

**OFFICE OF STATE FINANCE
DCAR NEWSLETTER**

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The last issue of the DCAR Newsletter, Volume 18, Number 6, was issued on May 8, 2008. The DCAR Newsletter is available on the OSF webpage at http://www.ok.gov/OSF/Comptroller/DCAR_Newsletters.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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Fiscal Year End Payroll Processing – Legacy Payroll

OSF will process all payroll claims received by 1:00 pm on June 26, 2008. Any claims received after 1:00 pm will be rejected back to the submitting agency. Claims rejected will require resubmission on or after July 1, 2008 with the new claim numbers, starting with 1, or the first number assigned for the new year. Similarly, any Payroll Fund Transfer (PFT) received after 1:00 pm on Thursday, June 26, 2008, will be rejected back to the submitting agency. Rejected PFT's will require resubmission on or after July 1, 2008 with PFT numbers, starting with 1, or the first number assigned for the new year.

OSF will resume processing payrolls at 1:00 pm on Tuesday, July 1, 2008. The new FAAC line for FY-2009 will be 905-XXX-000900-00001 (XXX represents agency number).

As a reminder to Higher Education Institutions, Column 14-19 on the "C" record must be account number 000900 for any payroll received by OSF on or after July 1, 2008. Please ensure that you have made this change to your payroll claims so they will process without error.

Payrolls and PFT's submitted after June 26, 2008 for the prior year (FY-2008) must have a notation on the form indication "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.

Fiscal Year Funding Changes on PS Payroll

Each fiscal year, funding attached to individuals in the payroll system has to be updated for the new year funding codes. This avoids voluminous manual changes. OSF will process new effective dated rows in PeopleSoft HRMS ACCT_CD table. This process will be run in June and will include an effective date of July 1, 2008. Payroll processed after the update will look to the pay period dates to determine which funding will apply. No new '09 funding lines will be created until this update has been put into production.

The changes are for Budget Reference from "08" to "09", and for the General Revenue Fund from 198 to 199. For example, class-funding '19801 would be revised to be "19901". However, class-funding 196xx and prior years will not be "rolled forward" to 197xx or 198xx, but a 197xx with bud ref "08" will be changed to 197xx with bud ref "09". Additionally, any '07 and prior bud refs will not be updated and the HR account code containing those bud refs will be inactivated. In the case of capital projects, if your agency funds payroll from an '07 or prior bud ref, please contact Jennie Pratt now.

A report of changes made will be sent to agencies. The report will list all active account codes and a message of what happened, for example, bud ref changed to "09". In the case of inactivated codes, a list will be provided of any employees who have job earning distribution records attached to the inactivated HR account code so agencies can remove those old codes from the employee job earnings distribution and replace them with new codes as appropriate under an approved budget.

Fiscal Year End Miscellaneous Claim Vouchers and Orders Processing

Follow these procedures for closing out the current fiscal year and then beginning the new fiscal year activity.

- **Miscellaneous Claim Voucher Processing**

Voucher batches received by 1:00 pm on Friday, June 27, 2008 will be processed for payment by the close of business that day (June 27). To accommodate this schedule, budget checking and matching will be run periodically during the morning of June 27 until noon. Any FY-2008 vouchers received at OSF after 1:00 pm will be processed for payment in 2009. New vouchers should **not** be created after the 1:00 p.m. cutoff on Friday, June 27, 2008. Monday, June 30, 2008, is reserved for fiscal year closing activities. New vouchers may be created beginning on Tuesday, July 1, 2008.

- **Manual Agency Claims**

Manual agencies, whose claims are entered into the system by OSF to create vouchers, must have their claims to OSF by 5:00 p.m., Thursday, June 26, 2008. This is to allow OSF sufficient time to create the vouchers for processing on June 27.

