

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, 2017. The report also reflects the number of warrants paid during the quarter ended September 30, 2016, and the years ended June 30, 2013, 2014, 2015 and 2016.

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, 2017, 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 2016 Payment Summary: | Transaction Volume | % of total |
|---|-------------------------------|-----------------------|
| OKDHS electronic payments | 7,195,880 | (1) |
| OESC electronic payments | 1,049,301 | (2) |
| Purchase card transactions | 540,148 | (3) |
| OST initiated ACH credit and wire transfer transactions | <u>7,804,200</u> | |
| TOTAL Electronic Payments | 16,589,529 | 93.8% |
| Total warrants redeemed | <u>1,094,853</u> | 6.2% |
| TOTAL Payments | <u><u>17,684,382</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

FY2017 Exemption Categories

Warrants Paid During

| Agency Name | Agency Number | System Limitations | International | | | Warrants Paid During | | | | Quarter Ended 9/30/2016 |
|--|------------------------|--------------------|--------------------------|------------------|-------|----------------------|---------|---------|---------|-------------------------|
| | | | Banking Data Limitations | ACH Transactions | Other | FY 2013 | FY 2014 | FY 2015 | FY 2016 | |
| Oklahoma State University | 010-016, 773, 775 | | X | X | X | 74,152 | 73,530 | 70,792 | 71,829 | 18,140 |
| Accountancy Board | 20 | X | | | | 220 | 170 | 176 | 163 | 28 |
| Abstractors Board** | 22 | | | | | 102 | 85 | 69 | 37 | 11 |
| Military Department | 25 | | | | X | 3,165 | 1,430 | 1,103 | 991 | 220 |
| Alcoholic Beverage Law Enforcement Commission | 30 | | | | | 568 | 486 | 221 | 209 | 64 |
| Boll Weevil Eradication Organization** | 39 | | | | | 223 | 85 | 34 | 15 | 5 |
| Agriculture, Food, and Forestry Department | 40 | | | | | 1,898 | 1,149 | 970 | 912 | 215 |
| Western Oklahoma State College | 41 | X | X | | X | 6,589 | 3,849 | 3,583 | 3,372 | 660 |
| Board of Governors of the Licensed Architects, Landscape Architects, and Registered Interior Designers** | 45 | | | | | 114 | 70 | 39 | 32 | 9 |
| Indigent Defense System | 47 | | X | | | 1,431 | 592 | 411 | 307 | 54 |
| Attorney General | 49, 355 | | | | | 1,302 | 1,533 | 1,206 | 1,723 | 208 |
| Arts Council** | 55 | | | | | 633 | 421 | 317 | 286 | 47 |
| Aeronautics Commission | 60 | X | | | | 157 | 118 | 122 | 67 | 22 |
| Banking Department** | 65 | | | | | 175 | 105 | 90 | 88 | 22 |
| Office of Management and Enterprise Services** | 90, 467, 548, 580, 815 | | X | | X | 5,446 | 4,347 | 3,643 | 13,135 | 4,981 |
| Building Bonds Commission | 91 | | | | | 1 | 1 | 1 | 1 | - |
| Tobacco Settlement Endowment Trust Fund** | 92 | | | | | 434 | 222 | 241 | 215 | 50 |
| Cameron University | 100 | | X | | X | 11,265 | 10,261 | 9,798 | 9,023 | 1,906 |
| Capitol Improvement Authority** | 105 | | | | | 166 | 63 | 53 | 26 | 2 |
| Carl Albert State College | 108 | X | | | X | 13,600 | 13,487 | 11,586 | 10,718 | 2,306 |
| University of Central Oklahoma | 120 | X | X | X | | 9,924 | 9,633 | 9,179 | 8,787 | 1,978 |
| Department of Mines** | 125 | | | | | 488 | 361 | 288 | 270 | 66 |
| Commission on Children and Youth** | 127 | | | | | 294 | 237 | 236 | 206 | 47 |
| Department of Corrections | 131 | X | X | | X | 69,235 | 58,336 | 49,344 | 47,326 | 9,535 |
| Board of Podiatric Medical Examiners | 140 | | | | | 0 | 2 | 2 | 3 | 2 |
| Board of Chiropractic Examiners** | 145 | | | | | 15 | 58 | 64 | 55 | 13 |
| Board of Behavioral Health and Licensure** | 148 | | | | | 0 | 52 | 98 | 76 | 15 |
| University of Science and Arts of Oklahoma | 150 | | | | | 7,753 | 7,650 | 6,459 | 6,455 | 1,348 |
| Department of Commerce | 160 | | X | X | | 1,974 | 956 | 738 | 673 | 159 |
| Connors State College | 165 | | X | | X | 9,238 | 7,999 | 7,154 | 4,594 | 1,420 |
| Construction Industries Board** | 170 | | | | | 385 | 243 | 353 | 313 | 97 |
| Corporation Commission | 185 | X | | | | 6,137 | 5,610 | 5,456 | 5,013 | 1,265 |

