

## **Electronic Payments, 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 for the fiscal year ended June 30, 2018. The report also reflects the number of warrants paid during each of the last five years and during the quarter ended September 30, 2017.

### **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 will notify state agencies to begin planning for IAT processing when 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, 2018, 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.

<b>FY 2017 Payment Summary:</b>	<b>Transaction Volume</b>	<b>% of total</b>
OKDHS electronic payments	7,092,034	(1)
OESC electronic payments	868,505	(2)
Purchase card transactions	551,408	(3)
OST initiated ACH credit and wire transfer transactions	<u>8,054,869</u>	
TOTAL Electronic Payments	16,566,816	94.7%
Total warrants redeemed	<u>932,764</u>	5.3%
TOTAL Payments	<u><u>17,499,580</u></u>	

### Sources other than OST:

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

**FY2018 Exemption Categories**

Agency Name	Agency Number	International				Warrants Paid During					Quarter Ended 9/30/2017
		System Limitations	Banking Data Limitations	ACH Transactions	Other	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	
Employees Group Insurance Division*	516					319,745	110,005	131,963	157,303	112,313	15,120
Department of Rehabilitation Services	805	X				80,127	88,844	83,068	84,450	79,585	19,017
Multiple Injury Trust Fund**	391		X		X	0	76,385	84,593	82,118	78,080	18,343
Oklahoma State University	010-016, 773, 775		X	X	X	74,152	73,530	70,792	71,829	77,524	14,563
University of Oklahoma	760, 761		X	X	X	88,897	96,270	98,194	90,460	75,783	17,241
University of Oklahoma Health Sciences Center	770, 771		X	X	X	112,908	98,344	72,782	73,315	69,944	16,168
Department of Human Services	830	X	X		X	146,835	116,800	112,205	106,569	43,709	10,737
Department of Corrections	131	X	X		X	69,235	58,336	49,344	47,326	36,287	8,465
Tax Commission	695	X	X	X	X	73,571	38,227	23,053	26,194	25,998	2,921
Office of Management and Enterprise Services**	90, 467, 548, 580, 815		X		X	5,446	4,347	3,643	13,135	22,440	6,086
Public Employees Retirement System	515	X			X	26,565	23,892	21,945	19,963	15,910	1,798
Oklahoma of the State Treasurer**	740	X	X		X	16,219	14,520	17,000	13,787	12,979	3,196
Department of Veteran Affairs	650		X			17,463	14,597	13,886	14,493	11,961	2,649
Department of Transportation	345		X			27,940	19,278	15,512	13,399	11,317	2,727
East Central University	230	X	X		X	14,655	13,955	13,591	12,836	10,901	1,945
Tulsa Community College	750	X	X		X	12,893	13,723	13,413	12,305	10,531	2,394
Department of Mental Health and Substance Abuse Services	452		X			18,596	12,489	11,308	10,690	10,381	2,431
Horse Racing Commission	353	X	X		X	10,566	10,289	10,809	10,081	10,149	3,438
Carl Albert State College	108	X			X	13,600	13,487	11,586	10,718	9,651	1,854
Southwestern Oklahoma State University	665	X	X			12,675	12,397	11,193	10,257	9,310	2,170
Southeastern Oklahoma State University	660	X	X			8,970	8,361	9,055	8,751	9,132	1,919
Cameron University	100		X			11,265	10,261	9,798	9,023	8,659	1,942
University of Central Oklahoma	120	X	X	X	X	9,924	9,633	9,179	8,787	8,330	1,919
Northwestern Oklahoma State University	505	X	X			10,267	10,166	9,673	8,970	8,286	1,304
Northeastern State University	485	X	X	X		9,024	8,445	10,373	8,969	7,945	1,427
Northern Oklahoma College	490	X	X		X	8,598	8,781	9,270	8,571	7,675	1,756
Department of Health	340		X		X	10,438	8,990	8,075	7,439	6,781	1,490
Connors State College	165		X		X	9,238	7,999	7,154	4,594	6,720	1,717
University of Science and Arts of Oklahoma	150		X			7,753	7,650	6,459	6,455	6,627	1,307
Employment Security Commission	290	X	X		X	9,636	6,640	6,624	7,029	6,375	1,393
Rose State College	531	X	X		X	6,965	7,416	6,816	6,344	6,316	1,873