- **Manual Warrants**

The cutoff for manual warrant vouchers is noon on Friday, June 27, 2008. Agencies whose warrants are entered into the system by OSF must have the supporting paperwork to OSF by 1:00 p.m. on June 27, 2008. Manual warrants may be issued and the associated vouchers created beginning on Tuesday, July 1, 2008.

- **340 Fund Expenditures**

Expenditure entries for 340 funds for June 27, 2008 and prior days must be received by 9 a.m. on June 30, 2008 to be processed in FY 2008. Expenditure entries for 340 funds for June 30, 2008 must be received by 3 p.m. on June 30, 2008 to be processed in FY 2008.

- **EDT Vouchers Submission**

Agencies which upload voucher data via 'EDT' transmissions should allow sufficient internal lead time for paper vouchers to arrive at OSF by the 1:00 p.m. Friday, June 27, 2008 deadline. New 'EDT' transmissions may be submitted beginning on Tuesday, July 1, 2008

- **Encumbrance Documents**

Agencies are reminded that their FY 2008 funds should be fully encumbered by June 30, for purchases made during FY 2008. As usual, receipt of actual goods and payment after the fiscal year close are allowed until the funds lapse, normally November 15. Unless otherwise authorized, FY 2008 funds are not allowed for FY 2009 purchases. **NOTE:** Non-exempt encumbrances (most agencies) must be established through the state purchasing system by Monday, June 30, 2008 and budget checked.

- **WARNING! Payments Due (Effective) July 1, 2008**

Because of the 'expenditure by fiscal year' accounting requirement, payments due or effective on July 1, 2008 and after may not be processed as FY 2008 business (i.e., pre-FY 2009). This may involve such payments as rental agreements, post office box services, contractual maintenance agreements, subscription renewals, etc. Agencies are advised to forewarn their vendors and contractors of this end-of-year processing dilemma, which could delay payment beyond the due date.

Changes in State Share of Oklahoma Public Employees Retirement

The amount the State of Oklahoma pays for employee retirement will increase effective July 1, 2008. The percentage will be 14.5% beginning with any payrolls submitted with a pay period code of M01 or B01. The percentage last year was 13.5%.

Changes in Employer Contribution Rate for Justices and Judges Retirement System

The employer contribution rate for the Uniform Retirement System for Justices and Judges will increase from 5.5% to 7.0% effective July 1, 2008.

Change in Fees for Deferred Plans

The rate certified for administrative cost which will be calculated in payrolls submitted for the fiscal year ending June 30, 2009 has changed to \$1.75 per month for any qualified participant. The equivalent amount for a bi-weekly pay period is \$.81 and for a semi-monthly pay period is \$.88. This change will be reflected in any payrolls submitted with a pay period code of M01 or B01.

PeopleSoft Workers Comp Reports

Please remember to include the Agency's experience modifier when processing Workers Comp Reports (0110) in PeopleSoft. An inaccurate rate entered may cause an over or underpayment in premiums for the agency. The experience modifier is provided by CompSource when the policy renews.

Federal Minimum Wage Changes

Oklahoma's minimum wage is tied to the federal minimum wage and will change when the federal rates change as listed.

The Fair Minimum Wage Act of 2007 increases the federal hourly minimum wage rate to:

- \$6.55, effective July 24, 2008
- \$7.25, effective July 24, 2009

Creditor Garnishments

The increases in the federal minimum wage will significantly affect the calculation of the amount that can be garnished to repay a debt. For example, the federal Consumer Credit Protection Act (CCPA) states that the maximum amount of an employee's "disposable earnings" that can be garnished to repay a debt is the lesser of:

- 25% of the employee's disposable earnings for the week; or
- the amount by which the employee's disposable earnings for the week exceed 30 times the federal minimum hourly rate then in effect.

W-2 Forms

Please be reminded that W-2 forms cannot be changed for prior years except for social security and medicare wages and taxes when the agency receives a payback of a prior year overpayment. Taxable wages and income taxes withheld cannot be adjusted.

