

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 ending June 30, 2016. The report also reflects the number of warrants paid during the years ended June 30, 2013, 2014, and 2015 and during the quarters ended September 30, 2015, December 31, 2015, and March 31, 2016.

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, 2016, 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 2015 Payment Summary:	Transaction Volume	% of total
OKDHS electronic payments	7,149,897	(1)
OESC electronic payments	807,995	(2)
Purchase card transactions	515,307	(3)
OST initiated ACH credit and wire transfer transactions	<u>7,524,856</u>	
TOTAL Electronic Payments	15,998,055	93.0%
Total warrants redeemed	<u>1,198,074</u>	7.0%
TOTAL Payments	<u><u>17,196,129</u></u>	

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

FY2016 Exemption Categories

Warrants Paid During

Agency Name	Agency Number	System Limitations	International			Quarter Ended					
			Banking Data Limitations	ACH Transactions	Other	FY 2013	FY 2014	FY 2015	9/30/2015	12/31/2015	3/31/2016
Oklahoma State University	010-016, 773, 775		X	X	X	74,152	73,530	70,792	15,950	18,856	19,371
Accountancy Board	20	X				220	170	176	64	41	25
Abstractors Board**	22		X			102	85	69	8	12	10
Military Department	25		X			3,165	1,430	1,103	233	245	270
Alcoholic Beverage Law Enforcement Commission	30				X	568	486	221	69	38	47
Boll Weevil Eradication Organization**	39					223	85	34	4	2	6
Agriculture, Food, and Forestry Department	40					1,898	1,149	970	212	208	251
Western Oklahoma State College	41	X	X		X	6,589	3,849	3,583	762	869	872
Board of Governors of the Licensed Architects, Landscape Architects, and Registered Interior Designers**	45		X			114	70	39	8	9	9
Indigent Defense System	47		X			1,431	592	411	106	71	71
Attorney General	49, 355					1,302	1,533	1,206	206	570	694
Arts Council**	55		X			633	421	317	92	68	42
Aeronautics Commission	60	X	X			157	118	122	19	9	21
Banking Department**	65		X			175	105	90	22	25	23
Office of Management and Enterprise Services**	90, 467, 548, 580, 815	X	X		X	5,446	4,347	3,643	1,329	2,881	4,307
Building Bonds Commission	91					1	1	1	0	0	0
Tobacco Settlement Endowment Trust Fund**	92		X			434	222	241	52	63	52
Cameron University	100					11,265	10,261	9,798	2,153	2,295	2,205
Capitol Improvement Authority**	105		X			166	63	53	9	14	1
Carl Albert State College	108	X			X	13,600	13,487	11,586	2,506	2,861	2,916
University of Central Oklahoma	120	X	X	X	X	9,924	9,633	9,179	2,246	1,983	2,043
Department of Mines**	125		X		X	488	361	288	77	61	65
Commission on Children and Youth**	127		X			294	237	236	43	34	41
Department of Corrections	131	X	X		X	69,235	58,336	49,344	12,097	11,999	11,876
Board of Podiatric Medical Examiners	140					0	2	2	1	1	0
Board of Chiropractic Examiners**	145		X			15	58	64	12	11	19
Board of Behavioral Health and Licensure**	148		X			0	52	98	24	21	17
University of Science and Arts of Oklahoma	150				X	7,753	7,650	6,459	1,476	1,911	1,597
Department of Commerce	160		X	X		1,974	956	738	177	165	172
Connors State College	165					9,238	7,999	7,154	1,044	1,534	1,191
Construction Industries Board**	170	X	X			385	243	353	89	57	65
Corporation Commission	185	X				6,137	5,610	5,456	1,220	1,218	1,347

Board of Cosmetology and Barbering**	190		X			188	187	210	44	71	63
Court of Criminal Appeals**	199		X			126	79	50	15	12	10
J. M. Davis Memorial Commission**	204		X			118	106	65	16	23	17
Board of Dentistry**	215		X			151	138	68	18	11	13
District Courts	219		X			340	121	136	47	34	32
District Attorneys Council	220	X	X		X	5,532	4,493	4,186	849	1,006	1,094
East Central University	230	X	X		X	14,655	13,955	13,591	2,792	3,440	3,088
Eastern Oklahoma State College	240	X	X		X	5,683	4,850	5,204	1,028	1,387	1,197
Redlands Community College	241		X		X	5,986	5,279	4,330	763	908	933
Department of Education	265		X			4,258	4,101	4,873	654	839	979
Educational Television Authority	266				X	611	422	549	155	121	118
Commission for Teacher Preparation***	269					650	463	38	0	0	0
Election Board	270		X			789	250	355	74	70	51
Educational Quality and Accountability Board**	275		X			0	18	389	43	77	119
Funeral Board**	285		X			71	71	73	18	17	18
Employment Security Commission	290	X	X		X	9,636	6,640	6,624	1,878	1,573	1,901
Department of Environmental Quality	292	X	X			4,381	2,873	2,445	588	589	577
Ethics Commission**	296		X			39	14	19	3	3	5
Merit Protection Commission**	298		X			53	60	56	16	13	15
Office of the State Auditor and Inspector	300					346	260	149	43	41	38
Office of the Governor**	305		X			155	144	66	12	9	7
Pardon and Parole Board**	306		X			144	119	80	17	22	19
Interstate Oil Compact Commission**	307		X			53	69	98	24	21	20
Oklahoma State Bureau of Investigation	308				X	1,617	1,189	1,023	215	206	179
Department of Emergency Management	309		X		X	2,973	1,366	968	261	350	239
Fire Marshall Commission	310		X			202	165	151	36	36	41
Firefighters Pension and Retirement System	315	X	X		X	20,111	3,008	1,878	504	501	533
Wildlife Conservation	320		X			3,585	3,059	2,725	613	619	593
Office of Disability Concerns	326		X			103	72	58	9	6	8
Department of Health	340		X			10,438	8,990	8,075	1,777	1,886	1,908
Board of Medicolegal Investigations**	342		X			944	788	756	183	163	154
Board of Examiners of Perfusionists	343					1	2	2	3	5	1
Department of Transportation	345		X			27,940	19,278	15,512	3,539	3,385	3,299
Space Industry Development Authority	346					514	207	180	42	37	44
Historical Society	350					1,131	891	714	168	211	156
Horse Racing Commission	353	X	X		X	10,566	10,289	10,809	2,796	3,158	950
Energy Resources Board	359					903	464	366	120	42	53
Workers' Compensation Court of Existing Claims**	369		X			847	495	78	40	30	23
Industrial Finance Authority	370		X		X	47	38	22	5	7	5
Insurance Department	385	X			X	1,161	1,185	1,069	344	238	243
CompSource Mutual Insurance Company***	390					368,838	285,463	90,966	0	0	0