Oklahoma City Community College	633	X	X		X	8,000	8,437	7,139	6,911	6,271	1,435
State Regents for Higher Education	605		X		X	7,349	6,754	6,411	6,278	5,574	1,237
Corporation Commission	185	X				6,137	5,610	5,456	5,013	5,387	863
Langston University	420			X		6,461	6,323	5,029	4,606	4,882	1,113
Northeastern Oklahoma A&M College	480		X			6,614	6,329	5,646	5,119	4,784	1,141
Department of Public Safety	585	X	X			7,882	6,104	5,909	5,300	4,741	1,093
Eastern Oklahoma State College	240	X	X		X	5,683	4,850	5,204	4,793	4,250	791
Tourism and Recreation Department	566					7,752	5,202	4,777	4,503	4,149	1,037
Rogers State University	461	X	X		X	8,015	7,702	6,943	5,769	4,122	906
Department of Education	265		X			4,258	4,101	4,873	3,763	4,047	677
Office Of Juvenile Affairs	400	X	X		X	5,667	4,674	4,306	4,403	3,903	743
District Attorneys Council	220	X	X		X	5,532	4,493	4,186	4,117	3,900	782
Oklahoma Panhandle State University *	530					4,348	3,808	3,684	3,963	3,735	830
Seminole State College	623	X	X			5,586	4,820	4,772	4,155	3,560	821
Murray State College	470	X	X			7,731	8,432	7,426	3,701	3,262	734
Redlands Community College	241		X		X	5,986	5,279	4,330	3,398	3,220	424
Western Oklahoma State College	41	X	X		X	6,589	3,849	3,583	3,372	3,178	707
Secretary of State**	625		X			2,879	3,546	5,654	3,687	3,064	829
Health Care Authority	807	X	X		X	6,024	3,713	3,042	2,886	2,766	626
Lottery Commission	435		X			3,066	2,742	2,653	2,806	2,416	756
Teachers Retirement System	715		X	X		19,248	5,368	2,560	2,369	2,314	591
Wildlife Conservation	320		X			3,585	3,059	2,725	2,432	2,234	543
Department of Career and Technology Education	800		X			3,501	2,745	2,462	1,900	1,910	359
Department of Environmental Quality	292	X	X			4,381	2,873	2,445	2,263	1,859	388
Firefighters Pension and Retirement System	315	X	X		X	20,111	3,008	1,878	2,077	1,612	391
Board of Trustees for the Quartz Mountain Arts and Conference Center and Nature	620	X	X			581	1,302	2,010	1,630	1,287	316
Physician Manpower Training Commission**	619		X		X	1,546	1,361	1,224	1,345	1,218	259
Military Department	25					3,165	1,430	1,103	991	935	201
Police Pension and Retirement System	557	X				1,318	1,284	1,256	990	850	226
Attorney General	49, 355	X	X		X	1,302	1,533	1,206	1,723	823	189
State House of Representatives	422		X			1,007	927	816	827	788	90
Agriculture, Food, and Forestry Department	40					1,898	1,149	970	912	761	197
Bureau of Narcotics and Dangerous Drugs Control	477				X	1,377	1,008	894	800	676	115
Insurance Department	385	X			X	1,161	1,185	1,069	1,074	674	217
Department of Emergency Management	309		X		X	2,973	1,366	968	1,156	624	115
State Senate	421					792	741	676	674	619	71
Historical Society**	350		X		X	1,131	891	714	707	571	107
Oklahoma State Bureau of Investigation	308				X	1,617	1,189	1,023	767	570	137
Board of Medicolegal Investigations**	342		X		X	944	788	756	635	567	142
Department of Libraries	430		X		X	1,656	1,026	848	730	557	120
Commissioners of Land Office	410					624	487	501	530	557	107
Department of Commerce	160		X	X		1,974	956	738	673	551	137
Supreme Court	677		X			1,405	890	758	646	536	141
Educational Television Authority	266					611	422	549	610	500	66
Law Enforcement Retirement System	416				X	629	500	518	497	457	106
Water Resources Board	835		X		X	818	664	613	523	454	113
Cerebral Palsy Commission (JD McCarty Center **)	670		X		X	835	693	485	441	443	159
Construction Industries Board**	170		X		X	385	243	353	313	433	147
Energy Resources Board	359		X			903	464	366	510	380	142
Ardmore Higher Education Center**	606		X		X	604	453	387	354	369	85
Council on Law Enforcement Education and Training**	415		X		X	664	405	318	364	302	89
University Center of Ponca City	758		X		X	211	351	343	315	274	69
Conservation Commission	645					1,320	877	567	299	259	60
Indigent Defense System	47		X			1,431	592	411	307	239	71
Arts Council**	55		X		X	633	421	317	286	234	50

