

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 for the fiscal year ending June 30, 2014. The report also reflects the number of warrants paid for each of the quarters during the year ended June 30, 2013 and for the quarter ended September 30, 2013.

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 are working to consolidate their vendor files. Subsequent to the completion of this consolidation another effort will be launched to increase vendor participation. All exemptions will expire on June 30, 2014, 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 2013 Payment Summary:	Transaction Volume	% of total
OKDHS electronic payments	42,084,244	(1)
OESC electronic payments	1,347,896	(2)
Purchase card transactions	441,795	(3)
OST initiated ACH credit and wire transfer transactions	<u>5,345,870</u>	
TOTAL Electronic Payments	49,219,805	96.4%
Total warrants redeemed	<u>1,836,391</u>	3.6%
TOTAL Payments	<u><u>51,056,196</u></u>	

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

**Warrants Paid During the Quarter
Ended 09/30/13**

Agency Name	<u>FY2014 Exemption Categories</u>					Warrant Paid During the Quarter Ended					
	Agency Number	System Limitations	Banking Data Limitations	International ACH Transactions	Other	FY 2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	FY 2014
Oklahoma State University	010-016, 773, 775		X	X	X	74,152	17,719				17,719
Accountancy Board	20	X				220	51				51
Board of Abstractors	22					102	16				16
Oklahoma Military Department	25				X	3,165	366				366
Oklahoma ABLE Commission	30		X			568	172				172 Pending Approval
Oklahoma Boll Weevil Eradication	39		X			223	29				29
Department of Agriculture	40					1,889	327				327
Western College	41	X				6,589	868				868 Pending Approval
Board of Architects	45					114	18				18
Oklahoma Indigent Defense System	47		X			1,431	198				198
Attorney General	49	X				1,302	268				268
Oklahoma Arts Council	55		X			633	136				136
Oklahoma Aeronautics Commission	60	X				157	24				24
Banking Department	65		X			175	28				28
Office of State Finance	90		X			4,544	785				785
Building Bonds Commission	91					1	0				0
Tobacco Settlement Endowment Fund	92					434	74				74

Cameron University	100		X		X	11,265	2,360				2,360	
Oklahoma Capitol Improvement Authority	105					166	19				19	
Carl Albert State College	108	X	X		X	13,600	3,359				3,359	
Commercial Pets' Breeder Board	117					9	0				0	
University of Central Oklahoma	120	X	X	X	X	9,924	2,314				2,314	
Oklahoma Department of Mines	125		X		X	488	88				88	
Commission on Children and Youth	127					294	62				62	
Department of Corrections	131	X	X		X	69,235	14,904				14,904	
State Board of Podiatric Medical Examiners	140					0	1				1	
State Board of Chiropractic Examiners	145					15	15				15	
University of Science & Arts of Oklahoma	150					7,753	1,553				1,553	
Oklahoma Department of Commerce	160		X	X		1,974	287				287	
Connors State College	165		X		X	9,238	1,500				1,500	
Construction Industries Board	170	X	X			385	69				69	
Corporation Commission	185	X				6,137	1,417				1,417	
State Board of Cosmetology	190					188	38				38	
Court of Criminal Appeals	199					126	17				17	
JM Davis Arms and Historical Museum	204					118	38				38	
State Dental Board	215					151	37				37	
District Courts	219	X				340	41				41	Pending Approval

