

## **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. The report also reflects the number of warrants paid during each of the quarters during the fiscal year ended June 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. Initial exemptions expired on June 30, 2013 and most agencies have submitted applications, provided updated information in connection with their ongoing efforts to increase their utilization of electronic payment options and received exemptions for the fiscal year ending June 30, 2014.

## 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 2012 Payment Summary:</b>	<b>Transaction Volume</b>	<b>% of total</b>
OKDHS electronic payments	41,830,338	(1)
OESC electronic payments	1,971,656	(2)
Purchase card transactions	133,223	(3)
OST initiated ACH credit and wire transfer transactions	<u>5,432,662</u>	
<b>TOTAL Electronic Payments</b>	<b>49,367,879</b>	<b>95.51%</b>
Total warrants redeemed	2,321,951	<b>4.49%</b>
<b>TOTAL Payments</b>	<u><u>51,689,830</u></u>	

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

**Warrants Paid During**

**FY2013 Exemption Categories**

Agency Name	Agency Number	System Limitations	Banking Data Limitations	International		Warrant Paid During the Quarter Ended			
				ACH Transactions	Other	9/30/2012	12/31/2012	3/31/2013	6/30/2013
Oklahoma State University	010-016, 773, 775		X	X	X	16,607	18,287	22,189	17,069
Accountancy Board	20	X				65	63	50	42
Board of Abstractors	22		X			31	22	28	21
Oklahoma Military Department	25				X	1,143	1,068	474	480
Oklahoma ABLE Commission	30		X		X	190	148	145	85
Oklahoma Boll Weevil Eradication	39				X	57	60	56	50
Department of Agriculture	40			X		752	538	295	304
Western College	41	X	X	X	X	1,460	1,543	2,268	1,318
Board of Architects	45	X				38	29	20	27
Oklahoma Indigent Defense System	47		X			524	450	258	199
Attorney General	49	X				232	424	351	295
Oklahoma Arts Council	55		X			250	89	136	158
Oklahoma Aeronautics Commission	60	X				54	40	35	28
Banking Department	65	X	X			44	55	42	34
Office of State Finance	90		X		X	1,023	1,677	932	912
Tobacco Settlement Endowment Fund	92		X			130	131	90	83
Cameron University	100		X		X	2,705	2,869	2,500	3,191

Oklahoma Capitol Improvement Authority	105		X			52	48	35	31
Carl Albert State College	108	X	X		X	2,938	3,422	3,814	3,426
University of Central Oklahoma	120	X	X	X	X	2,373	2,492	2,176	2,883
Oklahoma Department of Mines	125		X			137	165	101	85
Commission on Children and Youth	127		X			70	98	67	59
Department of Corrections	131	X	X		X	19,413	18,836	15,664	15,322
University of Science & Arts of Oklahoma	150		X		X	1,466	1,884	2,588	1,815
Oklahoma Department of Commerce	160		X	X		359	336	971	308
Connors State College	165		X		X	2,861	2,801	1,645	1,931
Construction Industries Board	170	X	X			126	126	60	73
Corporation Commission	185	X				1,391	1,601	1,604	1,541
State Board of Cosmetology	190		X			42	63	39	44
Court of Criminal Appeals	199	X				25	29	40	32
JM Davis Arms and Historical Museum	204		X			31	34	27	26
State Dental Board	215					47	45	36	23
District Courts	219	X				73	78	93	96
District Attorneys Council	220	X				1,511	1,523	1,179	1,319
East Central University	230	X	X		X	3,031	3,326	3,491	4,807
Eastern Oklahoma State College	240	X	X		X	1,175	1,454	1,333	1,721
Redlands Community College	241	X			X	1,295	1,912	1,640	1,139

