

HB 1086 Exempted Payments and List of Causes

Pursuant to the Transparency, Accountability and Innovation in Oklahoma State Government 2.0 Act of 2011 (the Act), the Oklahoma legislature approved a requirement that all payments from the State Treasury shall be disbursed electronically. The Act further provides that the State Treasurer may provide an exemption from this requirement with cause and that the number of exempted payments and a corresponding list of causes shall be published on the State Treasurer's website.

Attached is a report that reflects by agency the nature of causes for which requests for exemption were submitted and granted. The report also reflects the number of warrants paid during the quarter ended September 30, 2012.

Nature of Causes Resulting in Exemptions

System Limitations

System limitations exist when the current systems (technology, policies and procedures, laws and regulations, etc.) do not support the gathering, storing, processing and transmitting of the data required to process payments via an electronic mechanism.

Banking Data Limitations

Banking data limitations may arise when systemic support exists to process electronic payments however the agency does not have the valid banking data required.

International ACH Transactions

An IAT is a U.S. ACH entry that is part of a payment transaction involving a financial institution, or its branch or office that is not located in the territorial jurisdiction of the United States (referred to below as "foreign bank, branch or office"). Specifically, a foreign bank, branch or office is considered a part of a payment transaction if any one or more of the following transaction conditions is met:

- The foreign bank, branch or office holds an account that is credited or debited as part of a payment transaction; or
- The foreign bank, branch or office receives funds directly from a Person or makes payment directly to a Person as part of a payment transaction; or
- The foreign bank, branch or office serves as an intermediary in the settlement of any part of a payment transaction.

The Office of the State Treasurer does not process IAT transactions. Experts from the State's ACH origination bank have advised that the settlement risk remains high with these transactions in numerous countries as they have not yet received the international acceptance necessary to reduce the risk to acceptable levels. The Office of the State Treasurer does continue to monitor settlement risk and may implement IAT processing as volumes and acceptability by country warrants. The Office of the State Treasurer does process U.S. dollar denominated international wire transfers through the State's operating bank with a high degree of success but also with significantly higher per transaction cost.

Other

Agencies generally submitted requests for exemption citing “Other” as the cause for refunds (applicants, licensees, denials or overpayments, misdirected payments) and reimbursements associated with receipts for which they are not currently obtaining banking data from the remitter. Agencies also requested exemptions for other one-time payments such as garnishments, emergency and other situations requiring on-demand payment. Additionally, several agencies noted that they were required to issue a warrant to replenish their petty cash funds. Payments to minors or single payments to multiple payees present problems as well. One instance was presented where state law mandates that certain indemnity payments have language related to criminal penalties printed on the check.

Most state agencies noted that they were working or were willing to work on system, banking data and other limitations preventing the use of an electronic payment option where practicable. All exemptions will expire on June 30, 2013, agencies will be asked to reapply for exemptions and to provide updated information in connection with their ongoing efforts to increase their utilization of electronic payment options.

Electronic Payment Data

The Office of the State Treasurer has gathered the following data to present a more comprehensive picture of the use of electronic payments since the passage of HB1086.

FY 2012 Payment Summary:	Transaction Volume	% of total
OKDHS electronic payments	41,830,338	(1)
OESC electronic payments	1,971,656	(2)
Purchase card transactions	133,223	(3)
OST initiated ACH credit and wire transfer transactions	<u>5,432,662</u>	
TOTAL Electronic Payments	49,367,879	95.51%
Total warrants redeemed	2,321,951	4.49%
TOTAL Payments	<u><u>51,689,830</u></u>	

Source: (1) Oklahoma Department of Human Services, (2) Oklahoma Employment Security Commission, (3) Office of Management and Enterprise Services, Department of Central Purchasing

