

Institutions of Higher Education – Separation Project

August 5, 2015 Session – PFT & 500 Misc Files

Script Highlights

Opening (opening slide)

[Lisa Raihl] In the last session I stated we were looking at the 5 business day rule for submitting payrolls and if this would change too. We have determined that to begin with, we will keep the 5 day rule. After we see how all the processes are running, we will evaluate *possibly* changing this, no guarantees. It will probably 4 to 6 months before we have a good idea of how everything is working.

We are still shooting for a September test environment, no hard date has been determined yet.

I am going to reiterate our goal, which is to enable Higher Education employer processing and reporting for calendar year 2016 and on. To accomplish this, we are developing common requirements, determining the data required, file formats, and critical dates. Again, each institution or group (however you set yourselves up as) will be responsible for determining your own operational needs and projects. We are sending communication out through several channels, Regents is distributing information, we have information in the DCAR newsletter and we have EBS project announcements sent via the GovDelivery system. It looks like most institutions have several people subscribed to the new Higher Ed topic which is *wonderful*. If others want or need to subscribe, they can do so at any time. And we have the designated area on the website for project distributed information. You can refer there at any time to get information previously published. The webinar from July 8th is also out there, so you can go back and listen again if needed.

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

(Slide 1)

We have slightly changed the order of topics today from the notification sent out last week. We should have time to cover everything but if not, the last couple of items can be picked up in the next session. We wanted to provide the PFT and 500 Misc file information in this session so that we didn't set you back. Since we were unable to do the session on July 22nd for the PFT, we thought doing both the PFT and 500 Misc today would be best. We are going to cover the PFT layout, the account codes to be used, and show an example. Next we will get into the 500 Misc file layout. Information was distributed last week and is on the website if you don't have copies at this time. Updated information was sent out this morning. The changes were minor and will be discussed when we get to that layout or file and mainly apply to the payroll claim number. We will stop after each topic and allow for questions. We will then discuss the processing once OMES gets the PFT and 500 Misc files and then what the OST process of the 500 Misc file will be. After that, time allowing, we will discuss the processing of federal tax payments and all other withholdings and move on to the how returned direct deposits will be processed and the processing of cancellations.

(Slide 2)

So on to our first topic – the PFT. The slide shows the new file layout that will be used for payroll with an effective date (check issue date) *after* December 31, 2015. For example, biweekly payroll that pays Jan 8th, supplementals that pay January 12th and all others with check issue dates in January and forward. There are two new fields you need to be aware of and what is required to be reported:

Account: Located in position 49 to 54. This will be the accounts used to post salaries and employer expenses AND accounts to post net pay, taxes, and other withholding amounts that all need to be paid out.

The second new field is Payroll Claim: which is in position 55 to 64. This is the payroll claim number and *must* be the same as the claim number in the 500 Misc file. The claim number is the fiscal year and then the PFT number used in field 6-13 of the PFT file layout. The claim number in the PFT file must match the claim number used in the 500 Misc file, this will be discussed further in the 500 Misc file presentation.

The PFT number will be assigned by the institution in the same manner they are today; 3 digit agency number and then assigned transfer number.

Changes that were published today are for the description of the Transfer Number field and the Payroll Claim field. The layout was also updated to show the starting position of the last field as 65 not 64.

The question was asked last time, what department code will be used? Jennie Pratt and Sheri Mauck discussed and agreed on 8900001 last week. Sheri is supposed to be requesting the setup through the budget group. This department code is only for the 789 fund. Other class fundings would use their appropriate department numbers.

(Slide 3)

New PFT Account Codes: This slide shows the new account codes that have been created for the PFT to record the net pay (payroll payable), the taxes (both employee and employer), and OPERS/OLERS/Deferred Comp Plan amounts in the 789 class fund. The PFT will use the 485xxx accounts. When payments are processed through general ledger and accounts payable, the amounts will be paid out using the 585xxx accounts. This is to assist in reconciling the accounts at the request of Transaction Processing.

(Slide 4)

The expense account code numbers have not changed but the description of some of the accounts has. We have changed 'State Share' to 'Employer Share' for employer paid expenses (FICA, retirement). These accounts codes will report against other class fundings not 789 (for example; 290, 430, 700). The reason we need this detail in the PFT is because the expense detail currently comes from the payroll system and is recorded against the 905 funds. Going forward, this detail must be provided in the PFT against the source funds because there will no longer be a 905.

