

**OFFICE OF STATE FINANCE
DCAR NEWSLETTER**

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The last issue of the DCAR Newsletter, Volume 17, Number 3, was issued on December 11, 2006. The DCAR Newsletter is available on the OSF webpage at <http://www.osf.state.ok.us/comp-nl.html>. Questions or comments about information contained in this publication should be addressed to those noted in the article or the following Division of Central Accounting and Reporting (DCAR) staff members:

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Income Tax Filing Date: April 17, 2007

The Oklahoma Tax Commission Order No. 2007-01-30-02 was approved last week that allows taxpayers to file Oklahoma income tax returns for tax year 2006, pay any taxes due, and make certain elections or contributions by Tuesday, April 17, 2007, as already enacted by the IRS in IR-2007-15, to be free from penalty and interest. You may want to notify your employees of this change. For more information visit the Oklahoma Tax Commission at: <http://www.tax.ok.gov>.

FY 07 Recommendations for the Bidding Process/Engagement Letters

As some state agencies are in the bidding process for fiscal year 2007 audits and/or approving "Audit Engagement Letters", the Financial Reporting Unit would like to provide the following recommendations.

- Be sure to include the Final Audit due date. For general fund agencies, final audits must be submitted to OSF by September 30, 2007. Component Units should submit their final audits (approved by audit committee, if required) by October 31, 2007. It should also be noted that HB1191, Section 10 additionally requires all Higher Education institutions receiving proceeds from the sale of any obligations issued by the Oklahoma Capitol Improvement Authority shall submit a FY2007 final audit within 105 days of the close of the fiscal year (i.e., October 13, 2007).
- Financial Reporting Unit would also recommend that audit engagement contracts include financial penalties for failure to meet the required deadlines.

If you have any questions, please contact your financial reporting analyst.

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Clearing Account and Agency Special Account Reconciliation (OSF 2001 Procedures Manual, Chapter 500)

In October, 2006, agencies were notified of the need to reconcile their June 2006 Clearing and ASA balances with the CORE system as of June 30, 2006. The State Auditor and Inspector's Office is requiring that these accounts be reconciled to CORE. In order to meet their deadlines, all reconciliations must be completed by March 31, 2007.

If you need assistance with this reconciliation, please contact one of the following DCAR accountants:

Jackson Palmer	522-4992	jackson.palmer@osf.ok.gov
Vivian Day	521-6164	vivian.day@osf.ok.gov

All agencies will be trained to enter Clearing and ASA data into the CORE system as soon as their account has been reconciled. If the balances are correct and do not need adjustment, contact one of the individuals noted above so that employees can be trained to enter the FY07 data.

Lost Warrant Replacements (OSF 2001 Procedures Manual, Section 610)

OSF is finding agencies that are writing new vouchers for lost warrants. This is not the proper procedure for such cases (except 700 fund warrants on bank account 7REG). If a warrant is lost, but it is still a valid payment, agencies should be using the OSF Form 20R – Warrant Replacement Request. If the agency processes a new voucher the money from the first warrant will be lost to the agency. OSF requires the warrant to be submitted with the OSF Form MWC – Miscellaneous Warrant Cancellation. The original warrant will eventually be canceled by statute and the funds moved to the Statutory Canceled Warrant Fund. Should this happen the agency should send a notice to OSF to have the original warrant flagged as 'not to be reissued' on the voucher record.

Vendor Lookup

Several agencies have recently asked how to find vendors in the PeopleSoft system. Please use the following steps to query vendors. If the vendor has been added, the vendor number will be in the query results. If you do not have access to Reporting Tools, please consult your Security Rep to request access.

Reporting Tools > Query Viewer > Search by Query Name begins with type in
OSF_VENDOR_CHECK > Click on HTML

A new window will appear. In the ID Number box type in the SSN or TIN, with no dashes. In the SetID type five zeros, 00000. The higher education SetID is HECLM. (00000 and HECLM vendor numbers are not related.)

If you have any questions, please contact the Help Desk, 521-2444.

New Travel Links on Comptroller's Webpage

The following travel information links have been added to the State Comptroller's Webpage <http://www.osf.state.ok.us/comptrol.html> under 'Related Topics.' The three area links provides information that will be very useful for travel voucher preparation.

Per Diem Rates

This link reveals the GSA Per Diem rates chart. Select a State and see the "general" per diem rate (\$60 for lodging and \$39 for M&I) or search for a particular city to see if it has a higher rate. This also has the chart for finding foreign locations. Note: Under the federal GSA language "Per Diem" combines 'Meals and Incidentals' and 'Lodging' together. However, as OSF refers to Per Diem it would be the Meals and Incidentals amount.

www.gsa.gov/perdiem

Oklahoma Mileage Table

This link shows the Oklahoma Department of Transportation's map mileage calculator for distances between cities and towns (most). Select the 'From City' and 'To City' to display the mileage distance. Enter the first letter of the city and it lists all the cities starting with said letter. To determine the vicinity mileage the traveler should track the actual business travel and subtract the map mileage.

www.okladot.state.ok.us/hqdiv/p-r-div/howfar/okmile.htm

Per Diem Calculation Tables

This links connects to the DCAR Newsletter Volume 16, Number 2, dated Oct. 21, 2005, which includes the calculated per diem amounts for 'Regular Per Diem' and 'In Lieu of Subsistence' per diem. The tables provides the calculations for per diem under the 6 (six) different federal meals & incidentals per diem rates still in effect since October 2005. The tables show the amounts for the periods of 18 hrs. to 7 days 3 hrs., including the per quarter rates.