Agency Name	Agency Number	System Limitations	Banking Data Limitations	International ACH Transactions	Other	Warrants Paid During Quarter Ended September 30, 2012
Oklahoma State University	010-016, 773, 775		X	X	X	16607
Accountancy Board	20	X				65
Board of Abstractor's	22		X			31
OK Military Dept	25				X	1143
OKLAHOMA ABLE COMMISSION	30		X		X	190
Department of Agriculture	40			X		752
Western College	41	X	X	X	X	1460
Oklahoma Indigent Defense System	47		X			524
Attorney General	49, 355	X				232
Oklahoma Arts Council	55		X			250
Oklahoma Aeronautics Commission	60	X				54
Office of State Finance	90, 548		X		X	1023
Tobacco Settlement Endowment Fund	92		X			130
Cameron University	100		X		X	2705
Oklahoma Capitol Improvement Authority	105		X			52
Carl Albert State College	108	X	X		X	2938
University of Central Oklahoma	120	X	X	X	X	2373
Oklahoma Department of Mines	125		X			137
Commission on Children and Youth	127		X			70
Department of Corrections	131	X	X		X	19413
Oklahoma Department of Commerce	160		X	X		359
CONNORS STATE COLLEGE	165		X		X	2861
Construction Industries Board	170	X	X			126
Corporation Commission	185	X				1391
State Board of Cosmetology	190		X			42
J. M. Davis Arms and Historical Museum	204		X			31
District Attorneys Council	220	X				1511
Eastern Oklahoma State College	240	X	X		X	1175
Redlands Community College	241	X			X	1295
Oklahoma State Department of Education	265		X			1302
OETA	266		X			187

Agency Name	Agency Number	System Limitations	Banking Data Limitations	International ACH Transactions	Other	Warrants Paid During Quarter Ended September 30, 2012
Commission for Teacher Preparation	269		X			291
State Election Board	270		X			515
State Board of Embalmers & Funeral Directors	285		X			14
Oklahoma Employment Security Commission	290		X			2894
Department of Environmental Quality	292	X	X			1150
Merit Protection Commission	298		X			12
State Auditor & Inspector	300		X			97
Office of the Governor	305		X			35
Pardon & Parole Board	306		X			38
Interstate Oil Compact Commission	307		X			16
OSBI	308		X		X	470
Oklahoma Dept. of Emergency Management	309		X			1077
OK Firefighters Pension	315	X	X		X	8972
Oklahoma Department of Wildlife	320		X			1017
Dept. of Health	340		X		X	2777
Board of Medicolegal Investigations	342		X			273
Department of Transportation	345		X			8550
OK Space Industry Dev Auth	346		X			201
OK Horse Racing Commission	353	X	X			2621
Oklahoma Energy Resources Board	359		X			292
Oklahoma Industrial Finance Authority	370				X	9
Oklahoma Insurance Department	385				X	296
CompSource Oklahoma	390	X			X	91971
Multiple Injury Trust Fund	391				X	0
OFFICE OF JUVENILE AFFAIRS	400	X	X			1611
Oklahoma Department of Labor	405	X	X			56
Commissioners of Land Office	410		X			185
Council on Law Enf Educ & Training	415		X		X	222
OK Law Enforcement Retirement System	416		X			195
Langston University	420		X		X	1217
Oklahoma House of Representatives	422		X			167

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Dept of Libraries	430		X		X	519
Oklahoma Lottery Commission	435		X			877
Office of the Lieutenant Governor	440		X			10
Liquified Petroleum Gas Board	445		X			43
Commission on Marginal Producing Oil and Gas Wells	446		X			36
ODMHSAS/FINANCE	452		X		X	5873
Motor Vehicle Commission	475		X			32
OK Bureau of Narcotics	477	X				431
NEO A&M College	480		X			1450
Northeastern State University	485	X	X	X		2341
Northwestern Oklahoma State University	505	X	X			2056
Board of Examiners for Long Term Health Care	509		X			25
Oklahoma Board of Nursing	510	X	X			104
OPERS	515		X			6888
OSEEGIB	516	X	X			98176
Board of Optometry	520				X	29
Oklahoma Panhandle State University	530		X		X	1022
Rose State College	531	X	X		X	1632
Peanut Commission	535		X			6
OK Police Pension & Retirement System	557	X				340
Oklahoma State Board of Pharmacy	560	X	X		X	48
Board of Private Vocational School	563		X			17
Board of Licensure for Professional Engineers and Land Surveyors	570		X			62
DCS/OSF - State Risk Management Div.	580	X	X		X	375
Dept. of Public Safety	585	X	X			2603
Oklahoma State Regents for Higher Education	605		X		X	1871
Ardmore Higher Education Center	606		X			161
Physician Manpower Training Commission	619		X			378