| | | | | | | | | | | |
|--|------------|---|---|---|---|---------------|--------------|--------------|--------------|--------------|
| Board of Cosmetology and Barbering** | 190 | | | | | 188 | 187 | 210 | 225 | 39 |
| Court of Criminal Appeals** | 199 | | | | | 126 | 79 | 50 | 48 | 12 |
| J. M. Davis Memorial Commission** | 204 | | | | | 118 | 106 | 65 | 67 | 8 |
| Board of Dentistry** | 215 | | | | | 151 | 138 | 68 | 69 | 11 |
| District Courts | 219 | | | | | 340 | 121 | 136 | 139 | 39 |
| District Attorneys Council | 220 | X | X | | | 5,532 | 4,493 | 4,186 | 4,117 | 981 |
| East Central University | 230 | X | X | | X | 14,655 | 13,955 | 13,591 | 12,836 | 2,098 |
| Eastern Oklahoma State College | 240 | X | X | | X | 5,683 | 4,850 | 5,204 | 4,793 | 720 |
| Redlands Community College | 241 | | X | | X | 5,986 | 5,279 | 4,330 | 3,398 | 685 |
| Department of Education | 265 | | X | | | 4,258 | 4,101 | 4,873 | 3,763 | 776 |
| Educational Television Authority | 266 | | | | X | 611 | 422 | 549 | 610 | 82 |
| Commission for Teacher Preparation*** | 269 | | | | | 650 | 463 | 38 | 0 | - |
| Election Board** | 270 | | | | | 789 | 250 | 355 | 259 | 64 |
| Educational Quality and Accountability Board** | 275 | | | | | 0 | 18 | 389 | 337 | 34 |
| Funeral Board** | 285 | | | | | 71 | 71 | 73 | 65 | 15 |
| Employment Security Commission | 290 | X | X | | X | 9,636 | 6,640 | 6,624 | 7,029 | 1,626 |
| Department of Environmental Quality | 292 | X | X | | | 4,381 | 2,873 | 2,445 | 2,263 | 501 |
| Ethics Commission** | 296 | | | | | 39 | 14 | 19 | 16 | 12 |
| Merit Protection Commission** | 298 | | | | | 53 | 60 | 56 | 64 | 11 |
| Office of the State Auditor and Inspector | 300 | | X | | | 346 | 260 | 149 | 166 | 43 |
| Office of the Governor** | 305 | | | | | 155 | 144 | 66 | 34 | 10 |
| Pardon and Parole Board** | 306 | | | | | 144 | 119 | 80 | 80 | 14 |
| Interstate Oil Compact Commission** | 307 | | | | | 53 | 69 | 98 | 87 | 11 |
| Oklahoma State Bureau of Investigation | 308 | | | | X | 1,617 | 1,189 | 1,023 | 767 | 151 |
| Department of Emergency Management | 309 | | X | | X | 2,973 | 1,366 | 968 | 1,156 | 156 |
| Fire Marshall Commission | 310 | | X | | | 202 | 165 | 151 | 140 | 39 |
| Firefighters Pension and Retirement System | 315 | X | X | | X | 20,111 | 3,008 | 1,878 | 2,077 | 454 |
| Wildlife Conservation | 320 | | X | | | 3,585 | 3,059 | 2,725 | 2,432 | 579 |
| Office of Disability Concerns** | 326 | | | | | 103 | 72 | 58 | 31 | 7 |
| Department of Health | 340 | | | | | 10,438 | 8,990 | 8,075 | 7,439 | 1,858 |
| Board of Medicolegal Investigations** | 342 | | | | | 944 | 788 | 756 | 635 | 152 |
| Board of Examiners of Perfusionists | 343 | | | | | 1 | 2 | 2 | 10 | - |
| Department of Transportation | 345 | | X | | | 27,940 | 19,278 | 15,512 | 13,399 | 3,091 |
| Space Industry Development Authority | 346 | | X | | | 514 | 207 | 180 | 163 | 54 |
| Historical Society** | 350 | | | | | 1,131 | 891 | 714 | 707 | 130 |
| Horse Racing Commission | 353 | X | X | | X | 10,566 | 10,289 | 10,809 | 10,081 | 3,075 |
| Energy Resources Board | 359 | | | X | | 903 | 464 | 366 | 510 | 95 |
| Workers' Compensation Court of Existing Claims** | 369 | | | | | 847 | 495 | 78 | 111 | 12 |
| Industrial Finance Authority | 370 | | X | | X | 47 | 38 | 22 | 23 | 3 |
| Insurance Department | 385 | X | | | X | 1,161 | 1,185 | 1,069 | 1,074 | 245 |
| CompSource Mutual Insurance Company*** | 390 | | | | | 368,838 | 285,463 | 90,966 | 0 | - |