<http://www.osf.state.ok.us/news2-06.pdf>

Telecommunications Refunds

The Office of State Finance (OSF) sent out refunds on February 8, 2007 from an audit of your telecommunications contracts with AT&T, Cox and SBC. These refunds were either wire transferred to your clearing account or you received a state warrant. Several agencies have called wondering how to deposit these refunds. Refunds need to be deposited on a pro rata basis into the funds from which the original payments were dispersed when you paid for the goods or services. The audit period covered payments made from 07-01-1999 to 06-30-2005. Refunds to the General Revenue Fund should be deposited to BU00000, Class 19700.

Should you have any questions please call Riley Shaul at 405-521-4775 or via e-mail at riley.shaul@osf.ok.gov.

Vouchers in Recycle Status Report – Recommended Use

Navigation: Accounts Payable>Reports>Vouchers>Vouchers in Recycle Status

A change was made to the EDT voucher upload process which effects EDT agencies submitted files that occasionally resulted in PO vouchers with voucher lines that did not total the voucher header total. Effective January 25, 2007, a change was made in the MCDAP124 job to recycle EDT vouchers where the header and the vouchers lines and/or voucher lines and voucher distribution lines are out of balance. These vouchers will not process until they are balanced; thus, it is important to run the Vouchers in Recycle Status report to identify and correct them.

In addition, all agencies should run the Vouchers in Recycle Status report on an ongoing basis. The system recycles vouchers entered online when it detects a duplicate invoice number for a vendor ID, an invalid chartfield combination, or an out-of-balance condition. The voucher is saved but held from further processing until the error is corrected. Currently there are several old journal vouchers in recycle status. They can be resaved to determine the reason they are in recycle status and dealt with accordingly. Additionally, *vouchers that have posted and paid that are resaved after an expenditure account code, department, etc. is no longer valid will be in recycle status.* The OSF helpdesk should be notified so these vouchers can be fixed (405/521-2444 or helpdesk@osf.ok.gov).

6 Digit Expenditure Detail Reports - Revised

Navigation: Accounts Payable>Reports>Vouchers>6 Digit Exp Detl by Jrnl Date

Effective December 18, 2006, the 6 Digit Expenditure Detail Report by Journal Date, OCAP0312, was revised to allow users to run the report using the CSV format. Since the CSV report can be saved as an Excel file, running the query is no longer necessary but it is available. The Changes to the 6 Digit Expenditure Detail Reports document explaining how to run the 6 Digit Expenditure Detail Report by Journal Date and the related queries can be found at: http://www.ok.gov/coreoklahoma/ap_reports.html.

The 6 Digit Expenditure Detail Report by Journal Date report, OCAP312, supersedes the 6 Digit Expenditure Detail Report, OCPap0057 report. The latter reported expenditure transactions by voucher accounting date so certain transactions, e.g., voucher unpostings and warrant cancellations, that crossed months did not report on the 6 Digit report in the month they were recorded to the general ledger. The 6 Digit Expenditure Detail Report, OCPap0057, and the related query are no longer accessible effective December 31, 2006.

Common Audit Findings

Stat Cancelled Warrants Not Eligible for Reissue

Agencies should be reviewing the 36 Month Statutory Cancellation Report on a regular basis. If there is a warrant listed which the issuing agency knows of a reason it is not eligible for reissue or should never be reissued, the issuing agency must notify the Office of State Finance. (Title 62, O.S., Section 41.19.)

Notification should include the warrant number, warrant date and PeopleSoft voucher number and must be *signed by an agency approving authority*.

Advance (Pre-) Payments

Past Attorney General's opinions have held that payment to a claimant (vendor) prior to the actual performance of work or receipt of product for which contracted, constitutes lending of credit or monies by the state, and therefore, violates the provisions of Art.10, §15, of the Okla. Constitution. In addition, pursuant to Title 74 O.S., Sec. 85.44B, payment of goods and services by a state agency, whether or not such state agency is subject to the Oklahoma Central Purchasing Act, shall be made only after products have been provided or services rendered. See OSF Procedures Manual, Chapter 300, Section 319, para. L.

Any claim for prepayment should be reviewed to determine if it meets one of the exceptions listed in Section 319, para. L. Exceptions must be documented in the purchase order or the claim packet prior to payment. If the claim does not qualify for an exception, then the vendor must be notified to make legal payment arrangements.

