

Institutions of Higher Education – Separation Project

July 8, 2015 Q & A Session

Script Highlights

- ▶ Goal: To enable Higher Education employer processing and reporting for calendar year 2016 and beyond.
 - ▶ To accomplish:
 - ▶ Develop common requirements
 - ▶ Determine required data
 - ▶ File formats
 - ▶ Critical dates
 - ▶ Note: Each institution/consortium will be independently responsible for operational needs and projects.
- ▶ Communication
 - ▶ OSRHE Announcements
 - ▶ DCAR Newsletter
 - ▶ Enterprise Business Services Project Announcements

[Lisa Raihl] There is a new GovDelivery subscription topic. On the OMES homepage, center of page to the right side is the sign up for OMES – Alerts. Enter your email address and select 'GO'. Once on the subscription page, select Subscription Type 'Email', enter your email address and click the 'Submit' button. At the top of the subscription page, select the 'Higher Education Payroll Processing and Reporting' topic. Other topics are available and can be subscribed to as desired. When finished, select 'Submit' at the bottom of the page and your preferences will be saved.

There is a new designated area on our website for the project. From OMES homepage (<http://www.ok.gov/OSF/>) select the CIO hyperlink at the top of the page (just to the left of the Comptroller & Budget link). Select the Customer Portal (1 of the 6 scrolling items in the center of the page). Scroll down the page and under 'Business Application Services (CORE) Information' select 'Module News' under 'Financials'. The separation project information is at the top of the screen. The link is:

http://www.ok.gov/cio/Customer_Portal/Business_Application_Services_Essentials/Financials/Financials_News.html

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Business Application Services (CORE) Financials - News

Key Documents

Higher Education Payroll Processing and Reporting Project

- **Bulletins** (links open in new window)
 - Information for Higher Education Employer Processing and Reporting **OLERS/OPERS/SoonerSave/TRS/OST EE count/OpenBooks**
 - PFT Processing Account Information **PFT file layout and new accounts**
- **Documents**
 - 485xxx Accounts for Statewide Accounting Manual Appendix 3 (.xlsx, 11.6 KB)
 - 585xxx Accounts for Statewide Accounting Manual Appendix 4 (xlsx, 12.2 KB)
 - Higher Ed Agencies Number & Name (.pdf, 1 p, 25 KB)
 - Higher Ed Retirement Information (HTML)
 - 500 MISC Higher Ed Payroll Issue File(.docx, 4 pp, 29 KB)
 - Note:** Beginning with payrolls effective January 2016, Higher Education institutions will be required to use the 500 Misc file. The 500 Misc file layout contains detailed information for employee payroll records that will be sent to the State Treasury for payroll processing. If you have any questions regarding the file layout, please contact Diedra O'Neil at diedra.oneil@treasurer.ok.gov or 405-522-4256.
 - Number of Employees on Agency Payroll by Agency Number (.pdf, 1 p, 47 KB)
 - OpenBooks Info (.xlsx, 57 KB)
 - PFT Account Codes (.xlsx, 19.3 KB)
 - PFT Effective CY16 (.pdf, 1 p, 75 KB)

Overview of New Process

Institutions will generate a PFT file and a 500 Misc file. Both files will be loaded into the State payroll system. Once loaded, the paperwork will be sent to Transaction Processing so that the PFT file can be released to the General Ledger and the 500 Misc file can be released to the Treasurer's Office.

The PFT format is changing to include the detail for account posting in General Ledger. Previously the PFT just moved money from funds to the 905; it will now post the expense amounts to the accounts within the individual funds and move money to the 789 fund to pay everything out (taxes, withholdings, and net pay amount). The PFT format has changed slightly to include the account number and the payroll claim number. New account codes have been created for taxes and withholdings, salary accounts will remain the same. The new PFT format and the new account codes have been released and sent out via the notification service and are also located on the OMES website designated area.

The 500 Misc file will include header, detail, and trailer records. The header record has general information and includes the payroll claim number which must match to the submitted PFT. The detail records contain the information to pay each employee. Only the net pay amount will be transmitted in the 500 Misc file. The trailer record contains totals for the file (# of warrants, total net pay amount). The files can be transmitted by institutions to the USS area of the OMES mainframe prior to loading into PeopleSoft –OR– they can be loaded directly from a workstation that is signed in to PeopleSoft (same as current practices). OMES will receive 500 Misc files from institutions as needed each day. Institutions will load the file into the State's PeopleSoft system for claim validation prior to OMES release of the file to OST.

Institutions will submit to Transaction Processing:

1. The signed Payroll Claim Document: – **created** to be identical as today’s claim document is in the State system.
2. The Validate PFT Funding Report: generated from the State system once the PFT process has been run.

All documents must be received five (5) business days prior to the actual pay date to ensure adequate time for audit and processing. Once OMES receives the documents, the reports will be reviewed and the payroll will be released for processing (both the PFT and the 500 Misc files). Payroll documents must be received by 3:00 PM in order for payroll to be released to the OST file on that day. Submission of paperwork is the same as the current practice (email is the preferred method). Once payrolls are reviewed, OMES will run a process to combine all 500 Misc files submitted for the day into one file and create one header and trailer record for OST.

