

## **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 ending June 30, 2015. The report also reflects the number of warrants paid during each of the fiscal years ended June 30, 2013 and 2014, and for each of the quarters ended September 30, and December 31, 2014.

### **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. During FY 2014 OMES and Higher Ed began working to consolidate their vendor files and those efforts will continue through FY2015 and beyond. As these institutions are consolidated, additional efforts may be expended to increase vendor participation. All exemptions will expire on June 30, 2015, 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 2014 Payment Summary:</b>	<b>Transaction Volume</b>	<b>% of total</b>
OKDHS electronic payments	42,108,185	(1)
OESC electronic payments	389,747	(2)
Purchase card transactions	515,740	(3)
OST initiated ACH credit and wire transfer transactions	<u>6,899,884</u>	
TOTAL Electronic Payments	49,913,556	97.2%
Total warrants redeemed	<u>1,451,053</u>	2.8%
TOTAL Payments	<u><u>51,364,609</u></u>	

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

**FY2015 Exemption Categories**

Agency Name	Agency Number	System Limitations	Banking Data Limitations	International		FY 2013	FY 2014	Warrants Paid During Quarter Ended				FY 2015
				ACH Transactions	Other			09/30/14	12/31/14	03/31/15	06/30/15	
Oklahoma State University	010-016, 773, 775		X	X	X	74,152	73,530	16,960	17,094			34,054
Accountancy Board	20	X				220	170	39	41			80
Abstractors Board**	22					102	85	16	20			36
<b>Military Department</b>	<b>25</b>					<b>3,165</b>	<b>1,430</b>	<b>255</b>	<b>307</b>			<b>562</b>
Alcoholic Beverage Law Enforcement Commission	30		X			568	486	65	65			130
Boll Weevil Eradication Organization**	39					223	85	15	9			24
<b>Agriculture, Food, and Forestry Department</b>	<b>40</b>					<b>1,889</b>	<b>1,149</b>	<b>292</b>	<b>217</b>			<b>509</b>
Western Oklahoma State College	41	X	X	X	X	6,589	3,849	852	901			1,753
Board of Governors of the Licensed Architects, Landscape Architects, and Registered Interior Designers**	45					114	70	11	12			23
<b>Indigent Defense System</b>	<b>47</b>					<b>1,431</b>	<b>592</b>	<b>106</b>	<b>107</b>			<b>213</b>
<b>Attorney General</b>	<b>49, 355</b>					<b>1,302</b>	<b>1,533</b>	<b>399</b>	<b>241</b>			<b>640</b>
Arts Council**	55		X			633	421	121	55			176
<b>Aeronautics Commission</b>	<b>60</b>					<b>157</b>	<b>118</b>	<b>33</b>	<b>29</b>			<b>62</b>
<b>Banking Department</b>	<b>65</b>					<b>175</b>	<b>105</b>	<b>24</b>	<b>22</b>			<b>46</b>
Office of Management and Enterprise Services**	90, 467, 548, 580	X	X		X	4,544	3,941	806	859			1,665
Building Bonds Commission**	91					1	1	0	1			1
Tobacco Settlement Endowment Trust Fund**	92					434	222	58	55			113
Cameron University	100		X		X	11,265	10,261	2,277	2,515			4,792
Capitol Improvement Authority**	105					166	63	19	14			33
Carl Albert State College	108	X	X		X	13,600	13,487	2,861	3,071			5,932
<b>Commercial Pets' Breeder Board</b>	<b>117</b>					<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>
University of Central Oklahoma	120	X	X	X	X	9,924	9,633	2,180	2,253			4,433
Department of Mines	125		X		X	488	361	58	69			127
Commission on Children and Youth**	127					294	237	97	40			137
Department of Corrections	131	X	X		X	69,235	58,336	12,344	12,809			25,153
<b>Board of Podiatric Medical Examiners</b>	<b>140</b>					<b>0</b>	<b>2</b>	<b>1</b>	<b>1</b>			<b>2</b>
Board of Chiropractic Examiners**	145					15	58	11	15			26
Board of Behavioral Health and Licensure**	148					0	52	21	15			36
<b>University of Science and Arts of Oklahoma</b>	<b>150</b>				<b>Pending</b>	<b>7,753</b>	<b>7,650</b>	<b>1,391</b>	<b>1,854</b>			<b>3,245</b>
Department of Commerce	160		X	X		1,974	956	203	170			373
Connors State College	165		X		X	9,238	7,999	1,332	2,310			3,642
Construction Industries Board**	170	X	X			385	243	64	79			143
Corporation Commission	185	X				6,137	5,610	1,415	1,288			2,703