**FY2018 Exemption Categories**

Agency Name	Agency Number	System Limitations	International			Warrants Paid During					Quarter Ended 9/30/2017
			Banking Data Limitations	ACH Transactions	Other	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	
School of Science and Mathematics	629		X			346	233	214	225	231	67
Securities Commission**	630		X		X	299	218	228	137	230	29
Commission on Children and Youth**	127		X		X	294	237	236	206	226	55
Election Board**	270		X		X	789	250	355	259	220	50
Department of Mines**	125		X		X	488	361	288	270	214	32
Department of Labor	405					239	941	244	266	210	56
Cenetr for the Advancement of Science and Technology	628		X			926	514	469	317	208	58
Space Industry Development Authority	346		X			514	207	180	163	198	35
Educational Quality and Accountability Board**	275		X		X	0	18	389	337	196	19
Alcoholic Beverage Law Enforcement Commission	30					568	486	221	209	195	47
Board of Cosmetology and Barbering**	190		X		X	188	187	210	225	193	64
Tobacco Settlement Endowment Trust Fund**	92		X		X	434	222	241	215	190	51
Board of Medical Licensure and Supervision	450					384	275	242	244	188	4
Turnpike Authority	978		X		X	278	223	170	176	188	40
Worker's Compensation Commission**	865		X		X	0	226	323	215	159	42
Office of the State Auditor and Inspector	300		X			346	260	149	166	148	37
Board of Registration for Professionl Engineers and Land Surveyors**	570		X		X	213	211	72	105	147	40
Fire Marshall Commission	310		X			202	165	151	140	146	30
Board of Nursing**	510		X		X	414	250	262	171	145	47
Accountancy Board	20	X				220	170	176	163	127	26
Commission on Consumer Credit**	635		X		X	173	140	115	128	119	21
Motor Vehicle Commission**	475		X		X	147	183	145	105	116	28
District Courts	219		X			340	121	136	139	115	22
Funeral Board**	285		X		X	71	71	73	65	114	19
Board of Osteopathic Examiners**	525		X		X	137	97	132	123	111	30
Real Estate Commission**	588		X		X	188	88	80	62	107	23
Regional University System of Oklahoma	610					202	111	109	103	106	20
Aeronautics Commission	60	X	X			157	118	122	67	103	34
Banking Department**	65		X		X	175	105	90	88	95	27
Self-Insurance Guaranty Fund Board**	675		X		X				31	85	13
Board of Veterinary Medical Examiners**	790		X		X	179	141	114	89	82	16
Used Motor Vehicle and Parts Commission**	755		X		X	142	179	170	143	79	10
Board of Examiners in Optometry**	520		X		X	110	554	106	82	77	18
Pardon and Parole Board**	306		X		X	144	119	80	80	76	22
State Board of Examiners for Long-Term Care Administrators**	509		X		X	105	89	79	73	76	21
Workers' Compensation Court of Existing Claims**	369		X		X	847	495	78	111	73	30
Uniform Building Code Commission**	753		X		X	110	89	132	98	67	11
Board of Pharmacy	560	X			X	124	79	92	83	63	14
Board of Dentistry**	215		X		X	151	138	68	69	63	18