W-4 Forms

Please remember that if you have received correspondence from the IRS specifying the maximum number of withholding allowances permitted (commonly referred to as a “lock-in letter”) and the employee submits a new W-4 claiming more allowances than the maximum allowed, you must disregard this new W-4 until the IRS notifies you to withhold tax based on the new W-4. However, the employee may furnish a new W-4 that claims less than the maximum allowed and the employer must withhold tax based on that Form W-4.

Agency Contact Information – Final Request

OSF is updating its contact information for each agency. We need each agency to provide the following information:

Agency name, agency number, primary address, phone number and FAX number
Board or Commission Chair name, phone number, FAX number and e-mail
Director name, phone number, FAX number and e-mail
Finance Officer name, phone number, FAX number and e-mail
Budget Officer name, phone number, FAX number and e-mail
Payroll Officer name, phone number, FAX number and e-mail
Information Services Officer name, phone number, FAX number and e-mail
Reconciliation Accountant (ASA/ACA) name, phone number, FAX number and e-mail
1099 Accountant name, phone number, FAX number and e-mail

Please submit the above information via e-mail to Norcetta Whitfield at norcetta.whitfield@osf.ok.gov. If you prefer to fill out a form with the above information, please contact Norcetta at (405) 521-2141 and she will send you the form. Agencies who do not reply by June 13, 2008 will be contacted for the information.

P-Card Bank Allocation Codes

Please mark your calendars to update the bank card defaults in Pathway Net on July 1, 2008 with the fiscal year 2009 purchase order information. This will limit the number of July transactions that will need to be edited in Pathway Net.

Schedule of FY-2008 Pay Periods

Please distribute the following FY-2009 Pay Date schedules to Payroll and Human Resource Directors.

The following pay period codes should be used for agencies processing payroll on the legacy payroll system. Questions on the below codes may be directed to Lisa Raihl at 405.521.3258, lisa.raihl@osf.ok.gov or Jean Hayes at 405.522.6300, jean.hayes@osf.ok.gov.

SCHEDULE OF FY 2009 MONTHLY PAY PERIODS

Pay Period Number	Begin Date	End Date	Pay Date
M01	07/01	07/31	7/31/2008
M02	08/01	08/31	8/29/2008
M03	09/01	09/30	9/30/2008
M04	10/01	10/31	10/31/2008
M05	11/01	11/30	11/26/2008
M06	12/01	12/31	12/31/2008
M07	01/01	01/31	1/30/2009
M08	02/01	02/28	2/27/2009
M09	03/01	03/31	3/31/2009
M10	04/01	04/30	4/30/2009
M11	05/01	05/31	5/29/2009
M12	06/01	06/30	6/30/2009

**SCHEDULE OF FY 2009 BIWEEKLY PAY PERIODS
NON-HIGHER EDUCATION**

Pay Period Number	Begin Date	End Date	Pay Date
B01	6/22	7/5	7/18/2008
B02	7/6	7/19	8/1/2008
B03	7/20	8/2	8/15/2008
B04	8/3	8/16	8/29/2008
B05	8/17	8/30	9/12/2008
B06	8/31	9/13	9/26/2008
B07	9/14	9/27	10/10/2008
B08	9/28	10/11	10/24/2008
B09	10/12	10/25	11/7/2008
B10	10/26	11/8	11/21/2008
B11	11/9	11/22	12/5/2008
B12	11/23	12/6	12/19/2008
B13	12/7	12/20	1/2/2009
B14	12/21	1/3	1/16/2009
B15	1/4	1/17	1/30/2009
B16	1/18	1/31	2/13/2009
B17	2/1	2/14	2/27/2009
B18	2/15	2/28	3/13/2009
B19	3/1	3/14	3/27/2009
B20	3/15	3/28	4/10/2009
B21	3/29	4/11	4/24/2009
B22	4/12	4/25	5/8/2009
B23	4/26	5/9	5/22/2009
B24	5/10	5/23	6/5/2009
B25	5/24	6/6	6/19/2009
B26	6/7	6/20	7/2/2009

