

OFFICE OF MANAGEMENT AND ENTERPRISE SERVICES DCAR NEWSLETTER

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

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PAYROLL

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. The effective date of the 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.

Correcting W-2s

Corrected W-2 forms must be delivered to OSF by Feb. 22, 2013. 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 (2013) that are for overpayments of wages in a prior year (2012) 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 OMES. 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 (2013) 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@omes.ok.gov or Jean Hayes at (405) 522-6300, jean.hayes@omes.ok.gov.

Update to Federal Legislation enacted Jan. 2, 2013

President Obama signed into law the American Taxpayer Relief Act of 2012 (ATRA 2012; H.R. 8) on Jan. 2, 2013. The law effected several items reported in the December 2012 DCAR newsletter as follows:

Employee Social Security tax rate. The ATRA did not extend the reduced social security tax which was lowered to 4.2% for 2011 and 2012. Wages paid in 2013 will have social security tax withheld at the 6.2% rate beginning with the first payroll of the calendar year.

Employer-provided educational assistance. The ATRA made permanent the employer-provided undergraduate and graduate assistance under Internal Revenue Code section 127. Up to \$5,250 can be excluded from the wages of an employee, if certain requirements are met.

Backup withholding. The backup withholding rate on reportable payments (1099) is maintained at the current 28% for 2013. Backup withholding is required on vendors that fail to provide a valid Taxpayer Identification Number.

Supplemental wage withholding rates. For supplemental wages paid below \$1 million, the withholding rate is maintained at the current 25%. The withholding rate on supplemental wages in excess of \$1 million during a calendar year has increased from 35% to \$39.6% for 2013.

Internal Revenue Service (IRS) Forms and Publications

With the American Taxpayer Relief Act of 2012 enacted late, the IRS is still working on publishing several important 2013 forms and publications. Please continue to check the IRS website, www.irs.gov, for updated information. Of particular concern to agencies are the following:

- 2013 Form W-4, *Employee's Withholding Allowance Certificate*
- 2013 IRS Publication 15, *Circular E, Employer's Tax Guide*
- 2013 IRS Publication 15-A, *Employer's Supplemental Tax Guide*
- 2013 IRS Publication 15-B, *Employer's Tax Guide to Fringe Benefits*
- 2013 IRS Publication 1494, *Table for Figuring Amount Exempt from Levy on Wages, Salary, and Other Income (Forms 668-W(ACS), 668-W(c)(DO) and 668-W(ICS))*

Establishing Employee Direct Deposit

When entering employee direct deposit information into the PeopleSoft HCM system, please search by EmplID. Searching by name may cause an incorrect employee to show in the results. If the wrong employee is selected, the direct deposit information entered would be entered on an employee other than the one that should have the update. For example, if there are two John Doe's in the agency and the search is done by name, the wrong John Doe may have the information entered on his record instead of the correct John Doe. This will cause a problem for both employee direct deposits. If the agency chooses to search by Name instead of EmplID, please review the results carefully to ensure it is truly the employee you need. The navigation is: *Home > Payroll for North America > Employee Pay Data USA > Request Direct Deposit > Direct Deposit*

1099 M Corrections

Please review the 1099's and advise OMES of any changes which you determine necessary. A few blank 1099M forms will be included for you to make any necessary corrections and you may make more copies of the blank form if necessary. A fill-in type form for corrections is available in an Excel format upon request. If you have several corrections please contact me and we will be able to make the corrections and forward the new 1099s to you. **Please return any changes to OMES prior to Feb. 22, 2013.**

- Please note the following procedures pursuant to such changes in the 1099 documents:
- For missing addresses or address changes, send us a copy of the 1099 which includes the address you added or changed and include a notation as to the type of change.
- For name or FEI/SSN changes, send us a copy of the original and the amended document so that we have appropriate reference to the changes.
- For all transaction changes, please send us appropriate documentation which explains the nature of the amount changes.
- Any changes that need to be made after Feb. 22, 2013, still need to be sent to OMES and we will forward the information to the IRS.

In all instances, please make sure that your documentation includes enough information for us to understand your changes, the reasons for them and a contact person in case we still have questions.

Questions or comments should be directed to Beth Brox at (405) 522-1099 or Beth.Brox@omes.ok.gov.

ACCOUNTING

Procedure Changes – Warrant Cancellations and Warrant Replacements

In the previous DCAR Newsletter, the State Treasurer's Office (OST) announced a new form - OST Stop Payment and Hard Cancel request that is to be used with stop payments and hard cancels of warrants. This form relates to most warrant transactions, including cancellation of state warrants (except payroll) and related replacements of such warrants. The form will also be used for the replacement of lost or destroyed warrants since there must be a Stop Payment issued before the replacement can be processed (both miscellaneous and payroll).