Board of Cosmetology and Barbering**	190					188	187	55	44			99
Court of Criminal Appeals**	199					126	79	18	14			32
J. M. Davis Memorial Commission**	204					118	106	15	21			36
Board of Dentistry**	215					151	138	11	14			25
District Courts	219		X			340	121	29	26			55
District Attorneys Council	220	X	X		X	5,532	4,493	942	1,259			2,201
East Central University	230	X	X		x	14,655	13,955	2,309	3,268			5,577
Eastern Oklahoma State College	240	X	X		X	5,683	4,850	1,130	1,484			2,614
Redlands Community College	241		X		X	5,986	5,279	951	1,207			2,158
Department of Education	265		X			4,258	4,101	1,238	1,360			2,598
Educational Television Authority	266		X			611	422	91	80			171
Commission for Teacher Preparation	269					650	463	38	0			38
Election Board	270		X			789	250	79	53			132
Educational Quality and Accountability Board**	275					0	18	38	121			159
Funeral Board**	285					71	71	21	21			42
Employment Security Commission	290	X	X		X	9,636	6,640	1,715	1,560			3,275
Department of Environmental Quality	292	X	X			4,381	2,873	664	596			1,260
Ethics Commission**	296					39	14	6	2			8
Merit Protection Commission**	298					53	60	12	12			24
Office of the State Auditor and Inspector	300					346	260	42	36			78
Office of the Governor**	305					155	144	23	20			43
Pardon and Parole Board**	306					144	119	16	20			36
Interstate Oil Compact Commission**	307					53	69	23	21			44
Oklahoma State Bureau of Investigation	308		X		X	1,617	1,189	267	248			515
Department of Emergency Management	309		X		X	2,973	1,366	277	316			593
Fire Marshall Commission	310					202	165	34	44			78
Firefighters Pension and Retirement System	315	X	X		X	20,111	3,008	473	457			930
Wildlife Conservation	320		X			3,585	3,059	705	737			1,442
Office of Disability Concerns	326		X			103	72	12	14			26
Department of Health	340		X		X	10,438	8,990	1,887	1,999			3,886
Board of Medicolegal Investigations**	342					944	788	200	178			378
Board of Examiners of Perfusionists	343					1	2	0	1			1
Department of Transportation	345		X			27,940	19,278	4,243	4,049			8,292
Space Industry Development Authority	346		X			514	207	49	40			89
Historical Society	350					1,131	891	174	180			354
Horse Racing Commission	353	X	X		X	10,566	10,289	2,724	3,498			6,222
Energy Resources Board	359		X			903	464	74	46			120
Workers' Compensation Court**	369					847	495	6	26			32
Industrial Finance Authority	370				X	47	38	6	7			13
Insurance Department	385	X			X	1,161	1,185	361	229			590
CompSource Mutual Insurance Company	390					368,838	285,463	61,159	26,607			87,766

<b>Multiple Injury Trust Fund**</b>	<b>391</b>				<b>Pending</b>	<b>0</b>	<b>76,385</b>	<b>22,823</b>	<b>21,279</b>		<b>44,102</b>
Office Of Juvenile Affairs	400					5,667	4,674	1,043	1,036		2,079
Department of Labor	405					239	941	75	55		130
Commissioners of Land Office	410		X			624	487	121	124		245
Council on Law Enforcement Education and Training**	415		X		X	664	405	75	84		159
Law Enforcement Retirement System	416				X	629	500	135	114		249
Langston University	420					6,461	6,323	1,266	1,268		2,534
State Senate	421					792	741	81	104		185
State House of Representatives	422		X			1,007	927	108	133		241
Legislative Service Bureau	423					136	76	22	11		33
Department of Libraries	430		X		X	1,656	1,026	202	182		384
Lottery Commission	435					3,066	2,742	637	660		1,297
Office of the Lieutenant Governor**	440					20	11	4	1		5
Liquified Petroleum Gas Research, Marketing and Safety Commission	444					145	51	9	8		17
Liquified Petroleum Gas Board**	445					149	78	13	14		27
Commission on Marginal Producing Oil and Gas Wells	446					157	10	0	0		0
Board of License Alcohol and Drug Counselors	448		X			66	76	21	17		38
Board of Medical Licensure and Supervision	450					384	275	76	57		133
Department of Mental Health and Substance Abuse Services	452		X		X	18,596	12,489	2,807	2,812		5,619
Rogers State University	461	X	X		X	8,015	7,702	1,809	1,894		3,703
Murray State College	470	X	X			7,731	8,432	2,010	1,990		4,000
Motor Vehicle Commission**	475					147	183	37	46		83
Bureau of Narcotics and Dangerous Drugs Control	477				X	1,377	1,008	200	221		421
Northeastern Oklahoma A&M College	480		X			6,614	6,329	1,350	1,566		2,916
Northeastern State University	485	X	X	X		9,024	8,445	2,349	2,837		5,186
Northern Oklahoma College	490					8,598	8,781	2,616	2,219		4,835
Northwestern Oklahoma State University	505	X	X			10,267	10,166	2,312	2,662		4,974
State Board of Examiners for Long-Term Care Administrators**	509					105	89	26	15		41
Board of Nursing**	510	X	X			414	250	66	56		122
Public Employees Retirement System	515	X			X	26,565	23,892	5,510	5,690		11,200
Employees Group Insurance Division	516					319,745	110,005	27,014	32,379		59,393
Board of Examiners in Optometry	520					110	554	34	26		60
Board of Osteopathic Examiners	525					137	97	30	38		68
<b>Oklahoma Panhandle State University</b>	<b>530</b>		<b>Pending</b>		<b>Pending</b>	<b>4,348</b>	<b>3,808</b>	<b>922</b>	<b>893</b>		<b>1,815</b>
Rose State College	531	X	X		X	6,965	7,416	1,710	1,783		3,493
Peanut Commission**	535					49	52	12	1		13
Police Pension and Retirement System	557	X				1,318	1,284	319	309		628
Board of Pharmacy	560					124	79	19	21		40
Board of Private Vocational Schools**	563					65	44	11	14		25
Tourism and Recreation Department	566					7,752	5,202	1,264	1,130		2,394
Scenic Rivers Commission**	568					69	51	2	6		8

