

## **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, December 31, 2013, March 31, 2014 and June 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 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.

<b>FY 2013 Payment Summary:</b>	<b>Transaction Volume</b>	<b>% of total</b>
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		FY 2013	Warrants Paid During Quarter Ended				
				ACH Transactions	Other		09/30/13	12/31/13	03/31/14	06/30/14	FY 2014
Oklahoma State University	010-016, 773, 775		X	X	X	74,152	17,719	19,154	20,381	16,276	73,530
Accountancy Board	20	X				220	51	39	37	43	170
Abstractors Board	22					102	16	20	23	26	85
Military Department	25				X	3,165	366	325	385	354	1,430
Alcoholic Beverage Law Enforcement Commission	30		X			568	172	122	103	89	486
Boll Weevil Eradication Organization	39		X			223	29	19	17	20	85
Agriculture, Food, and Forestry Department	40					1,889	327	276	296	250	1,149
Western Oklahoma State College	41	X	X	X	X	6,589	868	956	970	1,055	3,849
Board of Governors of the Licensed Architects, Landscape Architects, and Registered Interior Designers	45					114	18	23	17	12	70
Indigent Defense System	47		X			1,431	198	151	125	118	592
Attorney General	49, 355	X				1,302	268	340	415	510	1,533
Arts Council	55		X			633	136	74	90	121	421
Aeronautics Commission	60	X				157	24	27	36	31	118
Banking Department	65		X			175	28	27	25	25	105
Office of Management and Enterprise Services	90, 467, 548, 580	X	X		X	4,544	1,030	991	957	963	3,941
Building Bonds Commission	91					1	0	0	1	0	1
Tobacco Settlement Endowment Trust Fund	92					434	74	54	45	49	222
Cameron University	100		X		X	11,265	2,360	2,570	2,376	2,955	10,261
Capitol Improvement Authority	105					166	19	15	14	15	63
Carl Albert State College	108	X	X		X	13,600	3,359	3,539	3,183	3,406	13,487
Commercial Pets' Breeder Board	117					9	0	0	0	0	0
University of Central Oklahoma	120	X	X	X	X	9,924	2,314	2,317	1,952	3,050	9,633
Department of Mines	125		X		X	488	88	71	110	92	361
Commission on Children and Youth	127					294	62	59	60	56	237
Department of Corrections	131	X	X		X	69,235	14,904	14,383	14,734	14,315	58,336
Board of Podiatric Medical Examiners	140					0	1	1	0	0	2
Board of Chiropractic Examiners	145					15	15	14	18	11	58

Board of Behavioral Health and Licensure	148					0	0	0	26	26	52
University of Science and Arts of Oklahoma	150					7,753	1,553	2,623	1,826	1,648	7,650
Department of Commerce	160		X	X		1,974	287	218	222	229	956
Connors State College	165		X		X	9,238	1,500	2,469	2,303	1,727	7,999
Construction Industries Board	170	X	X			385	69	69	53	52	243
Corporation Commission	185	X				6,137	1,417	1,213	1,408	1,572	5,610
Board of Cosmetology and Barbering	190					188	38	49	49	51	187
Court of Criminal Appeals	199					126	17	24	21	17	79
J. M. Davis Memorial Commission	204					118	38	20	25	23	106
Board of Dentistry	215					151	37	19	35	47	138
District Courts	219					340	41	30	25	25	121
District Attorneys Council	220	X			X	5,532	1,161	1,082	1,155	1,095	4,493
East Central University	230	X	X		X	14,655	2,906	3,389	3,064	4,596	13,955
Eastern Oklahoma State College	240	X	X		X	5,683	1,033	1,160	1,158	1,499	4,850
Redlands Community College	241		X		X	5,986	1,503	1,398	1,398	980	5,279
Department of Education	265		X			4,258	957	836	1,132	1,176	4,101
Educational Television Authority	266		X			611	112	104	112	94	422
Commission for Teacher Preparation	269					650	95	167	82	119	463
Election Board	270		X			789	97	55	46	52	250
Educational Quality and Accountability Board	275					0	5	1	5	7	18
Funeral Board	285					71	18	19	19	15	71
Employment Security Commission	290	X	X		X	9,636	1,968	1,637	1,579	1,456	6,640
Department of Environmental Quality	292	X	X			4,381	736	729	713	695	2,873
Ethics Commission	296	X				39	5	3	2	4	14
Merit Protection Commission	298					53	17	16	13	14	60
Office of the State Auditor and Inspector	300					346	82	62	57	59	260
Office of the Governor	305					155	31	45	39	29	144
Pardon and Parole Board	306					144	35	33	27	24	119
Interstate Oil Compact Commission	307					53	13	16	20	20	69
Oklahoma State Bureau of Investigation	308				X	1,617	329	294	275	291	1,189
Department of Emergency Management	309		X		X	2,973	461	382	277	246	1,366
Fire Marshall Commission	310					202	44	43	45	33	165
Firefighters Pension and Retirement System	315	X	X		X	20,111	1,072	842	612	482	3,008
Wildlife Conservation	320		X			3,585	881	656	765	757	3,059

