

Electronic Payments, 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 ended June 30, 2019. The report also reflects the number of warrants paid during each of the last six years.

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 will notify state agencies to begin planning for IAT processing when 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. All exemptions will expire on June 30, 2019, 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 2019 Payment Summary:	Transaction Volume	% of total
OKDHS electronic payments	7,111,283	(1)
OESC electronic payments	655,657	(2)
Purchase card transactions	537,793	(3)
OST initiated ACH credit and wire transfer transactions	5,221,239	
TOTAL Electronic Payments	17,037,075	95.5%
Total warrants redeemed	659,545	4.5%
TOTAL Payments	17,832,126	

Sources other than OST:

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

Note: numbers in red are preliminary

FY2020 Exemption Categories

Agency Name	Agency Number	International				FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
		System Limitations	Banking Data Limitations	ACH Transactions	Other					
Employees Group Insurance Division**	516		X		X	157,303	112,313	39,765	1,892	1,228
Department of Rehabilitation Services	805	X				84,450	79,585	75,800	67,067	52,898
Multiple Injury Trust Fund**	391		X		X	82,118	78,080	74,149	63,667	46,595
Oklahoma State University	010-016, 773, 775		X	X	X	71,829	77,524	67,247	68,632	75,200
University of Oklahoma	760, 761		X	X	X	90,460	75,783	69,517	58,792	60,752
University of Oklahoma Health Sciences Center	770, 771		X	X	X	73,315	69,944	66,791	65,544	51,261
Department of Human Services	830					106,569	43,709	36,908	32,192	27,809
Department of Corrections	131	X	X		X	47,326	36,287	35,390	36,878	34,931
Tax Commission	695	X	X	X	X	26,194	25,998	20,888	22,293	14,334
Office of Management and Enterprise Services**	90, 467, 548, 580, 815									
Public Employees Retirement System	515	X			X	19,963	15,910	6,577	5,705	5,067
Office of the State Treasurer**	740		X		X	13,787	12,979	15,447	14,011	11,489
Department of Veteran Affairs	650		X			14,493	11,961	10,375	9,367	9,089
Department of Transportation	345		X			13,399	11,317	10,206	8,689	8,127
East Central University	230	X	X		X	12,836	10,901	9,329	8,490	7,564
Tulsa Community College	750					12,305	10,531	10,294	9,777	7,688
Department of Mental Health and Substance Abuse Services	452		X		X	10,690	10,381	9,579	7,853	7,127
Horse Racing Commission	353					10,081	10,149	10,077	6,352	5,816
Carl Albert State College	108	X			X	10,718	9,651	8,984	5,993	5,189
Southwestern Oklahoma State University	665					10,257	9,310	8,480	7,966	5,180
Southeastern Oklahoma State University	660	X	X			8,751	9,132	8,360	7,133	4,687
Cameron University	100		X		X	9,023	8,659	8,748	8,813	7,780
University of Central Oklahoma	120	X	X	X	X	8,787	8,330	8,406	8,181	7,150
Northwestern Oklahoma State University	505	X	X			8,970	8,286	5,461	5,494	3,795
Northeastern State University	485	X	X	X		8,969	7,945	5,949	5,165	5,028
Northern Oklahoma College	490	X	X		X	8,571	7,675	7,154	6,209	5,642
Department of Health	340					7,439	6,781	5,870	5,305	5,014
Connors State College	165					4,594	6,720	6,002	4,087	3,638
University of Science and Arts of Oklahoma	150		X			6,455	6,627	6,443	6,554	6,191
Employment Security Commission	290	X	X		X	7,029	6,375	6,044	5,973	4,661
Rose State College	531	X	X		X	6,344	6,316	6,545	6,444	5,404
Oklahoma City Community College	633	X	X		X	6,911	6,271	5,861	5,913	5,281
State Regents for Higher Education	605		X		X	6,278	5,574	5,113	2,861	2,136
Corporation Commission	185	X	X			5,013	5,387	2,418	1,647	1,244
Langston University	420		X	X	X	4,606	4,882	4,814	3,660	4,358