Board of Registration for Professional Engineers and Land Surveyors	570					213	211	29	13			42
Board of Examiners of Psychologists**	575					77	59	7	10			17
State Risk Management Division	580	X	X		X	426	0	0	0			0
Bond Advisor	582					114	60	12	13			25
Department of Public Safety	585	X	X			7,882	6,104	1,529	1,496			3,025
Real Estate Commission**	588		X	X	X	188	88	20	17			37
State Regents for Higher Education	605		X		X	7,349	6,754	1,586	1,688			3,274
Ardmore Higher Education Center**	606					604	453	98	111			209
Regional University System of Oklahoma	610					202	111	24	26			50
Physician Manpower Training Commission**	619				X	1,546	1,361	351	324			675
Board of Trustees for the Quartz Mountain Arts and Conference Center and Nature	620	X	X			581	1,302	526	466			992
Board of Licensed Social Workers**	622					65	61	12	16			28
Seminole State College	623					5,586	4,820	1,133	1,281			2,414
Secretary of State**	625					2,879	3,546	972	2,510			3,482
Center for the Advancement of Science and Technology	628		X			926	514	153	112			265
School of Science and Mathematics	629		X			346	233	46	43			89
Securities Commission**	630					299	218	103	45			148
Board of Examiners for Speech-Language Pathology and Audiology**	632					62	59	15	14			29
Oklahoma City Community College	633	X	X		X	8,000	8,437	1,793	1,701			3,494
Commission on Consumer Credit**	635					173	140	17	20			37
Conservation Commission	645					1,320	877	236	151			387
Department of Veteran Affairs	650		X			17,463	14,597	3,819	3,219			7,038
Southeastern Oklahoma State University	660	X	X			8,970	8,361	2,039	2,294			4,333
Southwestern Oklahoma State University	665	X	X			12,675	12,397	3,111	2,756			5,867
Cerebral Palsy Commission	670		X		X	835	693	128	115			243
Supreme Court	677		X			1,405	890	178	254			432
Council on Judicial Complaints	678					56	43	8	9			17
Tax Commission	695	X	X	X	X	73,571	38,227	2,391	3,545			5,936
Teachers Retirement System	715					19,248	5,368	780	660			1,440
Oklahoma of the State Treasurer**	740	X	X			16,219	14,520	4,847	4,203			9,050
Tulsa Community College	750	X	X		X	12,893	13,723	3,245	3,390			6,635
Uniform Building Code Commission**	753					110	89	44	28			72
Used Motor Vehicle and Parts Commission**	755					142	179	36	63			99
University Center of Ponca City	758					211	351	93	90			183
University of Oklahoma	760/761		X		X	88,897	96,270	23,212	26,311			49,523
University of Oklahoma Health Sciences Center	770-771		X	X	X	112,908	98,344	19,513	19,286			38,799
Board of Chemical Tests for Alcohol/Drug Influence**	772					69	67	12	5			17
Board of Veterinary Medical Examiners**	790	X				179	141	26	28			54
Department of Career and Technology Education	800		X			3,501	2,745	792	533			1,325
Department of Rehabilitation Services	805	X				80,127	88,844	20,028	20,317			40,345

Health Care Authority	807	X	X		X	6,024	3,713	809	796			1,605
Employees Benefits Council	815		X			476	406	69	58			127
University Hospitals Authority	825					35	1	0	0			0
Department of Human Services	830	X	X			146,835	116,800	32,045	25,863			57,908
Water Resources Board	835				X	818	664	169	139			308
Worker's Compensation Commission**	865				X	0	226	93	61			154
Wheat Utilization, Research, and Market Development Commission	875		X		X	1,040	949	109	106			215
Will Rogers Memorial Commission**	880					503	332	69	33			102
Turnpike Authority	978		X			278	223	54	43			97
						<b>1,836,391</b>	<b>1,451,053</b>	<b>331,964</b>	<b>304,470</b>	<b>0</b>	<b>0</b>	<b>636,434</b>

\*\* Agencies that are included in OMES exemption requests