(Slide 5)

For other withholdings (café amounts, credit unions and banks, other retirements and misc. withholdings) the accounts have also been changed to the 485xxx in the PFT and for payment out to the 585xxx. Voucher payments for withheld amounts will process as they do today, the only differences will be the accounts codes used and the use of the 789 fund.

(Slide 6)

We've provided an Excel example of a PFT and related it back to the Payroll Claim Document. Just to clarify, the last 3 columns, account description claim amount, and difference, *are not* part of the PFT, they are included only for presentation. The updated example published today corrects the length of the payroll claim field and shows an example of a correct payroll claim number. I am going to go the next slide which shows the claim document so we can compare the two.

(Slide 7)

The first line in our PFT example is the 485060 account (net pay). This amount matches to the Claim document net pay of 965,309.45. The next several accounts are the tax accounts which you can see match between the PFT and the claim document. The salary and earnings on the claim document match to the total of the accounts 511140 to 511390. These accounts begin just under the yellow highlighted ones up top. So from Salary – H Ed teaching pay through Café Plan – other, the amount on the side is totaled at 1,430,498.24 matching the claim document. The rest of the accounts in the Excel example also tie to the claim document. Please take the time to go through line by line, if you like, to get a good understanding of the correlation between the PFT and the claim document.

(Slide 8)

Here is the actual file that will be transmitted to us. The information in the file is identical to the Excel example we just looked at. You might be asking why we need all this information in the PFT file. We have to collect this detail in order to process it to general ledger to record all the expenses and the liabilities that will need paid out. Remember, all payroll related amounts must be included in the payroll claim which results in them being in the PFT to post to GL. Updated information in this example is to the payroll claim field, to correct the claim number to the correct format and length.

(Slide 9)

Once the PFT file has been loaded and the Validate PFT Funding process has been run, the Validate PFT Funding Report will reflect the fund activity in total. You will not see multiple lines for funds (unless there are multiple Bud Refs). The only difference on this report will be the Number, it will be the payroll claim number submitted in the file which will match back to the actual payroll claim document.

(Slide 10)

At this time, we'll start answering chat questions related to the PFT and then will open up the phone line for questions.

(Slide 11)

I'm going to turn the floor over to the Treasurer's Office to discuss the 500 Misc file. We have Diedra O'Neil and Hui Chin Shih who will be leading this discussion.

[Diedra O'Neil] As Lisa stated the 500 Misc payroll file can be submitted by agencies on a daily basis. The file will be submitted to OMES, who will merge all files into a single file for OST processing. The cutoff time for submission of the 500 Misc file is 3pm daily.

Before we begin with the file format I would like to go over some general rules related to OST format:

- Each file shall only contain records for one payroll claim for one agency. This means if an agency is paying multiple claims on the same day, a file will need to be generated for each claim.
- All fields are required unless stated otherwise.
- Alpha fields are left justified. Unused positions are filled with spaces.
- Numeric fields are right justified. Unused positions are filled with leading zeros.

(Slide 12)

Let's move right into the file layout. We'll begin with the Header Record. Field 1, the Agency account number makes up positions 1-7. Any time you see quotations in description field this indicates a literal value. Positions 1-7 should be populated with all zeros. Field 2, agency account number, positions 8-10, is your three digit agency number. OU will use 760, while Western Oklahoma State College will use 041.

This is the agency for which the payroll claim was generated. Field number four is the file creation time. This field is used to ensure that duplicate files are not received and processed. Please populate positions 19-24 with the time stamp when your file was created in hour, hour, minute, minute, second, second format. For example 10:30 am exactly would be populated as 103000. Field five is the file load name. Again this is a literal value with the first six positions being 500MI and the last three being your three digit agency number from field number two. Field six, positions 33-38, is a literal value. The six positions should be populated with the word HEADER. Field seven is the claim number. This is the same value as field 25 of the detail record. We will discuss the composition of the claim number in depth when we discuss the detail record. Positions 49-500 are unused and should be space filled.

(Slide 13)

We're going to proceed to the next slide which is the first portion of the detail record. Each payment will have one detail record in the 500 Misc file. Positions 1-7 of the detail record is your seven digit agency account number with position 1 being a literal '7', positions 2-4 a literal '789' and position 5-7 being the funding agency's three digit agency number. Field 1 b is the Effective Date. Positions 8-13 should be populated with the payment date of your payroll in year, year, month, month, day, day format. An effective date of January 4, 2016 would be populated at one, six, zero, one, zero, four. Please note OST will validate the file contains a valid effective date. If a non-business date, such as a holiday or weekend is included in positions 8 through 13, OST will push the effective date to the next valid effective date. If an effective date in the past is submitted, OST will use the next valid business date as the effective date. Field 1 c is the warrant number. The warrant numbers are to be created by your institution and must not be reused in a 120 day period. Warrant numbers are nine digits and must begin with a '2.' This signifies to both OMES and OST that the item is a higher education payroll.