District Attorneys Council	220	X			X	5,532	1,161				1,161	
East Central University	230	X	X		X	14,655	2,906				2,906	
Eastern Oklahoma State College	240	X	X		X	5,683	1,033				1,033	
Redlands Community College	241		X		X	5,986	1,503				1,503	
Oklahoma State Department of Education	265		X			4,258	957				957	
Oklahoma Education Television Authority	266		X			611	112				112	
Commission for Teacher Preparation	269					650	95				95	
State Election Board	270		X			789	97				97	
Education Quality and Accountability	275					0	5				5	
State Board of Embalmers & Funeral Directors	285					71	18				18	
Oklahoma Employment Security Commission	290	X	X		X	9,636	1,968				1,968	
Department of Environmental Quality	292	X	X			4,381	736				736	
Ethics Commission	296	X				39	5				5	
Merit Protection Commission	298					53	17				17	
State Auditor & Inspector	300					346	82				82	
Office of the Governor	305					155	31				31	
Pardon & Parole Board	306					144	35				35	
Interstate Oil Compact Commission	307					53	13				13	
Oklahoma State Bureau of Investigation	308				X	1,617	329				329	
Oklahoma Department of Emergency Management	309		X		X	2,973	461				461	

State Fire Marshal	310					202	44				44	
Oklahoma Firefighters Pension	315	X	X		X	20,111	1,072				1,072	
Oklahoma Department of Wildlife	320		X			3,585	881				881	
Office of Disability Concerns	326		X			103	17				17	
Department of Health	340		X			10,438	2,331				2,331	Pending Approval
Board of Medicolegal Investigations	342					944	191				191	
State Board of Examiners of Perfusionists	343					1	0				0	
Department of Transportation	345		X			27,940	5,214				5,214	
Oklahoma Space Industry Dev Auth	346		X			514	56				56	
State Historical Society	350					1,131	201				201	
Oklahoma Horse Racing Commission	353				X	10,566	2,623				2,623	
Oklahoma Energy Resources Board	359		X			903	91				91	
Workers' Compensation Court	369				X	847	194				194	
Oklahoma Industrial Finance Authority	370				X	47	10				10	
Oklahoma Insurance Department	385	X			X	1,161	337				337	
CompSource Oklahoma	390	X			X	368,838	82,258				82,258	
Multiple Injury Trust Fund	391				X	0	6,741				6,741	Pending Approval
Office of Juvenile Affairs	400	X	X			5,667	1,109				1,109	Pending Approval
Oklahoma Department of Labor	405					239	52				52	
Commissioners of Land Office	410		X			624	111				111	

Council on Law Enforcement Education & Training	415		X		X	664	97				97	
Oklahoma Law Enforcement Retirement System	416				X	629	125				125	
Langston University	420					6,461	1,752				1,752	
State Senate	421					792	107				107	
Oklahoma House of Representatives	422		X			1,007	125				125	
Legislative Service Bureau	423					136	18				18	
Department of Libraries	430		X		X	1,656	251				251	
Oklahoma Lottery Commission	435					3,066	714				714	
Office of the Lieutenant Governor	440					20	4				4	
LP Gas Research, Marketing and Safety Commission	444					145	10				10	
Liquified Petroleum Gas Board	445					149	20				20	
Commission on Marginal Producing Oil and Gas Wells	446					157	8				8	
Board of Licensed Alcohol & Drug Counselors	448		X			66	27				27	
Board of Medical Licensure & Supervision	450					384	69				69	
Department of Mental Health & Substance Abuse Services - Oklahoma Forensic Center	452	X	X		X	18,596	3,044				3,044	
Rogers State University	461					8,015	1,825				1,825	
OMES - Miscellaneous Pay	467		X			0	245				245	
Murray State College	470	X	X			7,731	2,118				2,118	Pending Approval
Motor Vehicle Commission	475					147	45				45	
Oklahoma Bureau of Narcotics	477		X		X	1,377	223				223	

