

OFFICE OF STATE FINANCE

DCAR NEWSLETTER

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PAYROLL

Employee IRS Forms W-4

Agencies are reminded to review and ensure employee's have valid W-4 forms on file for 2011. The exempt Form W-4, Employee's Withholding Allowance Certificate, expires on Feb. 16, 2011, and employees must submit a new form to continue the exemptions for 2011. If you receive an exempt W-4 after Feb. 16, 2011, do not process a tax refund to the employee or submit one to the Office of State Finance (OSF) for processing. The W-4 will take effect on the next pay cycle; it is not retroactive to the beginning of the year.

The IRS has posted the 2011 W-4 form on its website: <http://www.irs.gov/pub/irs-pdf/fw4.pdf>

Employee Tax Refunds

Employee payroll tax withholdings are not authorized to be refunded to an employee once withheld from their payroll. Refunds will not be given for those employees who did not submit a W-4 in time for payroll processing. All agencies should have a deadline for employees to submit W-4 changes to be effective for the next pay cycle. The effective date of any new W-4 will be the beginning of the next pay cycle for the employee. This is in compliance with IRS regulations. When the effective date entered is before the beginning of the next pay cycle, the system will recalculate the taxes already withheld for a closed period and this is not authorized by the IRS.

Deadline for Correcting W-2s

Corrected W-2 forms must be delivered to OSF by Feb. 25, 2011. 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 such 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.

Reporting Requirements for Repayments of Prior Year Wage Amounts

Repayments from employees made in the current year (2011) that are for overpayments of wages in a prior year (2010) must be repaid at the gross overpayment amount in accordance with Internal Revenue Service regulations. A Corrected W-2 or a W-2C, as applicable, is required to be completed and sent to OSF. Only Social Security and Medicare wages and taxes are corrected on the Form W-2 or W-2C.

DO NOT correct Federal or State taxable wages or income taxes. The employee received and had use of the funds during the year of overpayment and as such, the amounts are taxable for federal and state purposes. The employee may be entitled to either a deduction or credit on their current year (2011) Form 1040. Please advise them to speak to their tax accountant. Additional instructions for Form W-2 and Form W2-C are available on the IRS Web site, www.irs.gov. For assistance, contact Lisa Raihl at (405) 521-3258, lisa.raihl@osf.ok.gov or Jean Hayes at (405) 522-6300, jean.hayes@osf.ok.gov.

2011 Tax Changes

Several tax changes went into effect January 1, 2011. Please notify your employees of these changes if you have not already done so. A special edition of the DCAR newsletter was published on December 20, 2010 – Vol. 21, No. 5 highlighting specific provisions. These changes will affect employees' payroll tax calculations for 2011.

Outstanding Wages Beneficiary Designation Option

Title 40, O. S., Section 165.3a allows employers to provide employees the option of designating a beneficiary for wages and benefits payable upon an employee's death. There is no requirement for an employer to allow employees to select beneficiaries but agencies may want to consider adopting a policy which allows employees to designate a beneficiary. Such designation would provide clear guidance for the agency regarding who is to receive final wage payments and avoid any potential difficulties in determining who gets the payment(s).

This statute does not include any longevity payment that may be due as of the date of death of an employee. Title 74, O.S., Section 840-2.18 subsection H.2 authorizes any longevity payment to be paid to the decedent's surviving spouse, or if there is no surviving spouse, to the decedent's estate.

For more information or sample forms and instructions, please contact Lisa Raihl at (405) 521-3258, lisa.raihl@osf.ok.gov or Jean Hayes at (405) 522-6300, jean.hayes@osf.ok.gov.

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 2011. The form must be completed annually to continue the exemption for 2011. If a new exemption form has not been submitted for 2011, 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." *This does not affect the Federal Tax Data.* Federal withholding will still be calculated based on the IRS Form W-4 in effect.

Agencies with internal payroll systems must update the employee tax data as applicable to that payroll system.

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>.