Field 2 is the amount. This is a numeric field and must contain the net payment amount. The 'V' in the description is an implied decimal. There are nine whole numbers and two decimal places or cents that make up the amount. A net pay of \$20.00 would be populated with seven leading zeros, two, zero, zero, zero. Only net pays great than zero dollars should be included.

Field number 3 is the Payee name position 34-78. It should be populated with the Payee Name, this is the name that will be included on the EFT payment or printed on the warrant. Fields 4-8 make up the payee's address. These values are required paper warrants. You do not have to include these values for EFT items. Field number 5 is optional and should only be completed if the employee has an address on line 2.

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We have a whole slide dedicated to pay type. Position 216 indicates the method by which the payee will receive payment. A pay type of 'P' means a paper check will be generated. For the remote printers this means a record will be included in your Pay base print file. A pay type of 'A' means an EFT will be generated and you have included the banking data in the detail record. Agencies who intend to store banking data in their own systems will always send pay type 'A' for EFTs. Agencies that plan to store

banking data in the OST can send a pay type of 'A' for an employee's first payroll instead of manually updating the OST system. We will review the available options for banking data storage in a later session. Finally, a pay type of 'E' means OST has banking data in our system for the employee and your agency wants us to use that data to populate the EFT record to the bank.

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Field 10 is reserved for a participant or employee id up to 15 characters and is required. If alpha characters are used, they must be uppercase. This identifier is assigned by your agency. This identifier is used in combination with the Class ID to query banking data if a pay type of 'E' is used. It is important to use the same employee id each time a payroll is generated for a specific employee regardless of which pay type is used. This makes research of payroll items much simpler.

Field 11, positions 232-234 is the Class ID. These have been established by OST and are the paying agency's three digit agency number. Field 12 is only required for pay type 'A'. Otherwise, this should not be used. This field should be populated with the payee's nine digit bank routing number. OST performs a validation on this field against the Federal Reserve routing number list. If this value is not valid, a warrant will be printed. Please note valid routing numbers do NOT begin with a five. It is strongly recommended you include a validation in your system for this field against the Fed routing number table. Please contact me directly if you would like instructions for downloading this table.

Field 13 is the bank account number. This field is only required for pay type 'A'. Field 14, position 261 is also only required for pay type 'A'. The position should be populated with a 'C' if the payee is receiving their deposit to a checking account or 'S' if the employee is receiving their deposit to a savings account.

Field 15 is reserved for the three digit agency number for the originating agency. Field 16 and 17 should be populated with literal values. Positions 265-266 should contain 'zero', 'zero.' Position 267 should be 'one.' Field 18 is reserved for the invoice id. This should contain the claim number we will discuss in field 25, an underscore, and a sequence number suffix that can be any length as long as all values are unique.

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Field number 19 is the Invoice Date. This should be populated with the payment date of the payroll in year, year, year, year, month, month, day, day format. Position 306-307 should be space filled. Field 21 is the invoice amount. This should be populated with the net pay amount from field 2/positions 23 through 33. Positions 319-388, fields 22, 22a through 24 make up the invoice message this is optional field that is only applicable to agency 770. Representative from 770 can contact me directly for additional information related to this field.

Field 25 consists of the claim number from the PFT. The claim number is a three part value. Positions 389-390 are the two digit fiscal year. Positions 391-393 consist of the three digit agency number and positions 394 -398 are comprised of the five digit claim sequence. This is the same value used in field 7 of the header record and the first ten positions of field 18, the Invoice ID Number

(Slide 17)

We're down to the last few fields of the detail record. Field numbers 26 and 27 are only used for paper warrants, pay type 'P.' These values are only required for non-US addresses. Field 26 should be populated with the three digit country code that complies with US Postal Standards.

The 500 Misc layout is being recycled to process payroll. As a result, the remaining positions, 447-500, are not used and can be space filled.

(Slide 18)

Lastly we have the trailer record. This will be used to validate the payroll against the PFT and other documentation submitted to OMES.