**SCHEDULE OF FY 2009 BIWEEKLY PAY PERIODS
HIGHER EDUCATION**

Pay Period Number	Begin Date	End Date	Pay Date
B01	6/29	7/12	7/25/2008
B02	7/13	7/26	8/8/2008
B03	7/27	8/9	8/22/2008
B04	8/10	8/23	9/5/2008
B05	8/24	9/6	9/19/2008
B06	9/7	9/20	10/3/2008
B07	9/21	10/4	10/17/2008
B08	10/5	10/18	10/31/2008
B09	10/19	11/1	11/14/2008
B10	11/2	11/15	11/26/2008
B11	11/16	11/29	12/12/2008
B12	11/30	12/13	12/24/2008
B13	12/14	12/27	1/9/2009
B14	12/28	1/10	1/23/2009
B15	1/11	1/24	2/6/2009
B16	1/25	2/7	2/20/2009
B17	2/8	2/21	3/6/2009
B18	2/22	3/7	3/20/2009
B19	3/8	3/21	4/3/2009
B20	3/22	4/4	4/17/2009
B21	4/5	4/18	5/1/2009
B22	4/19	5/2	5/15/2009
B23	5/3	5/16	5/29/2009
B24	5/17	5/30	6/12/2009
B25	5/31	6/13	6/26/2009
B26	6/14	6/27	7/10/2009

Payroll Warrant Cancellation Procedures for Direct Deposits

The Payroll Warrant Cancellation (PWC) procedures allow for processing time. Depending on the timing of the PWC, either a Stop Payment/Delete or a Reversal will be initiated. Please follow all instructions for faxing and completing the form. The OSF Form PWC and instructions are located on the OSF website. The following link will take you to the DCAR Forms section of the website: http://www.ok.gov/OSF/Comptroller/DCAR_Forms.html. The agency is responsible for sending the original form to Transaction Processing after successfully faxing the form. Please be sure to verify the fax was successful.

- Stop Payment/Deletes are initiated for payroll items that have been processed and have an effective date three (3) or more days prior to the items effective date.
 - The OSF Form PWC must be faxed to the Office of State Finance by 12:00 noon three (3) or more business days prior to the effective date of the payroll item. For example, August 29th payroll cutoff will be August 26th at 12 noon. Successfully processed stop payment/deletes prevent the funds from being deposited into the employee's bank account.
 - State Finance is notified of the return on the effective date of the payroll item. The warrant cancellation will be completed after receiving both the original PWC form and the bank notification.
- Reversals are initiated for payroll item(s) that do not fall into the Stop Payment/Delete time frame. A reversal is a debit transaction that follows the credit payroll item to the employee's bank account.
 - The receiving bank has five (5) business days from the date of the reversal request to return the item. All reversal items are at risk of not being returned to the State.
 - NACHA, the National Automated Clearing House Association, rules require that an employee be notified in writing of a reversing entry and the reason for the reversing entry no later than the effective date of the reversing entry. Please notify the employee no later than the day the OSF Form PWC is submitted to State Finance.

The statement below can be modified by your agency and used to inform your employee(s) of the pending reversal.

A payroll item will be posted in error to your bank account on MM/DD/YY. A reversal has been issued and will post to your account to pull these funds back to the State. Please keep the full amount of this deposit in your account. If the State cannot retrieve the full amount of the deposit, action will be taken in accordance with applicable procedures to retrieve the funds from you.

The agency is responsible for recovering the funds from the employee should the funds not be returned to the State. Please refer to O.S. 74 Chapter 27A, Section 940-2.19 D for proper procedures for recovering overpayments if needed. The agency should submit the OSF Form 94 for processing if the employee pays back the funds through a miscellaneous payroll deduction or cash.

Payroll Warrant Cancellation Procedures for Paper Warrants

The OSF Form PWC will need to be completed as applicable for the paper warrant and sent to Transaction Processing along with the voided payroll warrant. Upon receiving the documents, the warrant will be cancelled.