| | | | | | | | | | | |
|--|-----|---|---|---|---|---------|---------|---------|---------|--------|
| Multiple Injury Trust Fund** | 391 | | | | | 0 | 76,385 | 84,593 | 82,118 | 20,453 |
| Office Of Juvenile Affairs | 400 | X | X | | X | 5,667 | 4,674 | 4,306 | 4,403 | 798 |
| Department of Labor | 405 | | | | | 239 | 941 | 244 | 266 | 65 |
| Commissioners of Land Office | 410 | | | | | 624 | 487 | 501 | 530 | 147 |
| Council on Law Enforcement Education and Training** | 415 | | | | | 664 | 405 | 318 | 364 | 82 |
| Law Enforcement Retirement System | 416 | | | | X | 629 | 500 | 518 | 497 | 115 |
| Langston University | 420 | | X | | X | 6,461 | 6,323 | 5,029 | 4,606 | 1,142 |
| State Senate | 421 | | | | | 792 | 741 | 676 | 674 | 60 |
| State House of Representatives | 422 | | X | | | 1,007 | 927 | 816 | 827 | 98 |
| Legislative Service Bureau | 423 | | X | | | 136 | 76 | 64 | 62 | 10 |
| Department of Libraries | 430 | | X | | X | 1,656 | 1,026 | 848 | 730 | 215 |
| Lottery Commission | 435 | | X | | | 3,066 | 2,742 | 2,653 | 2,806 | 664 |
| Office of the Lieutenant Governor** | 440 | | | | | 20 | 11 | 9 | 3 | 2 |
| Liquified Petroleum Gas Research, Marketing and Safety Commission*** | 444 | | | | | 145 | 51 | 28 | 1 | - |
| Liquified Petroleum Gas Board** | 445 | | | | | 149 | 78 | 59 | 79 | 12 |
| Commission on Marginal Producing Oil and Gas Wells*** | 446 | | | | | 157 | 10 | 0 | 0 | - |
| Board of Licensed Alcohol and Drug Counselors | 448 | | | | | 66 | 76 | 67 | 65 | 17 |
| Board of Medical Licensure and Supervision | 450 | | | | X | 384 | 275 | 242 | 244 | 51 |
| Department of Mental Health and Substance Abuse Services | 452 | | X | | | 18,596 | 12,489 | 11,308 | 10,690 | 2,473 |
| Rogers State University | 461 | X | X | | X | 8,015 | 7,702 | 6,943 | 5,769 | 717 |
| Murray State College | 470 | X | X | | | 7,731 | 8,432 | 7,426 | 3,701 | 815 |
| Motor Vehicle Commission** | 475 | | | | | 147 | 183 | 145 | 105 | 34 |
| Bureau of Narcotics and Dangerous Drugs Control | 477 | | | | X | 1,377 | 1,008 | 894 | 800 | 161 |
| Northeastern Oklahoma A&M College | 480 | | X | | | 6,614 | 6,329 | 5,646 | 5,119 | 1,020 |
| Northeastern State University | 485 | X | X | X | | 9,024 | 8,445 | 10,373 | 8,969 | 1,754 |
| Northern Oklahoma College | 490 | X | X | | X | 8,598 | 8,781 | 9,270 | 8,571 | 1,795 |
| Northwestern Oklahoma State University | 505 | X | X | | | 10,267 | 10,166 | 9,673 | 8,970 | 1,900 |
| State Board of Examiners for Long-Term Care Administrators** | 509 | | | | | 105 | 89 | 79 | 73 | 18 |
| Board of Nursing** | 510 | | | | | 414 | 250 | 262 | 171 | 40 |
| Public Employees Retirement System | 515 | X | | | X | 26,565 | 23,892 | 21,945 | 19,963 | 4,760 |
| Employees Group Insurance Division | 516 | | | | | 319,745 | 110,005 | 131,963 | 157,303 | 32,644 |
| Board of Examiners in Optometry** | 520 | | | | | 110 | 554 | 106 | 82 | 19 |
| Board of Osteopathic Examiners** | 525 | | | | | 137 | 97 | 132 | 123 | 37 |
| Oklahoma Panhandle State University | 530 | | X | | X | 4,348 | 3,808 | 3,684 | 3,963 | 854 |
| Rose State College | 531 | X | X | | X | 6,965 | 7,416 | 6,816 | 6,344 | 1,565 |
| Peanut Commission*** | 535 | | | | | 49 | 52 | 13 | 0 | - |
| Police Pension and Retirement System | 557 | X | | | | 1,318 | 1,284 | 1,256 | 990 | 211 |
| Board of Pharmacy | 560 | X | X | | X | 124 | 79 | 92 | 83 | 16 |
| Board of Private Vocational Schools** | 563 | | | | | 65 | 44 | 51 | 50 | 11 |
| Tourism and Recreation Department | 566 | | | | | 7,752 | 5,202 | 4,777 | 4,503 | 1,056 |
| Scenic Rivers Commission** | 568 | | | | | 69 | 51 | 27 | 33 | - |