Northeastern Oklahoma A&M College	480		X			6,614	1,463				1,463	
Northeastern State University	485	X	X	X		9,024	1,591				1,591	
Northern Oklahoma College	490					8,598	1,924				1,924	
Northwestern Oklahoma State University	505	X	X			10,267	2,072				2,072	Pending Approval
Board of Examiners for Long Term Health Care	509					105	22				22	
Oklahoma Board of Nursing	510					414	62				62	
Oklahoma Public Employees Retirement System	515	X			X	26,565	6,195				6,195	
Office of Management and Enterprise Services - Employees Group Insurance Division	516	X	X		X	319,745	23,714				23,714	
Board of Optometry	520					110	489				489	
Osteopathic Examiner	525					137	21				21	
Oklahoma Panhandle State University	530		X		X	4,348	470				470	Pending Approval
Rose State College	531	X	X		X	6,965	1,779				1,779	
Peanut Commission	535					49	13				13	
Oklahoma Police Pension & Retirement System	557	X				1,318	336				336	
Oklahoma State Board of Pharmacy	560					124	23				23	
Board of Private Vocational School	563					65	9				9	
Oklahoma Tourism & Recreation	566					7,752	1,361				1,361	
Oklahoma Scenic Rivers Commission	568		X			69	15				15	
Board of Licensure for Professional Engineers and Land Surveyors	570					213	55				55	
Board of Examiners of Psychologists	575					77	12				12	

Office of Management and Enterprise Services - State Risk Management Division	580	X	X		X	426	0			0
Oklahoma State Bond Advisor's Office	582					114	18			18
Department of Public Safety	585	X	X		X	7,882	1,524			1,524
Oklahoma Real Estate Commission	588		X	X		188	24			24
Oklahoma State Regents for Higher Education	605		X		X	7,349	1,825			1,825
Ardmore Higher Education Center	606					604	134			134
Regional University System of Oklahoma	610					202	21			21
Physician Manpower Training Commission	619					1,546	409			409
Quartz Mountain Arts and Conference Center	620	X	X			581	185			185
Board of Licensed Social Workers	622					65	12			12
Seminole State College	623					5,586	1,231			1,231
Secretary of State	625				X	2,879	833			833
Center for Advancement of Science & Technology	628		X			926	127			127
Oklahoma School of Science & Math	629		X			346	60			60
Department of Securities	630					299	62			62
Board of Examiners for Speech - Language Pathology & Audiology	632					62	14			14
Oklahoma City Community College	633					8,000	2,123			2,123
Commission on Consumer Credit	635					173	49			49
Conservation Commission	645					1,320	208			208
Veterans Affairs	650					17,463	3,865			3,865

Southeastern Oklahoma State University	660	X	X			8,970	1,867				1,867	
Southwestern Oklahoma State University	665	X	X			12,675	3,365				3,365	
JD McCarty Center	670		X		X	835	217				217	
Supreme Court	677		X			1,405	175				175	
Council on Judicial Complaints	678					56	12				12	
Oklahoma Tax Commission	695	X	X	X	X	73,571	7,283				7,283	
Oklahoma Teachers Retirement System	715		X	X		19,248	1,985				1,985	
Oklahoma State Treasurer	740	X	X			16,219	3,668				3,668	
Tulsa Community College	750	X	X		X	12,893	3,148				3,148	
Uniform Building Code Commission	753					110	16				16	
Used Motor Vehicle & Parts Commission	755					142	29				29	
University Center of Ponca City	758					211	87				87	
University of Oklahoma	760/761		X	X	X	88,897	23,462				23,462	
University of Oklahoma Health Sciences Center	770-771					112,908	28,153				28,153	
Board of Chemical Tests for Alcohol/Drug Influence	772					69	21				21	
Veterinary Medical Examiners	790					179	47				47	
Oklahoma Department of Career & Technology Education	800		X			3,501	841				841	Pending Approval
Department of Rehabilitation Services	805	X				80,127	23,004				23,004	
Oklahoma Health Care Authority	807	X	X		X	6,024	1,005				1,005	
Employees Benefits Council	815		X			476	94				94	

University Hospitals Authority	825					35	1				1	
Oklahoma Department of Human Services	830	X	X			146,835	32,540				32,540	
Oklahoma Water Resources Board	835		X			818	214				214	
Oklahoma Wheat Commission	875		X		X	1,040	172				172	
Will Rogers Memorial Commission	880					503	95				95	
Oklahoma Turnpike Authority	978		X		X	278	46				46	
						1,836,391	361,019	0	0	0	361,019	