The OMES Form MWC – Request for Miscellaneous Warrant Cancellation, is being abolished effective immediately. The OMES Form 20R – Warrant Replacement Request, has been revised and renamed where it is used only for Canceled by Statute Warrant replacements.

The new OST Stop Payment and Hard Cancel request form is located on the OMES website under the State Comptroller web page and then the Forms link. In conjunction with the OST, our website has detailed procedures/instructions provided for use of the form. The completed form should be submitted to the OST. The form will be forwarded to OMES by the Treasurer's office for any action to be performed by us.

EFT Banking Information

The last four digits of the bank account number are now included in the location description for the SETID 00000 vendor file for suppliers and HCM vendors to assist payers when selecting EFT locations for vendors with multiple bank accounts. Agencies can run the query, OSF_EFT_VENDOR_LOCATIONS, for a list of EFT vendors and their locations.

Inter-Unit Vouchers

OMES recently implemented inter-unit vouchers for agencies that enter claims online. The following are updates and reminders to the process.

OMES services are billed as inter-unit payments except for EGID, Employee Benefits audit and Surplus invoices. EGID and Employee Benefits will maintain their current processes. OMES is working to bill Surplus invoices using inter-unit billing and will inform agencies when this is available. Agencies should create vouchers for these services only. **OMES will delete all other vouchers that are keyed online that have been or should be inter-unit billed.**

The Bud Ref field is not populated when the inter-unit vouchers are built in order for them to fail budget checking and not post to the ledger. Agencies can easily identify the inter-unit vouchers that have not been processed by reviewing the Budget Checking Error report. Unprocessed vouchers built in a closed Accounts Payable period will no longer budget check and will require the voucher Accounting Date to be changed to a current date to complete processing. Agencies should also run the query, OCP_VCHR_DETAIL_NOT_PAID_REV, to manage unpaid vouchers.

Inter-unit vouchers with a H200 match exception will require a change order to the PO to change the location to 0032 and the address to 1. Match exceptions beginning with a 'R' require the PO receiving option to be changed from 'required' to 'optional' if the agency is not using receipts.

Inter-unit billing for FICA Savings, account code 519130, can be paid without an encumbrance. Correct the funding and add a Bud Ref in the voucher line that was built to complete processing these vouchers.

TRAINING

Certified Governmental Financial Manager Training

The certification training set for February 2013 is now full. However, due to high demand for this course, the Oklahoma City Chapter of the Association of Governmental Accountants is offering a second course, if there are 20-25 people enrolled. The second opportunity for this 6-day course will be held on Wednesday through Friday, March 6-8, 2013, and Monday through Wednesday, March 11-13. The course provides 48 hours of CPE. The cost is \$1,150 for those who sign up before the early-bird deadline. For more information contact Riley Shaul at riley.shaul@omes.ok.gov.

NASACT Training Webinar

OMES is hosting the following webinar in Oklahoma City:

GASB's Pension Accounting and Financial Reporting Standards: A Focus on Statement No. 68

This webcast will focus on the key changes in employer accounting and financial reporting that will result from implementation of Statement No. 68. Topics to be discussed include the following:

- Revisions to requirements for measurement of liabilities for pension obligations, including changes to the determination of the discount rate.
- New requirements for the measurement of pension expense and deferred outflows of resources and deferred inflows of resources related to pensions.
- The impact of the new requirements on information reported by governments participating in cost-sharing multiple-employer plans, including the determination of the portion of the net pension liability to be recognized by cost-sharing employers.
- The effect of special funding situations on employer reporting.

Specific attention will be provided on the impact of the financial reporting implications on governments participating in cost-sharing multiple-employer plans (e.g., local governments, school districts, etc.)

Join Robert H. Attmore, Chair, GASB, and Michelle Czerkawski, Project Manager, GASB, for this informative two-hour training session. At the conclusion of the presentation, you will be provided an opportunity to ask questions live.

Date: Wednesday, March 6, 2013
Time: 1- 3 p.m. – Registration will begin at 12:30 p.m.
Location: Room 104 in the State Capitol Bldg.
Cost: Free if attending the webinar hosted by OMES
CPE: 2.0 CPE credits will be awarded upon completion of the webinar
RSVP: To Susan Perry at susan.perry@omes.ok.gov with your name, agency name and number, phone number and e-mail address. Please specify the March 6 webinar.

OFMA Lost and Found

If you left a ladies jacket at the Dec. 6 OFMA meeting, please contact Suzen Rodesney at (405) 427-3859.