| | | | | | | | | | | |
|--|-----|---|---|--|---|------------------|------------------|------------------|------------------|----------------|
| Department of Rehabilitation Services | 805 | | | | | 80,127 | 88,844 | 83,068 | 84,450 | 21,758 |
| Health Care Authority | 807 | X | X | | X | 6,024 | 3,713 | 3,042 | 2,886 | 756 |
| University Hospitals Authority | 825 | | | | | 35 | 1 | 0 | 0 | - |
| Department of Human Services | 830 | | | | | 146,835 | 116,800 | 112,205 | 106,569 | 13,739 |
| Water Resources Board | 835 | | | | | 818 | 664 | 613 | 523 | 113 |
| Worker's Compensation Commission** | 865 | | | | | 0 | 226 | 323 | 215 | 41 |
| Wheat Utilization, Research, and Market Development Commission | 875 | | | | | 1,040 | 949 | 477 | 5 | - |
| Will Rogers Memorial Commission** | 880 | | | | | 503 | 332 | 276 | 344 | 12 |
| Turnpike Authority | 978 | | | | | 278 | 223 | 170 | 176 | 43 |
| | | | | | | 1,836,391 | 1,451,053 | 1,198,074 | 1,094,853 | 238,872 |

** Agencies that are included in OMES exemption requests

***No longer issuing warrants as a state agency

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