

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 the years ended June 30, 2013 and 2014, and for the quarter ended September 30, 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.

FY 2014 Payment Summary:	Transaction Volume	% of total
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				16,960
Accountancy Board	20	X				220	170	39				39
Abstractors Board**	22					102	85	16				16
Military Department	25					3,165	1,430	255				255
Alcoholic Beverage Law Enforcement Commission	30		X			568	486	65				65
Boll Weevil Eradication Organization**	39					223	85	15				15
Agriculture, Food, and Forestry Department	40					1,889	1,149	292				292
Western Oklahoma State College	41	X	X	X	X	6,589	3,849	852				852
Board of Governors of the Licensed Architects, Landscape Architects, and Registered Interior Designers**	45					114	70	11				11
Indigent Defense System	47					1,431	592	106				106
Attorney General	49, 355					1,302	1,533	399				399
Arts Council**	55		X			633	421	121				121
Aeronautics Commission	60					157	118	33				33
Banking Department	65					175	105	24				24
Office of Management and Enterprise Services**	90, 467, 548, 580	X	X		X	4,544	3,941	806				806
Building Bonds Commission**	91					1	1	0				0
Tobacco Settlement Endowment Trust Fund**	92					434	222	58				58
Cameron University	100		X		X	11,265	10,261	2,277				2,277
Capitol Improvement Authority**	105					166	63	19				19
Carl Albert State College	108	X	X		X	13,600	13,487	2,861				2,861
Commercial Pets' Breeder Board	117					9	0	0				0
University of Central Oklahoma	120	X	X	X	X	9,924	9,633	2,180				2,180
Department of Mines	125		X		X	488	361	58				58
Commission on Children and Youth**	127					294	237	97				97
Department of Corrections	131	X	X		X	69,235	58,336	12,344				12,344
Board of Podiatric Medical Examiners	140					0	2	1				1
Board of Chiropractic Examiners**	145					15	58	11				11
Board of Behavioral Health and Licensure**	148					0	52	21				21
University of Science and Arts of Oklahoma	150					7,753	7,650	1,391				1,391
Department of Commerce	160		X	X		1,974	956	203				203
Connors State College	165		X		X	9,238	7,999	1,332				1,332
Construction Industries Board**	170	X	X			385	243	64				64
Corporation Commission	185	X				6,137	5,610	1,415				1,415

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

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

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

Health Care Authority	807	X	X		X	6,024	3,713	809				809
Employees Benefits Council	815					476	406	69				69
University Hospitals Authority	825					35	1	0				0
Department of Human Services	830	X	X			146,835	116,800	32,045				32,045
Water Resources Board	835				X	818	664	169				169
Worker's Compensation Commission**	865				X	0	226	93				93
Wheat Utilization, Research, and Market Development Commission	875		X		X	1,040	949	109				109
Will Rogers Memorial Commission**	880					503	332	69				69
Turnpike Authority	978		X			278	223	54				54
						1,836,391	1,451,053	331,964	0	0	0	331,964

** Agencies that are included in OMES exemption requests