

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 total number of warrants paid by agency for the fiscal year ended June 30, 2013 and for each of the quarters ended September 30, and December 31, 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>6,025,080</u>	
TOTAL Electronic Payments	49,899,015	96.4%
Total warrants redeemed	<u>1,836,391</u>	3.6%
TOTAL Payments	<u><u>51,735,406</u></u>	

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

FY2014 Exemption Categories

Agency Name	Agency Number	System Limitations	Banking Data Limitations	International		Warrants Paid During Quarter Ended			
				ACH Transactions	Other	FY 2013	09/30/13	12/31/13	FY 2014
Oklahoma State University	010-016, 773, 775		X	X	X	74,152	17,719	19,154	36,873
Accountancy Board	20	X				220	51	39	90
Board of Abstractor's	22					102	16	20	36
Oklahoma Military Dept	25				X	3,165	366	325	691
Oklahoma ABLE Commission	30		X			568	172	122	294
Oklahoma Boll Weevil Eradication	39		X			223	29	19	48
Department of Agriculture	40					1,889	327	276	603
Western College	41	X	X	X	X	6,589	868	956	1,824
Board of Licensed Architects, Landscape Architects, and Registered Interior Designers	45					114	18	23	41
Oklahoma Indigent Defense System	47		X			1,431	198	151	349
Attorney General	49, 355	X				1,302	268	340	608
Oklahoma Arts Council	55		X			633	136	74	210
Oklahoma Aeronautics Commission	60	X				157	24	27	51
Oklahoma State Banking Commission	65		X			175	28	27	55
Oklahoma Office of Management and Enterprise Services	90, 467, 548, 580	X	X		X	4,544	1,030	991	2,021
Building Bonds Commission	91					1	0	0	0
Tobacco Settlement Endowment Fund	92					434	74	54	128
Cameron University	100		X		X	11,265	2,360	2,570	4,930
Oklahoma Capitol Improvement Authority	105					166	19	15	34
Carl Albert State College	108	X	X		X	13,600	3,359	3,539	6,898
Commercial Pets' Breeder board	117					9	0	0	0
University of Central Oklahoma	120	X	X	X	X	9,924	2,314	2,317	4,631
Oklahoma Department of Mines	125		X		X	488	88	71	159
Commission on Children and Youth	127					294	62	59	121
Department of Corrections	131	X	X		X	69,235	14,904	14,383	29,287

Oklahoma Podiatric Medical Examiners	140					0	1	1	2
Oklahoma Board of Chiropractic Examiners	145					15	15	14	29
University of Science and Arts of Oklahoma	150					7,753	1,553	2,623	4,176
Oklahoma Department of Commerce	160		X	X		1,974	287	218	505
Connors State College	165		X		X	9,238	1,500	2,469	3,969
Construction Industries Board	170	X	X			385	69	69	138
Corporation Commission	185	X				6,137	1,417	1,213	2,630
State Board of Cosmetology	190					188	38	49	87
Court of Criminal Appeals	199					126	17	24	41
J. M. Davis Arms and Historical Museum	204					118	38	20	58
State Dental Board	215					151	37	19	56
District Courts	219					340	41	30	71
District Attorneys Council	220	X			X	5,532	1,161	1,082	2,243
East Central University	230	X	X		X	14,655	2,906	3,389	6,295
Eastern Oklahoma State College	240	X	X		X	5,683	1,033	1,160	2,193
Redlands Community College	241		X		X	5,986	1,503	1,398	2,901
Oklahoma State Department of Education	265		X			4,258	957	836	1,793
OETA	266		X			611	112	104	216
Commission for Teacher Preparation	269					650	95	167	262
State Election Board	270		X			789	97	55	152
Office of Educational Quality and Accountability	275					0	5	1	6
State Board of Embalmers & Funeral Directors	285					71	18	19	37
Oklahoma Employment Security Commission	290	X	X		X	9,636	1,968	1,637	3,605
Department of Environmental Quality	292	X	X			4,381	736	729	1,465
Ethics Commission	296	X				39	5	3	8
Merit Protection Commission	298					53	17	16	33
State Auditor & Inspector	300					346	82	62	144
Office of the Governor	305					155	31	45	76
Pardon & Parole Board	306					144	35	33	68
Interstate Oil Compact Commission	307					53	13	16	29
OSBI	308				X	1,617	329	294	623
Oklahoma Dept. of Emergency Management	309		X		X	2,973	461	382	843
State Fire Marshall	310					202	44	43	87

