unclassified employees except for temporary employees, members of boards and commissions, elected officials, and employees who receive tips and seasonal employees in agencies 350, 566 and 568. Institutions under the administrative authority of the Oklahoma State Regents for Higher Education are also exempt.

The CORE staff sent a spreadsheet to agencies listing the employees who are affected by the change and the updated pay rate for the qualifying hourly employees and full-time salaried employees. Pay rate change transactions were automatically generated for those employees on July 2 with a July 1, 2011, effective date.

A spreadsheet was also sent to agencies for part-time salaried employees who may also need a salary increase effective July 1, 2011. Agencies need to validate the FTE for part-time salaried employees and manually enter transactions with a July 1, 2011, effective date if a pay rate change is required.

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### **State Agency PeopleSoft HCM System FICA Status Selection**

When setting up newly hired employees in the HCM system on Job Data, please be very careful with the FICA status selected. Most employees will be 'Subject' to FICA taxes. There are few exceptions to this rule. If an incorrect status is selected, the employee will not have the required taxes withheld on each paycheck. When the error is discovered, the employee may be required to pay a significant amount for the taxes that should have been withheld. The agency also will be responsible for the employer's share of FICA taxes and any resulting penalties and interest.

For rehired employees, the FICA status and all other employee information must be thoroughly reviewed by the agency to ensure the setup is correct as well. For questions regarding the FICA status of employees, please contact Lisa Raihl at (405) 521-3258, [lisa.raihl@osf.ok.gov](mailto:lisa.raihl@osf.ok.gov) or Jean Hayes at (405) 522-6300 or [jean.hayes@osf.ok.gov](mailto:jean.hayes@osf.ok.gov).

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### **Employee Overpayments Collected After Year End**

Employee overpayments that are collected in the next calendar year are to be repaid at the gross overpayment amount in accordance with Internal Revenue Service regulations. If an employee owes the agency for a current year overpayment, please be certain to let the employee know if the amount is not paid in full by Dec. 31, 2011, the remaining amount they owe will increase to the gross amount.

For example, John Deere was overpaid in September by \$1,000.00 regular wages. This was discovered in October and the agency calculated what the correct payroll should have been. The net check difference is \$743.50, this is the amount the employee owes the agency if paying back by personal check or miscellaneous deduction in the current year. If the employee does not pay this net amount back by Dec. 31, 2011, the employee owes the agency the full \$1,000.00 gross overpayment.

The applicable W-2, Corrected W-2, or W-2C will only reflect a change in the Social Security and Medicare wages and taxes. Since the employee received and had use of the funds during the year of overpayment, the amount is still taxable for federal and state income tax purposes. The W-2 form will not reduce Federal or State taxable wages or income taxes. The employee may be entitled to either a deduction or credit on his current year Form 1040. Please advise him to speak to his tax accountant. With the calendar year end only a few months away, this is most important and must be conveyed to employees who owe any wages back to the agency.

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### **Payroll Accounting System (Legacy) Prior Fiscal Year Payrolls**

PACS Payrolls and PFTs submitted after June 28, 2011, for the prior year (FY-2011) must have a notation on the forms indicating "prior year payroll." Also, please ensure proper notation of a prior period claim within the pay period code (e.g. B25P, B26P or M12P). Failure to include this code may cause a rejection of your payroll claim or the issuance of payroll warrants with an incorrect pay date.

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### **Invalid Email Addresses on Employee Records**

OSF has implemented an automated procedure to update employee data in the miscellaneous vendor file (SetID 00000) from the State PeopleSoft HCM system with the employee direct deposit bank account and the business email address. The system will now create a direct deposit in the payee employee's bank account for any type of miscellaneous payment from the agency, such as travel reimbursements.

The system will also send an email notice of deposit to the employee when the payment is processed. If an employee is not receiving the email notices, please have him or her verify the "Business Email Address" in the employee self-service page. If this email address is incorrect for the employee, he or she should request that it be corrected in the HCM system by the agency HR staff. After the email address has been corrected in the HCM system, please notify the OSF Service Desk that the employee vendor email record needs updated. Your request should include the employee name, Vendor ID number, and employee ID (emplid) number.

Colleges and universities can use the direct deposit function but the email notification is not ready yet. An announcement and new file layout will be published when it is ready.

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## ACCOUNTING

### **Late Payment to Vendors - New Interest Rate - FY 2012**

The FY-2012 interest rate applicable to late payments to vendors has been set at 0.11% per annum, computed on a 360 day calendar, or \$0.00031 per \$100 per day, which will be in effect July 1, 2011 through June 30, 2012. This interest rate is provided by the State Treasurer based on the average interest rate for thirty day time deposits of State funds during the last calendar quarter of the last preceding fiscal year. (Titles 62, § 41.4a & 4b and 74, § 840.14. and OSF Prompt Payment Rules/Regulations).