If you have any questions regarding these procedures, 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.

Open Accounts Payable Periods

The length of the open accounts payable periods has been extended to include the current month and the two prior months. This will apply for the month of July also. This provides approximately 60 to 90 days to complete the payment process, finalize vouchers and reduce the related encumbrances, and will be especially helpful for vouchers created near the end of a month. This should also provide sufficient time for agencies to reconcile payments to POs and ensure proper posting.

The “Vouchers Processed Against PO” report can be used to monitor the expenditures against each PO. Use this report to identify vouchers that are fully liquidating, not liquidating, or only partially liquidating the encumbrance balances.

The navigation for this report is: Purchasing>Purchasing Reports>Vouchers Processed Against PO. Enter the date range for purchase orders that contain 2008 encumbrances. The option, PO Balances < 0, limits the report results to purchase orders with a negative balance.

Occasionally, a series of events will cause a voucher to process prior to processing a change order to increase a related purchase order. Should any remaining encumbrance balance result from these events, it can be reduced by re-budget checking the affected vouchers. Of course, the vouchers must have been created in one of the current open accounts payable periods in order to be re-budget checked.

Note: OSF will only re-budget check vouchers in closed accounts payable periods when a purchase order line has been erroneously matched and the last voucher created against it is on a date that is no longer in an open accounts payable period. In this case, submit a helpdesk case asking for the last voucher to be finalized and you will be instructed how to adjust the PO.

To reduce an encumbrance balance that is no longer needed and the last voucher created against it is on a date that is no longer in an open accounts payable period, reduce the encumbrance with a change order.

Airline Baggage Fee

With the new baggage fees being charged by some of the airlines, we have established the following travel reimbursement procedures effective immediately.

If there is a charge for the first bag, it would be a covered reimbursement under ‘Itemized Miscellaneous Costs’ account code – 521250 for out-of-state trips. A receipt for such charge is required for reimbursement. NOTE: We know of one airline, *American Airlines*, which has announced that travelers are exempt from paying the first bag fee if traveling on Government Fares. However, we are not aware if the state contract airfares between the Department of Central Services and the travel agencies are identified as government fares under the *American* policy. We suggest that travelers should identify themselves as traveling on official state business in hopes that the airline will allow the exception on the first bag.

For any additional baggage charges it will depend on whether or not the traveler can properly justify and document the business need for the additional bag(s), i.e., extended stay requiring additional clothing, excessive business materials being carried, etc. If so, reimbursement would be considered appropriate. A receipt for such charge is required for reimbursement. If unjustified and is just that the person likes to take a lot of personal things, it would not be acceptable for reimbursement.

P-Card Purchase Orders for Fiscal Year 09

All 09 funding lines on P-Card authority orders are required to use matching. Unlike standard authority orders, the vendor ID is not changed on the P-Card vouchers, and this will help reduce the number of voucher expenditures that are not liquidating, or partially liquidating an encumbrance.

The default matching options of "*Standard*" at the PO header level and "*Full Match*" at the PO Schedule level should be used for new purchase orders. Agencies that add PO lines for the new fiscal year to an existing purchase order will need to select the matching option of "*Standard*" at the header level and "*Full Match*" at the PO Schedule level for 09 funding lines only. The 09 purchase order lines should be set to match by "*Amount Only*" and the receiving option should be "*Do Not Receive*".

New Audit and Controls Manager

OSF has hired Mr. J. I. Johnson to serve as our Audit and Controls Manager. He will oversee the audits of the Alternate System agencies and the compliance post audits of vouchers processed through OSF. He will also be heading an internal controls project OSF is working on. J. I. comes to us from south of the border (however, he originally was an Okie) where he worked as a Financial Officer and Adjunct Accounting Faculty Member at SMU. He also has several years of audit experience with large accounting firms. We're sure you will soon have some form of contact with him, so welcome him to the state government ranks.