New Responsibilities for Institutions

Institutions will be responsible for paying all taxes due to both the federal and state entities. Payroll taxes to the federal government will be paid through the OST ACES system and journalized in the State PS Financial system. This includes W-2 income tax withholding, social security and medicare taxes; income tax withholding for retirees and nonresident alien withholdings, along with any backup withholding for 1099 payments to vendors. State income tax withholdings and unemployment taxes for covered agencies will be paid by AP voucher. Again, the new PFT will post to the 789 fund the taxes to the respective accounts. Further detailed discussion of the federal tax payments processed in ACES and the journal entry will be included in the PFT session to be held July 22. (Note: The July 22 session was cancelled so PFT and 500 Misc files were discussed during the August 5 presentation.)

Q: If an institution uses a TPA for tax payments, would they be able to process a voucher from the new tax accounts payable to the TPA for the taxes due on the payrolls?

NO, a TPA could not be paid; there is no legitimate reason to make payment to them. It wouldn’t be a payment for services or goods.

Q: Do institutions have to use the OST system for tax payments or can a TPA make the payments themselves using the outside EFTPS system?

Yes, per Diedra the OST system has to be used.

Institutions will be responsible for all reporting to both the federal and state entities. This includes monthly, quarterly, and yearly reports as applicable. (941, 945, 1042, and tip reporting, state income tax and unemployment reporting, retirement reporting to OPERS/SoonerSave/OLERS/TRS and ACA

reporting (to name a few)). All employee forms (for example: W-2s, 1099s, 1042s, ACA) will be the responsibility of the institutions.

This also includes the 1099-MISC reporting. Institutions will be responsible for producing the forms and filing the applicable reports. We are looking at possibly having an extract (or query) that each institution can run from PS Financials that will pull vendors they used during 2014 and 2015 to assist with set up in their system.

Institutions with employees in OPERS, SoonerSave, and OLERS will be required to complete the payment and reporting requirements of those systems. Institutions will also have to create processes to report calendar year end W-2 and 1099-Misc information to TRS.

General Information (information distributed and in works)

We have published a list of contacts for all of the retirement plans. The retirement system contacts can assist institutions with file layouts and testing, payment due dates, and other items related to their reporting requirements.

OST requires a report that shows the total number of employees paid during the month and the number on direct deposit (along with the percentage this equates to). This report is used to see how well direct deposit is being used among agencies and employees.

OpenBooks reporting will be required by institutions on a monthly basis, after the month has finished. We have published a document, 'OpenBooksInfo.xlsx' that has two tabs. The first tab lists account codes that are currently being reported and the second tab lists earnings codes that are set up in the State's HCM system that include those account codes. This was provided to assist institutions with programming for the OpenBooks file. The file layout is being reviewed and should be published sometime within the next week or so. We will send out a notification through the OMES Alerts to let everyone know and put it out on the designated area of our website.

We are also working on an employee direct deposit extract. Institutions will be able to run a process in the State's HCM system that will pull all their employees with active direct deposit records. This file can be reviewed and updates made to the state system as needed. The extract can be run as many times as necessary. Employee direct deposit information can be housed and maintained directly in the OST database or it can be housed internally and provided to OST in the submitted 500 Misc files. For institutions wanting to load their direct deposit information into the OST database, we will provide a deadline for submitting the extract file. After the initial load, manual updates can be completed in the OST system or can be provided in subsequent 500 Misc files. For manual updating, the banking information is on one screen and the time to complete is minimal. We should have the direct deposit extract process and file layout by the end of July. We will send out a notification through the OMES Alerts to let everyone know and put it out on the designated area of our website.

2015 ACA reporting will be completed as one employer. Since we don't have all the information for institution employees in our system to complete ACA reporting, we had to look at how we can report for everyone. In addition, each employee is only to receive one 1095-C form. So if an employee works for more than one institution/agency, we have to combine reporting onto one form. We are still working through this process but will require a file from each institution of employees they plan on reporting. We will combine these files with one of state agency employees. Once we have all employees that are to be reported, we will identify those that are in multiple agencies/institutions and send out a list to those institutions with employees that we've identified. We will need back from the institutions the information they were going to report on the 1095-C so that we can create one form for the employee. The institution will then need to make sure they too don't report those specific employees. For all other employees, institutions will either need to print the forms themselves or provide to us a file (the layout is still to be determined) with the information that needs printed on the forms. Also, for all other employees (not multiple agency employees), institutions will need to provide us the files they have created so we can submit them to the IRS. This file will follow the IRS published format. The State will file the authoritative form/file (1094-C). There can be only one authoritative form/file, so no others should be marked as authoritative. Along with sending us the files to be submitted to the IRS, we will need the employee counts that are required for the authoritative form/file. More information on the ACA reporting will be in a future session.