Office of Disability Concerns	326		X			103	17	20	16	19	72
Department of Health	340		X			10,438	2,331	2,080	1,955	2,624	8,990
Board of Medicolegal Investigations	342					944	191	208	193	196	788
Board of Examiners of Perfusionishts	343					1	0	2	0	0	2
Department of Transportation	345		X			27,940	5,214	4,774	4,657	4,633	19,278
Space Industry Development Authority	346		X			514	56	45	59	47	207
Historical Society	350					1,131	201	222	229	239	891
Horse Racing Commission	353				X	10,566	2,623	2,848	888	3,930	10,289
Energy Resources Board	359		X			903	91	48	63	262	464
Workers' Compensation Court	369				X	847	194	193	103	5	495
Industrial Finance Authority	370				X	47	10	8	10	10	38
Insurance Department	385	X			X	1,161	337	270	255	323	1,185
CompSource Mutual Insurance Company	390	X			X	368,838	82,258	68,381	62,281	72,543	285,463
Multiple Injury Trust Fund	391					0	6,741	23,783	18,095	27,766	76,385
Office Of Juvenile Affairs	400					5,667	1,109	1,109	1,197	1,259	4,674
Department of Labor	405					239	52	760	75	54	941
Commissioners of Land Office	410		X			624	111	136	120	120	487
Council on Law Enforcement Education and Training	415		X		X	664	97	98	97	113	405
Law Enforcement Retirement System	416				X	629	125	116	126	133	500
Langston University	420					6,461	1,752	1,246	1,634	1,691	6,323
State Senate	421					792	107	100	265	269	741
State House of Representatives	422		X			1,007	125	153	321	328	927
Legislative Service Bureau	423					136	18	20	22	16	76
Department of Libraries	430		X		X	1,656	251	184	286	305	1,026
Lottery Commission	435					3,066	714	679	727	622	2,742
Office of the Lieutenant Governor	440					20	4	2	1	4	11
Liquified Petroleum Gas Research, Marketing and Safety Commission	444					145	10	14	12	15	51
Liquified Petroleum Gas Board	445					149	20	19	15	24	78
Commission on Marginal Producing Oil and Gas Wells	446					157	8	2	0	0	10
Board of License Alcohol and Drug Counselors	448		X			66	27	18	11	20	76
Board of Medical Licensure and Supervision	450					384	69	69	64	73	275
Department of Mental Health and Substance Abuse Services	452		X		X	18,596	3,044	3,158	3,129	3,158	12,489
Rogers State University	461					8,015	1,825	1,972	1,814	2,091	7,702
Murray State College	470	X	X			7,731	2,118	2,205	2,346	1,763	8,432