Field 1, the Agency account number makes up positions 1-7. Again, like the header record, this is a literal value and should be populated with all 'nines.' Field 2, positions 8-13 make up the Effective date. This should be the date the file was created, in year, year, month, month, day, day format. Field number three is the total number of warrants in the file. This is a numeric field. Field 4 contains the total Net Pay of the file. This should be sum of the net pays for all warrant numbers in the file. The value in this field will be compared against the Payroll Claim document prior to the file being transmitted to OST. Positions 34-500 are unused and should be space filled.

(Slide 19)

[Lisa Raihl] At this time, we'll start answering chat questions related to the 500 Misc and then will open up the phone line for questions.

(Slide 20)

We are going to move on with processing after files are submitted to OMES. Once the PFT and 500 Misc files have been processed into the State's HCM system, the following is required to be sent in to Transaction Processing: The Payroll Claim Document and the Validate PFT Funding Report (same as today except you will not have a GL interface document). Transaction Processing will compare the two reports to each other and to information on their release screens. There will be two releases. One will be the PFT going to GL to record the payroll activity and the second will be the release of the 500 Misc file for processing net pay information to the Treasurer.

Transaction Processing will compare total claim costs on the claim document to the PFT transfer amount into the 789 Fund on the Validate PFT Funding Report. They will also make sure the Validate PFT Funding Report amounts match to the PFT release screen amounts. They will then compare the net pay on the Payroll Claim Document to the net pay on the 500 Misc release screen to make sure they match. Everything will tie together with the Payroll Claim Number on both of the release screens (which come from the files) and the paperwork that is received.

If something does not match, nothing will be released and you will be contacted. If everything is good, the PFT will be released to GL in the same manner as the current process and the 500 Misc file will be marked for processing to the Treasurer. At the end of the day, all 500 Misc files that have been marked for release will be combined into one file and that file will be released to the Treasurer's Office for payment to employees.

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Once OST processes the daily file, an issue record file will be created and loaded into the State's PeopleSoft Financial system. Vouchers will be recorded to the 789 class and will be processed using one generic vendor number with the payee names maintained in the payment table.

The payments will all be considered 'miscellaneous'. If an institution currently prints their Miscellaneous warrants, any paper warrants from the 500 Misc file will be included in the print file with any other miscellaneous warrants for that day. If OST prints your miscellaneous warrants, any paper warrants from the 500 Misc file will be printed by OST along with any other miscellaneous warrants for that day and be distributed in the same manner as the current process. These warrants will also show on the miscellaneous warrant register currently distributed. The daily paid warrant file from OST to OMES will include 500 Misc paid warrants for reconciliation purposes.

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Questions over OMES or OST processing?

(Slide 23)

Once the PFT and 500 Misc files have been processed, you will be responsible for processing all payments; this includes federal and state taxes along with any retirement plan and other employee/employer amounts processed and posted to the withholding accounts in the 789 class fund. Federal taxes include 941 employment taxes, 945 taxes for income tax withholding on retirees, and 1042 tax for federal withholding on foreign nationals. You may or may not have all these (or any other) taxes; it depends on what you process as an employer and as a business entity.

Federal employment tax payments will be first entered in the Treasurer's ACES system. Institutions will need to be set up to do this and training will be provided. Some of you may already be entering payment information in the ACES system and will need to know the process for paying these federal taxes. You will also need to enter a journal entry in the State's General Ledger system to record the payment no later than 10 am the day before the tax payment is due.

The GL and ACES entries can be made several days in advance of the deadline and be scheduled to pay in ACES on the appropriate day. While the ACES payment could be future dated for payment, the GL journal entry will be edited and posted on the day OMES is notified. The entry must be in balance and saved. E-mail notification including the agency number, contact information, journal ID, and screen shot of the ACES payment screen will be sent to DCAR Accounting and will be addressed to an e-mail group

that will be monitored by the all members of that group (this email address will be published at a later date). Entries will be reviewed to insure the proper account, class, fund, department, program code, and bud ref are being used. The entry amount must match to the ACES payment screen amount. If they are not in agreement, the entry will not be posted or released to OST and you will be notified. If proper accounting is included, the entry will be edited and posted. Alternate contact information should be provided in case the entry fails to post. By 10:45 am each day an e-mail will be sent to OST including the agencies and amounts posted. Once OST receives this email, they will verify the dollar amounts match the payments entered in ACES and will release the payments for processing.

If the ACES entry dollar amount is not in agreement with the GL journal entry dollar amount, the payment will not be scheduled or released and you will be notified.