Agency Name	Agency Number	System Limitations	Banking Data Limitations	International ACH Transactions	Other	Warrants Paid During Quarter Ended September 30, 2012
Quartz Mountain Arts and Conference Ctr	620	X	X			158
Board of Licensed Social Workers	622		X			15
Seminole State College	623	X	X			1531
Secretary of State	625		X			651
OCAST	628		X			353
OK School of Science & Math	629		X			103
Department of Securities	630		X			72
Oklahoma City Community College	633	X	X		X	1964
Commission on Consumer Credit	635		X			43
Veterans Affairs (All Locations)	650		X			4683
Southeastern Oklahoma State University	660	X	X			2139
SWOSU	665	X	X			3373
JD McCarty Center	670		X		X	199
Oklahoma Tax Commission	695		X	X	X	9013
Oklahoma Teachers Retirement System	715		X	X		6094
Oklahoma State Treasurer	740	X	X			3808
Tulsa Community College	750	X	X		X	2904
Uniform Building Code Commission	753		X			41
Used Motor Vehicle & Parts Commission	755		X			40
University of Oklahoma	760/761		X	X	X	20729
University of Oklahoma Health Sciences Center	770-771	X	X		X	27568
Board of Chemical Tests for Alcohol/Drug Influence	772		X			22
Okla Dept of Career & Technology Ed	800		X			923
Department of Rehabilitation Services	805	X				21416
Oklahoma Health Care Authority	807	X	X		X	1869
Employees Benefits Council	815		X			140
OKDHS	830	X	X			39394
Oklahoma Water Resources Board	835		X			225
Oklahoma Wheat Commission	875		X			381
Will Rogers Memorial Commission	880		X			156

Agency Name	Agency Number	System Limitations	Banking Data Limitations	International ACH Transactions	Other	Warrants Paid During Quarter Ended September 30, 2012
Oklahoma Boll Weevil Eradication	39	PENDING				57
Board of Architects, Landscape Architects & Interior Designers	45	PENDING				38
State Banking Department	65	PENDING				44
The University of Science & Arts of Oklahoma	150	PENDING				1466
Court of Criminal Appeals	199	PENDING				25
District Courts	219	PENDING				73
East Central University	230	PENDING				3031
Ethics Commission	296	PENDING				21
The Office of Disability Concerns	326	PENDING				37
Oklahoma Workers' Compensation Court	369	PENDING				224
Oklahoma State Senate	421	PENDING				116
Legislative Service Bureau	423	PENDING				44
Board of Licensed Alcohol and Drug Counselors	448	PENDING				15
Board of Medical Licensure & Supervision	450	PENDING				89
Rogers State University	461	PENDING				1972
Oklahoma Tourism & Recreation Department	566	PENDING				2426
Scenic Rivers Commission	568	PENDING				19
Psychologists Board of Examiners	575	PENDING				14
State Bond Advisor	582	PENDING				42
Real Estate Commission	588	PENDING				67
Speech Pathology & Audiology	632	PENDING				16
Supreme Court	677	PENDING				473
Council on Judicial Complaints	678	PENDING				13
Board of Veterinary Medical Examiners	790	PENDING				52
Oklahoma Transportation Authority	978	PENDING				83
State Dental Board	215					47
State Fire Marshal	310					54
State Historical Society	350					297
LP Gas Research, Marketing and Safety Commission	444					36

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Murray State College	470					1273
Northern Oklahoma College	490					1990
Osteopathic Examiners	525					41
Regional University System of Oklahoma	610					78
Conservation Commission	645					405
University Hospitals Authority	825					22
						479782