OK Firefighters Pension	315	X	X		X	20,111	1,072	842	1,914
Oklahoma Department of Wildlife	320		X			3,585	881	656	1,537
Office of Disability Concerns	326		X			103	17	20	37
Dept. of Health	340		X			10,438	2,331	2,080	4,411
Board of Medicolegal Investigations	342					944	191	208	399
Oklahoma Perfusionists	343					1	0	2	2
Department of Transportation	345		X			27,940	5,214	4,774	9,988
OK Space Industry Dev Auth	346		X			514	56	45	101
State Historical Society	350					1,131	201	222	423
Oklahoma Horse Racing Commission	353				X	10,566	2,623	2,848	5,471
Oklahoma Energy Resources Board	359		X			903	91	48	139
Workers' Compensation Court	369				X	847	194	193	387
Oklahoma Industrial Finance Authority	370				X	47	10	8	18
Oklahoma Insurance Department	385	X			X	1,161	337	270	607
CompSource Oklahoma	390	X			X	368,838	82,258	68,381	150,639
Multiple Injury Trust Fund	391					0	6,741	23,783	30,524
Office Of Juvenile Affairs	400					5,667	1,109	1,109	2,218
Oklahoma Department of Labor	405					239	52	760	812
Commissioners of Land Office	410		X			624	111	136	247
Council on Law Enf Educ & Training	415		X		X	664	97	98	195
OK Law Enforcement Retirement System	416				X	629	125	116	241
Langston University	420					6,461	1,752	1,246	2,998
State Senate	421					792	107	100	207
Oklahoma House of Representatives	422		X			1,007	125	153	278
Legislative Service Bureau	423					136	18	20	38
Dept of Libraries	430		X		X	1,656	251	184	435
Oklahoma Lottery Commission	435					3,066	714	679	1,393
Office of the Lieutenant Governor	440					20	4	2	6
LP Gas Research Marketing and Safety Commission	444					145	10	14	24
Liquified Petroleum Gas Board	445					149	20	19	39
Commission on Marginal Producing Oil and Gas Wells	446					157	8	2	10
Board of License Alcohol and Drug Counselors	448		X			66	27	18	45
Oklahoma Board of Medical Licensure and Supervision	450					384	69	69	138