Oklahoma State Department of Education	265		X			1,302	994	952	1,010
Oklahoma Education Television Authority	266		X			187	185	124	115
Commission for Teacher Preparation	269		X			291	141	77	141
State Election Board	270		X			515	127	83	64
State Board of Embalmers & Funeral Directors	285		X			14	24	18	15
Oklahoma Employment Security Commission	290		X			2,894	2,595	2,155	1,992
Department of Environmental Quality	292	X	X			1,150	1,430	987	814
Ethics Commission	296				X	21	11	3	4
Merit Protection Commission	298		X			12	14	9	18
State Auditor & Inspector	300		X			97	110	78	61
Office of the Governor	305		X			35	43	46	31
Pardon & Parole Board	306		X			38	42	37	27
Interstate Oil Compact Commission	307		X			16	13	11	13
Oklahoma State Bureau of Investigation	308		X		X	470	479	359	309
Oklahoma Department of Emergency Management	309		X			1,077	999	430	467
Oklahoma Firefighters Pension	315	X	X		X	8,972	7,280	2,442	1,417
Oklahoma Department of Wildlife	320		X			1,017	975	822	771
Office of Disability Concerns	326	X			X	37	28	22	16
Department of Health	340		X		X	2,777	2,453	2,893	2,315
Board of Medicolegal Investigations	342		X			273	242	226	203

Department of Transportation	345		X			8,550	8,649	5,365	5,376
Oklahoma Space Industry Dev Auth	346		X			201	193	61	59
Oklahoma Horse Racing Commission	353	X	X			2,621	3,231	717	3,997
Oklahoma Energy Resources Board	359		X			292	137	112	362
Workers' Compensation Court	369				X	224	258	175	190
Oklahoma Industrial Finance Authority	370				X	9	14	15	9
Oklahoma Insurance Department	385				X	296	286	293	286
CompSource Oklahoma	390	X			X	91,971	89,588	93,056	94,223
Multiple Injury Trust Fund	391				X	0	0	0	0
Office of Juvenile Affairs	400	X	X			1,611	1,569	1,308	1,179
Oklahoma Department of Labor	405	X	X			56	63	66	54
Commissioners of Land Office	410		X			185	174	150	115
Council on Law Enforcement Education & Training	415		X		X	222	181	141	120
Oklahoma Law Enforcement Retirement System	416		X			195	149	145	140
Langston University	420		X		X	1,217	1,490	1,837	1,917
State Senate	421		X			116	138	274	264
Oklahoma House of Representatives	422		X			167	160	354	326
Legislative Service Bureau	423		X			44	34	36	22
Department of Libraries	430		X		X	519	477	300	360
Oklahoma Lottery Commission	435		X			877	745	728	716

Office of the Lieutenant Governor	440		X			10	3	5	2
Liquified Petroleum Gas Board	445		X			43	54	29	23
Commission on Marginal Producing Oil and Gas Wells	446		X			36	51	29	41
Board of Licensed Alcohol & Drug Counselors	448		X			15	23	11	17
Board of Medical Licensure & Supervision	450				X	89	106	104	85
Department of Mental Health & Substance Abuse Services - Oklahoma Forensic Center	452	X	X		X	5,873	5,585	3,790	3,348
Rogers State University	461	X	X		X	1,972	1,962	1,867	2,214
Murray State College	470	X	X			1,273	2,243	2,664	1,551
Motor Vehicle Commission	475		X			32	41	33	41
Oklahoma Bureau of Narcotics	477	X				431	439	242	265
Northeastern Oklahoma A&M College	480		X			1,450	1,460	1,806	1,898
Northeastern State University	485	X	X	X		2,341	2,646	1,805	2,232
Northern Oklahoma College	490					1,990	2,311	2,128	2,169
Northwestern Oklahoma State University	505	X	X			2,056	3,017	2,802	2,392
Board of Examiners for Long Term Health Care	509		X			25	32	26	22
Oklahoma Board of Nursing	510	X	X			104	128	96	86
Oklahoma Public Employees Retirement System	515		X			6,888	6,790	6,612	6,275
Office of Management and Enterprise Services - Employees Group Insurance Division	516	X	X			98,176	87,636	79,992	53,941
Board of Optometry	520				X	29	31	29	21
Oklahoma Panhandle State University	530		X		X	1,022	1,189	1,325	812