Northeastern Oklahoma A&M College	480		X			5,119	4,784	6,229	7,528	8,433
Department of Public Safety	585	X	X			5,300	4,741	4,355	4,059	4,164
Eastern Oklahoma State College	240	X	X		X	4,793	4,250	4,143	4,207	3,754
Tourism and Recreation Department	566					4,503	4,149	4,021	3,748	3,000
Rogers State University	461					5,769	4,122	3,959	3,917	3,452
Department of Education	265		X			3,763	4,047	4,400	4,974	5,784
Office Of Juvenile Affairs	400	X	X			4,403	3,903	3,511	3,001	2,661
District Attorneys Council	220	X	X		X	4,117	3,900	4,027	3,963	3,837
Oklahoma Panhandle State University	530		X		X	3,963	3,735	3,446	3,110	3,348
Seminole State College	623	X	X			4,155	3,560	3,813	3,891	3,763
Murray State College	470	X	X			3,701	3,262	3,124	3,050	2,798
Redlands Community College	241	X	X		X	3,398	3,220	1,679	1,480	1,233
Western Oklahoma State College	41	X	X	X	X	3,372	3,178	2,726	2,861	2,417
Secretary of State**	625		X			3,687	3,064	2,900	2,784	2,960
Health Care Authority	807	X	X		X	2,886	2,766	2,456	2,529	16,334
Lottery Commission	435					2,806	2,416	3,025	3,062	2,958
Teachers Retirement System	715		X	X		2,369	2,314	2,460	2,291	2,235
Wildlife Conservation	320		X			2,432	2,234	2,073	2,012	1,681
Department of Career and Technology Education	800		X			1,900	1,910	1,297	1,292	1,209
Department of Environmental Quality	292	X	X			2,263	1,859	1,581	1,487	1,469
Firefighters Pension and Retirement System	315	X	X		X	2,077	1,612	1,636	2,102	1,648
Board of Trustees for the Quartz Mountain Arts and Conference Center and Nature	620	X	X			1,630	1,287	1,192	1,171	917
Physician Manpower Training Commission**	619		X		X	1,345	1,218	1,039	429	157
Military Department	25				X	991	935	839	732	764
Police Pension and Retirement System	557	X				990	850	891	904	933
Attorney General	49, 355	X	X		X	1,723	823	857	882	1,349
State House of Representatives	422		X			827	788	587	353	335
Agriculture, Food, and Forestry Department	40				X	912	761	725	614	523
Bureau of Narcotics and Dangerous Drugs Control	477				X	800	676	448	459	451
Insurance Department	385	X			X	1,074	674	603	537	426
Department of Emergency Management	309					1,156	624	873	320	346
State Senate	421					674	619	562	580	425
Historical Society**	350		X		X	707	571	498	498	416
Oklahoma State Bureau of Investigation	308				X	767	570	540	503	438
Board of Medicolegal Investigations**	342		X		X	635	567	529	413	436
Department of Libraries	430		X		X	730	557	415	372	261
Commissioners of Land Office	410				X	530	557	469	451	335
Department of Commerce	160		X	X		673	551	481	409	390
Supreme Court	677		X			646	536	715	694	854
Educational Television Authority	266					610	500	255	309	247
Law Enforcement Retirement System	416				X	497	457	472	1,357	331
Water Resources Board	835					523	454	427	358	318
Cerebral Palsy Commission (JD McCarty Center **)	670		X		X	441	443	742	690	733
Construction Industries Board**	170		X		X	313	433	503	374	365
Energy Resources Board	359		X			510	380	885	457	279
Ardmore Higher Education Center**	606		X		X	354	369	296	274	273
Council on Law Enforcement Education and Training**	415		X		X	364	302	362	416	600
University Center of Ponca City	758		X		X	315	274	257	181	121
Conservation Commission	645					299	259	184	150	117

FY2020 Exemption Categories

Agency Name	Agency Number	System Limitations	Banking Data Limitations	International		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
				ACH Transactions	Other					
University Hospitals Authority	825					0	0	1	2	0
						1,094,853	932,764	793,035	699,124	659,544

* Exemption Request Pending Approval

** Agencies that are included in OMES

*** No longer issuing warrants as a state agency