ODMHSAS/FINANCE	452		X		X	18,596	3,044	3,158	6,202
Rogers State University	461					8,015	1,825	1,972	3,797
Murray State College	470	X	X			7,731	2,118	2,205	4,323
Motor Vehicle Commission	475					147	45	44	89
OK Bureau of Narcotics	477		X		X	1,377	223	211	434
NEO A&M College	480		X			6,614	1,463	1,776	3,239
Northeastern State University	485	X	X	X		9,024	1,591	2,382	3,973
Northern Oklahoma College	490					8,598	1,924	2,277	4,201
Northwestern Oklahoma State University	505					10,267	2,072	3,027	5,099
Board of Examiners for Long Term Health Care	509					105	22	24	46
Oklahoma Board of Nursing	510					414	62	65	127
OPERS	515	X			X	26,565	6,195	6,108	12,303
OSEEGIB	516					319,745	23,714	23,579	47,293
Board of Optometry	520					110	489	23	512
Osteopathic Examiners	525					137	21	42	63
Oklahoma Panhandle State University	530					4,348	470	1,164	1,634
Rose State College	531	X	X		X	6,965	1,779	1,888	3,667
Peanut Commission	535					49	13	9	22
OK Police Pension & Retirement System	557	X				1,318	336	309	645
Oklahoma State Board of Pharmacy	560					124	23	16	39
Board of Private Vocational School	563					65	9	13	22
Tourism & Recreation Department	566					7,752	1,361	1,223	2,584
Oklahoma Scenic Rivers Commission	568		X			69	15	16	31
OK Board of Licensure for Professional Engineers & Land Surveyors	570					213	55	56	111
Oklahoma Board of Examiners of Psychologists	575					77	12	18	30
DCS/OSF - State Risk Management Div	580					426	0	0	0
State Bond Advisor	582					114	18	15	33
Dept. of Public Safety	585	X	X			7,882	1,524	1,487	3,011
Oklahoma Real Estate Commission	588		X	X	X	188	24	22	46
Oklahoma State Regents for Higher Education	605		X		X	7,349	1,825	1,697	3,522
Ardmore Higher Education Center	606					604	134	115	249
Regional University System of Oklahoma	610					202	21	33	54
Physician Manpower Training Commission	619					1,546	409	324	733

Quartz Mountain Arts and Conference Ctr	620	X	X			581	185	315	500
Board of Licensed Social Workers	622					65	12	14	26
Seminole State College	623					5,586	1,231	1,269	2,500
Secretary of State	625				X	2,879	833	752	1,585
OCAST	628		X			926	127	111	238
OK School of Science & Math	629		X			346	60	63	123
Department of Securities	630					299	62	51	113
OK Board of Examiners for Speech-Language Pathology & Audiology	632					62	14	17	31
Oklahoma City Community College	633	X	X		X	8,000	2,123	2,083	4,206
Commission on Consumer Credit	635					173	49	36	85
Conservation Commission	645					1,320	208	186	394
Veterans Affairs (All Locations)	650					17,463	3,865	3,778	7,643
Southeastern Oklahoma State University	660	X	X		X	8,970	1,867	2,037	3,904
SWOSU	665	X	X			12,675	3,365	2,924	6,289
JD McCarty Center	670		X		X	835	217	166	383
Supreme Court	677	X				1,405	175	325	500
Council on Judicial Compliants	678					56	12	11	23
Oklahoma Tax Commission	695	X	X	X	X	73,571	7,283	6,995	14,278
Oklahoma Teachers Retirement System	715		X	X		19,248	1,985	806	2,791
Oklahoma State Treasurer	740	X	X			16,219	3,668	3,117	6,785
Tulsa Community College	750	X	X		X	12,893	3,148	3,534	6,682
Uniform Building Code Commission	753					110	16	23	39
Used Motor Vehicle & Parts Commission	755					142	29	25	54
University Center of Ponca City	758					211	87	90	177
University of Oklahoma	760/761		X	X	X	88,897	23,462	25,356	48,818
University of Oklahoma Health Sciences Center	770-771					112,908	28,153	25,129	53,282
Board of Chemical Tests for Alcohol/Drug Influence	772					69	21	13	34
Oklahoma Veterinary Board	790					179	47	28	75
Okla Dept of Career & Technology Ed	800					3,501	841	631	1,472
Department of Rehabilitation Services	805	X				80,127	23,004	22,838	45,842
Oklahoma Health Care Authority	807	X	X		X	6,024	1,005	954	1,959
Employees Benefits Council	815					476	94	67	161

University Hospitals Authority	825					35	1	0	1
OKDHS	830	X	X			146,835	32,540	28,190	60,730
Oklahoma Water Resources Board	835		X			818	214	149	363
Oklahoma Wheat Commission	875		X		X	1,040	172	308	480
Will Rogers Memorial Commission	880					503	95	94	189
Oklahoma Turnpike Authority	978		X		X	278	46	72	118
						1,836,391	361,019	360,732	721,751