Review of the purchase order or statewide contract for several pre-payment claims under audit has found that they call for billing "in arrears". Agencies need to be diligent in enforcing the terms of purchase orders and statewide contracts.

Please contact Sylvia Gaines, at 405-522-3995 or sylvia.gaines@osf.ok.gov if you have any questions.

Internal Controls Corner – Some General Reminders

What is internal control?

A comprehensive plan for implementing internal controls should provide reasonable assurance that the agency's objectives are being met. These objectives fall into the three categories. These categories are related and often overlap:

1. Effective and efficient operations
2. Responsible use of public funds
3. Compliance with applicable laws, rules, and regulations

Who benefits from internal controls?

Internal controls should not be viewed as a one-way street. They are useful and beneficial to state agencies as well as the managers and employees of state agencies. Internal controls help to protect both and they assist both in being more effective and efficient in performance of duties and evaluation of results. Without a system of internal controls, as disputes arise issues of what actually happened often are unanswerable because a framework was not established that permitted insight into the "who", "what", "where", "when", "why" and "how" of day-to-day operations.

How do agency finance officers play a role in the implementation of internal controls?

Finance officers play a particularly significant role in the implementation of financial internal controls. They track and analyze agency performance from a financial perspective. Finance officers are important in preventing and detecting fraudulent accounting. According to the 1992 Treadway Commission, fiscal officers have the following responsibilities:

- to help set the tone of ethical conduct
- to design, implement, and monitor the financial reporting system
- to identify unusual situations caused by fraudulent financial reporting
- to help establish agency financial objectives
- to help analyze financial risk

DIRECT DEPOSIT/PAYCARD

We are currently 7.42% away from our 100% goal for EFT payroll enrollment for our Core processed payroll. Out of the 126 agencies represented in our January report, 51 agencies are already 100% EFT.

All current state employees are required to use direct deposit or PayCard after June 30, 2007. New hires can opt to use their own bank account or to have their wages deposited to the PayCard. Employees who are unable to have an account at a financial institution to receive their pay can use the Oklahoma PayCard. The PayCard will be VISA branded and can be used anywhere you see the VISA logo.

Enrollment forms must be filled out and returned to the State Treasurer's office before the Human Resource Manager can obtain access to the PayCard enrollment system. For your convenience the forms can be downloaded in MS Word format from www.treasurer.ok.gov. Additional information about the PayCard including frequently asked questions is available at www.ok.gov/paycard or www.ok.treasurer.gov.

Legacy Payroll System – Pay Period Usage

The use of the proper pay period insures that the payroll warrants and direct deposits are dated with the proper payment date. While there has not been a change to the requirements, there have been several instances recently where the incorrect pay period was used on the files submitted for processing. This causes several problems including, a future date on a payroll which needs to be paid currently, or a current date on a payroll that should have a future date.

The information below includes the instructions given in the OSF Procedure Manual. Please review these instructions to insure that the proper pay period is used to avoid disruption of the scheduled payment to employees.

Pay Period

The four (4) position alphanumeric code identifying the pay period covered by the payroll. For Monthly Pay Type, enter M01...M12; for Biweekly Pay Type, enter B01...B26. Enter a P as the fourth position for the Prior Fiscal Year; or, enter an S as the fourth position for Supplemental Payroll. (A Supplemental Payroll is any payroll processed after the first payroll has been processed by the Office of State Finance during a pay period.) For example, if pay period is for July services, enter M01. If paid in July for June service, enter M12P. The first Biweekly payroll processed which includes July 1 must be coded B01.

Authorized Monthly and Biweekly pay period date schedules are issued annually. Any requested changes in pay periods must be approved by OSF.

For a payroll to be future dated, it must have a pay period with a future pay date. For instance, if you are processing the February payroll on February 20, you must use a pay period of M08 in order for the checks to be dated the last working day of February. The use of any other pay period will not result in warrants with a February 28 date.

Additionally, the Supplemental payrolls will be issued with a current date as long as that date is not before the regular pay date for that period. For instance, a payroll using a M09S pay period which is processed during March, will be dated the last working day in March. If it is processed on April 10, it would be dated April 10.

Upcoming Audio Conference

Office of State Finance is hosting an audio conference titled: “Internal Controls for AP: Best Practices for SOX Compliance”. The speaker will be Dr. Will Yancey, CPA. The conference will be held on Wednesday, March 28, 2007 at 12:00 P.M. at the Concourse Theater (Will Rogers Building, 2401 N. Lincoln, Oklahoma City, OK 73105).

The cost is free for those attending at the Concourse Theater and it will be worth 1 CPE Credit Hour. Please RSVP by email: All the names of the people attending the conference, agency number, phone number and email addresses to Lisa Halstied at lisa.halstied@osf.ok.gov .

OFMA MEETING

The next OFMA meeting will be Thursday, April 5, 2007 at 1:30 p.m. at the Springlake Metro Tech, 1900 Springlake Drive, Oklahoma City, OK 73111-5217. An email will be sent out once the website is available to register for the meeting.