PaycheckCity.com and Employee Overpayment Refund Form 94(P)

Agencies that use the website “PaycheckCity.com” to assist with overpayment calculations need to be aware that the Social Security tax withholding calculation on the website is being completed on the new 4.2%. For overpayments in years prior to 2011, this calculation will be incorrect and the 6.2% amount must be used when actually completing the OSF Form 94(P). Failure to use the correct social security percentage in the calculation will result in an incorrect repayment amount from the employee.

ACCOUNTING

OSF Agency Business Services (ABS)

OSF offers support to the agencies, boards and commissions of the State through its Agency Business Services (ABS) unit. ABS provides support services for procurement and financial transactions of agencies including: budgeting, procurement, accounts payable, general accounting, reporting, asset management, accounts receivable and billing and document imaging services.

ABS focuses on these back office services so agencies can focus on mission critical tasks. Over 20 agencies have contracted with ABS for these services. Most contracts are for ongoing, long-term support; however, some agencies have found it helpful to contract with ABS for temporary or transitional timeframes.

ABS is now located at 3812 N. Santa Fe Ave., Suite 290, in Oklahoma City. If you need additional support or are interested in discussing any of these services please contact Riley Shaull at (405) 521-4775; or e-mail Riley.Shaull@osf.ok.gov

Completion of the Comprehensive Annual Financial Report for FY-2010

The State of Oklahoma Comprehensive Annual Financial Report for fiscal year 2010 is now complete. We would like to thank all state agencies for providing timely and accurate financial information. We also want to thank the state auditor and his staff for their “above and beyond” efforts to timely complete the audit of the state CAFR. And a special thanks to the Department of Central Services (DCS) central printing services staff for their continued efforts and exceptional service in meeting the tight CAFR printing deadlines. The CAFR is available online through OSF’s website and is located at: <http://www.ok.gov/OSF/documents/cafr10.pdf>.

1099 M Corrections

Any 1099s that need to be corrected should be issued to the vendor using the blank forms provided with the originals. Additional copies can be made at any copy machine. Also, an MS Excel format for 1099s is available to fill in the blanks and print on the blank form.

Send a copy of the incorrect 1099 and the corrected 1099 with any documentation to support the change to OSF. These corrections must be returned by Feb. 15, 2011, to be submitted to the IRS.

Any corrections after the deadline still need to be submitted to OSF. Please contact Beth Brox with any questions, or to request the Excel format, at 405-522-1099 or Beth.Brox@osf.ok.gov.

Revised Forms 11 and 11A

Forms 11 and 11A, Clearing and ASA reconciliation forms have been revised to include a reconciliation to the PeopleSoft system. The new forms must be used on reconciliations for January 2011 forward. Any forms submitted for periods ending in 2011 using the old forms will be returned and must be submitted on the new form.

The new form and instructions will be available on the OSF website before the end of January.

REMINDER - Miscellaneous Warrant Cancellation/Valid Replacements

OSF is still receiving requests to cancel and reissue warrants that do not meet the replacement criteria. In such cases OSF will only cancel the warrant and notify the agency that it must issue a new voucher. The DCAR Newsletter Volume 19, Number 4, dated Dec. 9, 2008, contained the following:

The Miscellaneous Warrant Cancellation Form has a column to indicate whether the warrant should be replaced. Generally, if the warrant replacement does not require a change to the vendor ID on the Invoice Information page of the voucher, then the warrant can be replaced. Otherwise, OSF will cancel the warrant and the agency will need to create a new voucher and enter the invoice number with an extension, to avoid rejection as a duplicate payment (e.g., 1234-REP). By not changing the vendor ID this will ensure that the correct payment information is maintained in the accounts payable system and the correct encumbrances are liquidated.

Examples of when warrants can be replaced using the original voucher are as follows:

- The warrant was paid to the correct payee but to the incorrect location and address
- The warrant was paid to the correct payee but for the incorrect amount
- The warrant was paid to an incorrect payee but the multiple vendor ID #0000001104 is the vendor ID on the Invoice Information page of the voucher
- The warrant should have been assigned to a payee and the supporting documentation for the assignment was attached to the original voucher (needs to be noted on the MWC form), otherwise the agency must process a new voucher with the proper documentation.