You might want to come up with a practice of reviewing outstanding ACES entries to ensure they get timely scheduled or were released the business day before the tax payment was due. ACES entries must be fully processed no later than 11 am the business day before the tax payment is due in order to pay timely. If the ACES entry is not scheduled or released by 1 pm the business day before the tax payment is due, you should contact OST *immediately*.

We will have a dedicated session on federal tax payments and provide examples of the payment in the ACES system and the journal entry required.

All other amounts (state withholding, retirements, miscellaneous deductions and such) will be processed as account payable payments in the same manner as today's process. The amounts will paid from the 789 class fund and the new 585xxx accounts we saw earlier in the presentation must be used. Since this is an established process, we will not cover the details of processing those payments but if you have any specific questions, please ask.

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Questions over payment processing?

(Slide 25)

Returned direct deposits will be processed in the same manner as miscellaneous returns are processed. The Treasurer's Office will notify OMES of a returned item. OMES will then contact you and let you know the amount is being deposited into the Agency's Clearing Account to be reissued to the individual. 'You' in this process would be whoever in your organization reissues miscellaneous warrants. If payroll doesn't know who this person or department is, you might want to find out before the change.

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Cancellation of paper warrants and direct deposits will be completed the same as other miscellaneous payments. The OST Stop Payment and Hard Cancel Form must be used for paper warrants. The Stop Payment option is used when the warrant is not in your possession, it was lost or destroyed. The Hard Cancel option is used when you have the actual warrant. The OMES Form 'EWC, Electronic Warrant

Cancellation' Form must be used for direct deposit cancellations. We'll go over some of the main areas on both of these forms for you.

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To stop pay on a paper warrant, the 'Stop Payment' option is selected in Section 1 and the general information is completed. If the warrant is to be reissued, then Section 2 is completed. For any stop pay/reissues, you'll also need to complete Section 2 Block C, vendor information. If a vendor is not set up (in the HECLM file or the State vendor file for OUHSC), complete the 'Adding Employees or Boards Members to CORE Vendor Database' Form and send with the 'Stop Payment and Hard Cancel' Form. The forms must be faxed to the Treasurer's Office to begin the process (the fax number is at the bottom of the OST form). Once OST places the stop pay on the item, they will forward the paperwork to Transaction Processing. If a reissue was requested, Transaction Processing will then process it.

When completing a hard cancel, attach the warrant to the form and complete Section 1. The form and warrant are to be sent to the Treasurer's Office (the address is at the bottom of the form). They will in turn send it to Transaction Processing.

Specific instructions for the forms are on our website under 'Comptroller & Budget' > DCAR Forms. The 'Stop Payment and Hard Cancel' Form and instructions are towards the end of the page and the 'Adding Employees or Boards Members to CORE Vendor Database' Form is about 2/3s the way down the page.

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For direct deposit cancellations, you will use the OMES 'EWC, Electronic Warrant Cancellation' Form. The form and specific instructions are also on our website under 'Comptroller & Budget' > DCAR Forms, close to the top of the page. This form is similar to the 'PWC' Form in that the area for Oklahoma Payroll must be completed along with Section 2, Transaction Information. Also like the 'PWC' Form, the form must be received within 5 business days of the effective date of the item in order for it to be processed. For example, a reversal of a July 31st payment must be sent in no later than Friday August 7th to be processed. The fax number is different from the 'PWC' Form so please make sure you send the form to the correct number or they will not be received to process. Follow up by sending the original form to Transaction Processing.

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The form requires the OMES Voucher #. This can be found using the PS Financials query 'OCP_AP0336_BU_WARRANT_INQ.' To run the query, you will enter the Business Unit and the Payment ID (warrant number). You will already have the warrant number because warrant numbers will be assigned by the institutions. The query results will give you the Voucher ID. It will also show you the amount, payment date, and individual's name. Once you have the voucher #, you can search for the voucher to find the Vendor ID #. The Vendor ID # to use on this form is the Vendor ID used on the voucher.

Because these will now be considered miscellaneous warrants, there may be additional coordination and assistance needed between payroll and finance.

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Along the same subject, or close to it, if you need a stat cancelled warrant replaced, you will use the OMES Form '20R' and send it directly to Transaction Processing for warrant replacement. This will follow the current practice for reissuing stat cancelled miscellaneous warrants. If a vendor id is not set up in the State vendor file for the individual by completing the 'Adding Employees or Boards Members to CORE Vendor Database' Form and send with the '20R.'

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Questions over returns or cancels?

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Closing

In closing, we've included the subscription link to sign up for notifications along with the link to the website area where all published information is located.