Rose State College	531	X	X		X	1,632	1,800	1,656	1,877
Peanut Commission	535		X			6	9	16	18
Oklahoma Police Pension & Retirement System	557	X				340	342	312	324
Oklahoma State Board of Pharmacy	560	X	X		X	48	31	25	20
Board of Private Vocational School	563		X			17	21	11	16
Oklahoma Tourism & Recreation	566	X				2,426	2,401	1,470	1,455
Oklahoma Scenic Rivers Commission	568		X			19	23	12	15
Board of Licensure for Professional Engineers and Land Surveyers	570		X			62	46	57	48
Board of Examiners of Psychologists	575		X			14	21	17	25
Office of Management and Enterprise Services - State Risk Management Division	580	X	X		X	375	50	1	0
Oklahoma State Bond Advisor's Office	582		X		X	42	36	17	19
Department of Public Safety	585	X	X			2,603	2,294	1,508	1,477
Oklahoma Real Estate Commission	588		X			67	60	42	19
Oklahoma State Regents for Higher Education	605		X		X	1,871	1,973	1,797	1,708
Ardmore Higher Education Center	606		X			161	206	119	118
Physician Manpower Training Commission	619		X			378	423	458	287
Quartz Mountain Arts and Conference Center	620	X	X			158	112	129	182
Board of Licensed Social Workers	622		X			15	19	15	16
Seminole State College	623	X	X			1,531	1,409	1,297	1,349
Secretary of State	625		X			651	725	750	753

Center for Advancement of Science & Technology	628		X			353	227	127	219
Oklahoma School of Science & Math	629		X			103	92	70	81
Department of Securities	630		X			72	95	71	61
Board of Examiners for Speech - Language Pathology & Audiology	632		X			16	12	18	16
Oklahoma City Community College	633	X	X		X	1,964	2,005	1,855	2,176
Commission on Consumer Credit	635		X			43	40	51	39
Veterans Affairs	650		X			4,683	4,908	3,672	4,200
Southeastern Oklahoma State University	660	X	X			2,139	2,363	2,134	2,334
Southwestern Oklahoma State University	665	X	X			3,373	3,030	2,837	3,435
JD McCarty Center	670		X		X	199	251	195	190
Supreme Court	677	X				473	379	390	163
Council on Judicial Complaints	678				X	13	18	10	15
Oklahoma Tax Commission	695		X	X	X	9,013	10,198	31,463	22,897
Oklahoma Teachers Retirement System	715		X	X		6,094	5,266	3,582	4,306
Oklahoma State Treasurer	740	X	X			3,808	3,949	4,773	3,689
Tulsa Community College	750	X	X		X	2,904	3,242	3,139	3,608
Uniform Building Code Commission	753		X			41	29	19	21
Used Motor Vehicle & Parts Commission	755		X			40	31	32	39
University of Oklahoma	760/761		X	X	X	20,729	21,652	23,901	22,615
University of Oklahoma Health Sciences Center	770-771	X	X	X	X	27,568	31,037	28,663	25,640

Board of Chemical Tests for Alcohol/Drug Influence	772		X			22	15	13	19
Veterinary Medical Examiners	790		X			52	50	45	32
Oklahoma Department of Career & Technology Education	800		X			923	914	850	814
Department of Rehabilitation Services	805	X				21,416	20,930	18,196	19,585
Oklahoma Health Care Authority	807	X	X		X	1,869	1,592	1,393	1,170
Employees Benefits Council	815		X			140	86	121	129
Oklahoma Department of Human Services	830	X	X			39,394	38,552	34,647	34,242
Oklahoma Water Resources Board	835		X			225	236	191	166
Oklahoma Wheat Commission	875		X			381	282	183	194
Will Rogers Memorial Commission	880		X			156	152	86	109
Oklahoma Turnpike Authority	978		X		X	83	68	66	61
Building Bonds Commission	91					0	0	1	0
Commercial Pets' Breeder Board	117					0	8	0	1
State Board of Chiropractic Examiners	145					0	9	4	2
State Fire Marshal	310					54	54	54	40
State Board of Examiners of Perfusionists	343					0	0	1	0
State Historical Society	350					297	305	285	244
LP Gas Research, Marketing and Safety Commission	444					36	63	18	28
Osteopathic Examiner	525					41	31	26	39
Regional University System of Oklahoma	610					78	70	25	29

Conservation Commission	645					405	312	300	303
University Center of Ponca City	758					0	63	68	80
University Hospitals Authority	825					22	7	3	3
						479,782	473,858	462,061	420,690