Access to SSNs

The Social Security Number Protection Act of 2010 has been signed into law by the President. It prohibits all levels of government from “displaying the Social Security account number of any individual, or any derivative of such number, on any check issued for any payment by the Federal, State, or local agency.” This portion of the act is effective three years from the date of enactment (December 18, 2010).

The bill further limits inmate access to SSNs. No federal, state or local agency may employ, or enter into a contract for the use or employment of, prisoners in any capacity that would allow such prisoner’s access to the Social Security account numbers of other individuals. This portion of the act is effective one year from the date of enactment (Dec. 18, 2010).

OEC Account Code 531390 – Second Revision

The object of expenditure account code 531390, Photographic Supplies, has been revised to exclude the service of *film processing*. Title and description are as follows:

531390 PHOTOGRAPHIC SUPPLIES

Payments for photographic supplies, such as photo film, flashbulbs, darkroom supplies, microfilm, etc.

NOTE: For photographic services, see 515510 - PHOTOGRAPHIC SERVICES

Audit and Internal Controls Corner

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.

UNSPSC Item File and OEC Account Codes

OSF and DCS are working together to improve the OEC account codes in the UNSPSC Item file. If an account code defaulting into a requisition or purchase order does not seem to be correct, contact the OSF Service Desk at (405) 521-2144 for further research and updating.

Each item ID can contain only one default OEC account code. Every attempt is made to select the code that fits the item best for the type of expenditure incurred by the majority of agencies; however, there may be instances when an item is purchased for an expenditure that would be better recorded to an account other than the item ID default account code. It is the *agency responsibility* to ensure the correct account code is used for the expense incurred.

OSF Transactions Processing audits OEC account codes on the voucher. An incorrect account code copying onto a voucher from a PO distribution line that has not been vouchered against can be corrected on the PO before saving the voucher. Incorrect account codes on PO distribution lines that have previously been vouchered against can be overwritten on the voucher or a change order can be done to correct the account code on the PO.

Vouchers with incorrect account codes will be returned to the agency for correction. OSF receives many requests from the legislature, the press, and others, asking for total dollar amounts the state has spent on certain types of expenditures. Our goal is to standardize the use of the codes based on the description of the goods or services on the invoice.

Voucher Corrections

The information in the PeopleSoft voucher must match the approved OSF Form 15A. If corrections have been made in PeopleSoft after the OSF Form 15A was approved, then the agency approving officer must provide evidence of subsequent approval of the changes. This can be done by reprinting and signing a new OSF Form 15A, or by initialing a pen and ink correction to the original OSF Form 15A. Implementation of voucher approval workflow could prevent unauthorized or unintentional changes. Contact Steve Wilson for more information.

Pre-Audit Vouchers

OSF continues to expand its pre-audit procedures for certain vouchers. Selected vouchers are reviewed to ensure compliance with the statutes, OSF Procedures Manual and subsequent articles printed in DCAR Newsletters.

State Treasurer's Office – General Ledger

The Office of the State Treasurer is migrating to the Peoplesoft general ledger module. Beginning January 1, 2011, all treasury account balances and transactions will be recorded in Peoplesoft. Agency users who have access to OST's Oracle Imaging application or logon to the IBM mainframe to obtain statements of their activity (Agency Monthly Statement) and have an active CORE logon will be able to obtain a pdf file and either a mainframe flat file or an Oracle file from their CORE menu by selecting *Treasurer Activity Statement*. Agency personnel who need access to this data but do not have a Peoplesoft userid will need to complete OSF Forms 301 and 301b and submit to the CORE Security office. OST's Oracle Imaging application will still be available for the retrieval of other information such as Deposit Posting Reports for EFT and Credit Card, and the Common File Download for certain payment related data such as paid or cancelled items. Statements for the month ending December 31, 2010 and for prior periods will still be available through OST's Oracle Imaging application. Other OST systems such as ACES and AR Inquiry will not be affected by this change.