Board of Chiropractic Examiners**	145		X		X	15	58	64	55	62	11
Statewide Virtual Charter School Board**	803		X		X				24	61	25
Board of Behavioral Health and Licensure**	148		X		X	0	52	98	76	59	11
Board of Licensed Alcohol and Drug Counselors	448		X			66	76	67	65	59	17
Liquified Petroleum Gas Board**	445		X		X	149	78	59	79	57	4
Abstractors Board**	22		X		X	102	85	69	37	50	9
Board of Chemical Tests for Alcohol/Drug Influence**	772		X		X	69	67	40	52	47	11
Court of Criminal Appeals**	199		X		X	126	79	50	48	47	10
J. M. Davis Memorial Commission**	204		X		X	118	106	65	67	44	13
Board of Private Vocational Schools**	563		X		X	65	44	51	50	43	10
Board of Examiners for Speech-Language Pathology and Audiology**	632		X		X	62	59	45	39	41	13
Merit Protection Commission**	298		X		X	53	60	56	64	40	10
Bond Advisor *	582					114	60	53	45	39	14
Board of Examiners of Psychologists**	575		X		X	77	59	26	32	39	9
Interstate Oil Compact Commission**	307		X		X	53	69	98	87	38	8
Legislative Service Bureau	423		X			136	76	64	62	36	11
Board of Licensed Social Workers**	622		X		X	65	61	62	41	36	5
Ethics Commission**	296		X		X	39	14	19	16	35	4
Office of the Governor**	305		X		X	155	144	66	34	32	8
Board of Governors of the Licensed Architects, Landscape Architects, and Registered Interior Designers**	45		X		X	114	70	39	32	32	6
Office of Disability Concerns**	326		X		X	103	72	58	31	26	3
Capitol Improvement Authority**	105		X		X	166	63	53	26	20	6
Boll Weevil Eradication Organization**	39		X		X	223	85	34	15	20	3
Council on Judicial Compliant**	678		X		X	56	43	30	32	17	2
Industrial Finance Authority	370		X		X	47	38	22	23	17	6
Office of the Lieutenant Governor**	440		X		X	20	11	9	3	15	6
Will Rogers Memorial Commission**	880		X		X	503	332	276	344	12	-
Board of Examiners of Perfusionists	343					1	2	2	10	3	-
Board of Podiatric Medical Examiners	140					0	2	2	3	3	-
Scenic Rivers Commission**	568		X		X	69	51	27	33	1	-
Wheat Utilization, Research, and Market Development Commission	875					1,040	949	477	5	0	-
Building Bonds Commission	91					1	1	1	1	0	-
Liquified Petroleum Gas Research, Marketing and Safety Commission***	444					145	51	28	1	0	-
Commission for Teacher Preparation***	269					650	463	38	0	0	-
CompSource Mutual Insurance Company***	390					368,838	285,463	90,966	0	0	-
Commission on Marginal Producing Oil and Gas Wells***	446					157	10	0	0	0	-
Peanut Commission***	535					49	52	13	0	0	-
University Hospitals Authority	825					35	1	0	0	0	-
						<b>1,836,391</b>	<b>1,451,053</b>	<b>1,198,074</b>	<b>1,094,853</b>	<b>932,764</b>	<b>196,632</b>

\* Exemption Request Pending Approval  
 \*\* Agencies that are included in OMES exemption requests  
 \*\*\* No longer issuing warrants as a state agency