Multiple Injury Trust Fund**	391		X			0	76,385	84,593	20,821	19,538	21,123
Office Of Juvenile Affairs	400	X	X		X	5,667	4,674	4,306	1,095	1,087	1,158
Department of Labor	405	X				239	941	244	74	73	59
Commissioners of Land Office	410		X			624	487	501	131	147	124
Council on Law Enforcement Education and Training**	415		X			664	405	318	129	76	88
Law Enforcement Retirement System	416			X		629	500	518	125	124	126
Langston University	420					6,461	6,323	5,029	1,076	1,209	1,206
State Senate	421		X			792	741	676	98	91	255
State House of Representatives	422					1,007	927	816	111	120	262
Legislative Service Bureau	423		X			136	76	64	20	19	12
Department of Libraries	430		X		X	1,656	1,026	848	190	179	159
Lottery Commission	435		X			3,066	2,742	2,653	675	587	844
Office of the Lieutenant Governor**	440		X			20	11	9	3	0	0
Liquified Petroleum Gas Research, Marketing and Safety Commission***	444					145	51	28	0	1	0
Liquified Petroleum Gas Board**	445		X			149	78	59	19	23	18
Commission on Marginal Producing Oil and Gas Wells***	446					157	10	0	0	0	0
Board of Licensed Alcohol and Drug Counselors	448					66	76	67	22	16	10
Board of Medical Licensure and Supervision	450				X	384	275	242	77	55	54
Department of Mental Health and Substance Abuse Services	452	X	X			18,596	12,489	11,308	2,655	2,896	2,575
Rogers State University	461	X	X		X	8,015	7,702	6,943	1,537	1,437	1,379
Murray State College	470	X	X			7,731	8,432	7,426	972	957	846
Motor Vehicle Commission**	475		X			147	183	145	31	27	27
Bureau of Narcotics and Dangerous Drugs Control	477				X	1,377	1,008	894	202	204	220
Northeastern Oklahoma A&M College	480		X			6,614	6,329	5,646	1,244	1,532	1,167
Northeastern State University	485	X	X	X		9,024	8,445	10,373	1,872	2,646	1,938
Northern Oklahoma College	490	X	X		X	8,598	8,781	9,270	2,217	2,242	2,108
Northwestern Oklahoma State University	505	X	X			10,267	10,166	9,673	2,200	2,386	2,641
State Board of Examiners for Long-Term Care Administrators**	509		X			105	89	79	21	15	22
Board of Nursing**	510	X	X			414	250	262	45	44	49
Public Employees Retirement System	515	X			X	26,565	23,892	21,945	5,085	5,182	4,952
Employees Group Insurance Division	516	X	X			319,745	110,005	131,963	40,656	44,070	34,583
Board of Examiners in Optometry**	520		X			110	554	106	26	21	17
Board of Osteopathic Examiners**	525	X	X		X	137	97	132	31	29	31
Oklahoma Panhandle State University	530		X		X	4,348	3,808	3,684	992	1,031	1,123
Rose State College	531					6,965	7,416	6,816	1,752	1,763	1,481
Peanut Commission***	535					49	52	13	0	0	0
Police Pension and Retirement System	557	X				1,318	1,284	1,256	268	243	243
Board of Pharmacy	560	X	X		X	124	79	92	19	22	22
Board of Private Vocational Schools**	563		X			65	44	51	15	10	13
Tourism and Recreation Department	566	X				7,752	5,202	4,777	1,141	1,178	1,077
Scenic Rivers Commission**	568		X			69	51	27	6	10	10

Department of Rehabilitation Services	805	X				80,127	88,844	83,068	22,443	20,824	20,915
Health Care Authority	807	X	X		X	6,024	3,713	3,042	683	679	705
University Hospitals Authority	825					35	1	0	0	0	0
Department of Human Services	830	X	X			146,835	116,800	112,205	31,505	23,544	24,002
Water Resources Board	835		X		X	818	664	613	133	150	130
Worker's Compensation Commission**	865		X			0	226	323	62	61	58
Wheat Utilization, Research, and Market Development Commission	875					1,040	949	477	4	1	0
Will Rogers Memorial Commission**	880		X			503	332	276	85	106	85
Turnpike Authority	978		X		X	278	223	170	36	39	49
						1,836,391	1,451,053	1,198,074	273,606	279,301	268,626

** Agencies that are included in OMES exemption requests

***No longer issuing warrants as a state agency