If you have any questions regarding Agency access, contact Susan Eubanks at (405) 522-4215. If you have questions of a more technical nature, please contact Sunja Ashworth (Oracle) (405) 521-3634, Diana Crain (Mainframe) (405) 522-4253, or Lee Cosby at (405) 522-4244.

The State PCard Reduces Costs, Provides Rebates to Agencies

The State Purchase Card (PCard) program reduces the cost of procurement and provides rebate potential up to 1.5% of purchases. Some national studies estimate the cost of issuing purchase orders at \$93 each while the estimated administrative cost of processing a PCard transaction is about \$22, for a possible savings of \$71 per transaction.

Other advantages of using the PCard are that it is paid once per month electronically without paper invoices and without paper checks. Rebates are paid annually by DCS to agencies based on the actual annual use of the cards by each agency.

Agencies should maximize the use of the PCard for items costing under \$5,000. For more information about authorized uses and procedures please go to the OSF Procedures Manual, Chapter 300: <http://www.ok.gov/OSF/documents/300.pdf>

DCS PCard procedures are located at:

http://www.ok.gov/DCS/Central_Purchasing/P_Card_Information/P_Card_Procedures/index.html

For more information on becoming a PCard user, please contact State Purchase Card Administrator Lisa Martin at (405) 522-1654, or e-mail: Lisa.Martin@dcs.state.ok.us.

DCS - Fleet Management Division

The following changes occurred in the Fleet Management Division's policies that apply to agencies who lease vehicles from the Division:

Vehicle Maintenance - as of Jan. 1, 2011, if the vehicle is stationed within 50 miles from the Fleet Management Service Center (3301 N. Santa Fe Ave., Oklahoma City, OK 73118-8806, [map](#)), service shall be performed by the Fleet Management Division, for details read [DCS-PROCESS-FM-G001](#).

Fleet Card - as of Feb. 1, 2011, the Fleet Management Division will no longer issue reimbursements for fuel and service charges incurred from personal funds of a driver and the petty cash fund will be eliminated. For details read [DCS-PROCESS-FM-F001](#).

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: Friday, Jan. 21, 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*

Agenda:

1. W2 Reconcile To Earnings Statement
2. Temp Employees at Annual Compensation
3. Rejected Transactions
4. Correct History - Terminated How to Process
5. System Integrated with Business E-mail and Phone Number and Reports To

Jan. 19, 2011 Audio Conference

One Year Later: Are We Winning the Improper Payments Battle?

AGA – Oklahoma City Chapter

AGA, in conjunction with the National Association of State Auditors, Comptrollers and Treasurers (NASACT) and the Association of Local Government Auditors (ALGA), is pleased to announce a new and significant audio conference addressing the president’s Executive Order dealing with improper payments.

Date: Wednesday, Jan. 19, 2011

Time: 1:00 – 2:50 p.m. Central Standard Time

Location: Office of Personnel Management, 560 Conference Room; Jim Thorpe Building, 2101 N. Lincoln Blvd., OKC, OK 73105 (Note: Photo ID may be requested. Purses, briefcases, packages, etc. are subject to search.)

Cost: \$20 for members; \$40 for non-members

CPE: 2 hours

Learning Objectives: To learn how our government is progressing on the Presidential Executive Order on reducing improper payments and eliminating waste
Field of Study: Management Advisory Services

Registration Deadline: Jan. 17, 2011

Contact: Vonna Anderson – AGA – (405) 522-0164; AGAOKC@cox.net or Carol McFarland – AGA – (405) 522-7448; Carol.McFarland@okhca.org

Jan. 19, 2011 Audio Conference

Registration Form (One form per person, photocopies accepted)

Check Included for \$ _____ or Govt PO No. _____

Name (Please Print) _____

Daytime phone _____

E-Mail address (will be used for registration confirmation) (Please Print) _____

Agency/Firm (Please Print) _____

Address (Please Print) _____

City/State (Please Print) _____ Zip _____

Please return this form with check or PO to: AGA - OKC Chapter, PO Box 10672, Midwest City, OK