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### **Mileage Reimbursement Rate for 2011 – Mid-Year Increase**

The Internal Revenue Service has announced an increase in the mileage reimbursement rate to \$0.555 per mile, effective July 1, 2011. This is an increase from the \$0.51 rate for the first half of the year. (See Internal Revenue Bulletin IR-2011-69, June 23, 2011, amending Internal Revenue Procedures 2010-51). The new rate is for travel incurred on and after July 1, 2011 through Dec. 31, 2011.

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### **1099 Tax Information Quarterly Report**

Now that the first 2 quarters of the 2011 tax year is complete, it is time for ALL agencies to run the Miscellaneous 1099 Tax Information Report which will include all transactions from Jan. 1, 2011, through June 30, 2011. 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, which designates the way the vendor reports its taxes to the state and IRS.
- 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.
- Please note that address 1 in the vendor file is the designated address for 1099 reporting. If the 1099 Flag is N, any new addresses provided will be added to the end of the list, but Address 1 will not change.
- Review all warrants processed for each vendor to ensure that all are accounted for the proper vendor and correct amount. All warrant corrections need to be made at the agency level with a journal voucher.

Please send any corrections on this report to the Office of State Finance by Friday, July 22, 2011. If you have any questions contact Beth Brox at (405) 522-1099 or by email at [Beth.Brox@osf.ok.gov](mailto:Beth.Brox@osf.ok.gov).

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### **FY-2011 and FY-2012 Budgets**

FY-2011 and FY-2012 appropriations are 30-month appropriations. This is because the appropriation bills did not include language that would have limited the appropriation to a fiscal year.

In accordance, the Office of State Finance policy regarding these appropriations is as follows:

**Encumbrance and Expense of FY-2011 and FY-2012 Funds:**

FY-2011 appropriated funds should be encumbered by June 30; however, these funds can still be encumbered and expended after June 30 for FY-2011 expenses only and until the funds lapse in December 2013.

If an agency needs to use the FY-2011 appropriations for FY-2012 expenses, the agency will have to handle it as carryover to the FY-2012 budget (or for about six months of FY-2013 if there are still available funds).

This policy will be the same for FY-2012 appropriations, that is, FY-2012 budget can only be used for FY-2012 expenditures during the 30-month life of the appropriated money. The same policy stated above applies with carryover to the subsequent year(s).

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**Notice of Email Scam**

The Oklahoma State Treasurer's office has been made aware of a potential phishing scam aimed at state agencies with emails appearing to be sent by NACHA and the Federal Reserve System. Please go to [www.nacha.org](http://www.nacha.org) for more information regarding NACHA. Review the Federal Reserve alert message that has been posted to the Federal Reserve website.

<http://nacha.org/news/newsDetail.cfm/RecentBusinessNewsID/236/>

**Reports of Fraudulent Fedwire Email Messages**

Some consumers have reported receiving fraudulent email messages from the "Federal Reserve Wire Network" that reference a wire transaction and instruct the recipient to click on a link beginning with "federalreserve.gov." These emails were not sent by the Federal Reserve Banks. The Federal Reserve Banks deliver payment status information to our financial institution customers via our trusted channels, and do not communicate this information directly to consumers. Financial institutions are advised to follow information security best practices, and to advise their customers not to click on the links contained in these types of e-mails and to delete them immediately.

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**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:** July 20, 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

The Office of State Finance is hosting the following Webinar in Oklahoma City:

**GASB Review – 2011 - A NASACT Training Webinar**

This webinar will provide “must know” guidance from GASB statements issued in the past year, including:

- Statement No. 59, Financial Instruments Omnibus**
- Statement No. 60, Service Concession Arrangements**
- Statement No. 61, Financial Reporting Entity Omnibus**
- Statement No. 62, Codification of Pre-89 FASB and AICPA Pronouncements**

Also included will be coverage on previously-issued GASB statements that are effective for June 30, 2011, including Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. GASB will also highlight other recently completed work including suggested guidelines for voluntary reporting on service efforts and accomplishments (SEA), as well as current projects including pension accounting and financial reporting and deferred outflows, inflows and net position.

**Date:** Wednesday, July 20, 2011

**Time:** 1- 3 p.m. – Registration will begin at 12:30 p.m.

**Location:** Concourse Theater (located in the tunnel between the Will Rogers and the Sequoyah buildings), Oklahoma City

**Speakers:** Robert H. Attmore, chair, GASB; David R. Bean, director of research, GASB; and other GASB staff

**Cost:** Free, if attending the webinar in the Concourse Theater

**CPE:** 2.0 CPE credits will be awarded upon completion of the audio conference

**Learning Objectives:** Understand how the new requirements differ from the previous standards. Apply the new principles in preparation and audits of FY-2011 financial statements.

**Prerequisite:** None

**RSVP:** To Susan Perry at [susan.perry@osf.ok.gov](mailto:susan.perry@osf.ok.gov) with your name, agency name and number, phone number and email address. Please specify the July 20 webinar.

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