Motor Vehicle Commission	475					147	45	44	45	49	183
Bureau of Narcotics and Dangerous Drugs Control	477		X		X	1,377	223	211	284	290	1,008
Northeastern Oklahoma A&M College	480		X			6,614	1,463	1,776	1,470	1,620	6,329
Northeastern State University	485	X	X	X		9,024	1,591	2,382	1,936	2,536	8,445
Northern Oklahoma College	490					8,598	1,924	2,277	2,249	2,331	8,781
Northwestern Oklahoma State University	505					10,267	2,072	3,027	2,912	2,155	10,166
State Board of Examiners for Long-Term Care Administrators	509					105	22	24	24	19	89
Board of Nursing	510					414	62	65	65	58	250
Public Employees Retirement System	515	X			X	26,565	6,195	6,108	5,918	5,671	23,892
Employees Group Insurance Division	516					319,745	23,714	23,579	37,461	25,251	110,005
Board of Examiners in Optometry	520					110	489	23	24	18	554
Board of Osteopathic Examiners	525					137	21	42	16	18	97
Oklahoma Panhandle State University	530					4,348	470	1,164	1,332	842	3,808
Rose State College	531	X	X		X	6,965	1,779	1,888	1,694	2,055	7,416
Peanut Commission	535					49	13	9	13	17	52
Police Pension and Retirement System	557	X				1,318	336	309	301	338	1,284
Board of Pharmacy	560					124	23	16	17	23	79
Board of Private Vocational Schools	563					65	9	13	12	10	44
Tourism and Recreation Department	566					7,752	1,361	1,223	1,210	1,408	5,202
Scenic Rivers Commission	568		X			69	15	16	10	10	51
Board of Registration for Professionl Engineers and Land Surveyors	570					213	55	56	45	55	211
Board of Examiners of Psychologists	575					77	12	18	13	16	59
State Risk Management Division	580					426	0	0	0	0	0
Bond Advisor	582					114	18	15	19	8	60
Department of Public Safety	585	X	X			7,882	1,524	1,487	1,491	1,602	6,104
Real Estate Commission	588		X	X	X	188	24	22	17	25	88
State Regents for Higher Education	605		X		X	7,349	1,825	1,697	1,620	1,612	6,754
Ardmore Higher Education Center	606					604	134	115	111	93	453
Regional University System of Oklahoma	610					202	21	33	21	36	111
Physician Manpower Training Commission	619					1,546	409	324	383	245	1,361
Board of Trustees for the Quartz Mountain Arts and Conference Center and Nature	620	X	X			581	185	315	317	485	1,302
Board of Licensed Social Workers	622					65	12	14	18	17	61
Seminole State College	623					5,586	1,231	1,269	1,139	1,181	4,820

Secretary of State	625				X	2,879	833	752	1,094	867	3,546
Cenetr for the Advancement of Science and Technology	628		X			926	127	111	102	174	514
School of Science and Mathemathics	629		X			346	60	63	49	61	233
Securities Commission	630					299	62	51	54	51	218
Board of Examiners for Speech-Language Pathology and Audiology	632					62	14	17	13	15	59
Oklahoma City Community College	633	X	X		X	8,000	2,123	2,083	1,976	2,255	8,437
Commission on Consumer Credit	635					173	49	36	30	25	140
Conservation Commission	645					1,320	208	186	175	308	877
Department of Veteran Affairs	650					17,463	3,865	3,778	3,346	3,608	14,597
Southeastern Oklahoma State University	660	X	X		X	8,970	1,867	2,037	2,038	2,419	8,361
Southwestern Oklahoma State University	665	X	X			12,675	3,365	2,924	2,824	3,284	12,397
Cerebral Palsy Commssion	670		X		X	835	217	166	152	158	693
Supreme Court	677	X				1,405	175	325	236	154	890
Council on Judicial Compliants	678					56	12	11	13	7	43
Tax Commission	695	X	X	X	X	73,571	7,283	6,995	14,647	9,302	38,227
Teachers Retirement System	715		X	X		19,248	1,985	806	1,838	739	5,368
Oklahoma of the State Treasurer	740	X	X			16,219	3,668	3,117	3,412	4,323	14,520
Tulsa Community College	750	X	X		X	12,893	3,148	3,534	3,220	3,821	13,723
Uniform Building Code Commission	753					110	16	23	20	30	89
Used Motor Vehicle and Parts Commission	755					142	29	25	87	38	179
University Center of Ponca City	758					211	87	90	76	98	351
University of Oklahoma	760/761		X	X	X	88,897	23,462	25,356	24,042	23,410	96,270
University of Oklahoma Health Sciences Center	770-771					112,908	28,153	25,129	23,195	21,867	98,344
Board of Chemical Tests for Alcohol/Drug Influence	772					69	21	13	17	16	67
Board of Veterinary Medical Examiners	790					179	47	28	35	31	141
Department of Career and Technology Education	800					3,501	841	631	632	641	2,745
Department of Rehabilitation Services	805	X				80,127	23,004	22,838	21,209	21,793	88,844
Health Care Authority	807	X	X		X	6,024	1,005	954	867	887	3,713
Employees Benefits Council	815					476	94	67	112	133	406
University Hospitals Authority	825					35	1	0	0	0	1
Department of Human Servies	830	X	X			146,835	32,540	28,190	26,720	29,350	116,800
Water Resources Board	835		X			818	214	149	155	146	664
Worker's Compensation Commission	865					0	0	0	53	173	226
Wheat Utilization, Research, and Market Development Commission	875		X		X	1,040	172	308	201	268	949

Will Rogers Memorial Commission	880					503	95	94	59	84	332
Turnpike Authority	978		X		X	278	46	72	51	54	223
						<b>1,836,391</b>	<b>361,019</b>	<b>360,732</b>	<b>360,961</b>	<b>368,341</b>	<b>1,451,053</b>