

STATE OF OKLAHOMA

1st Session of the 44th Legislature (1993)

COMMITTEE SUBSTITUTE

FOR

HOUSE BILL NO. 1711

By: Steidley

COMMITTEE SUBSTITUTE

An Act relating to public finance; amending 62 O.S. 1991, Section 41.9, which relates to allotment of appropriations; updating references to the Director of State Finance; modifying budget process for the judiciary; amending 62 O.S. 1991, Section 41.21, as amended by Section 1, Chapter 358, O.S.L. 1992 (62 O.S. Supp. 1992, Section 41.21), which relates to payment of claims or payrolls; prohibiting rejection of certain claims of the judiciary; updating reference to the Department of Central Services; amending 62 O.S. 1991, Section 41.29, which relates to estimate of funds needs; exempting the judicial department from submitting a budget proposal on certain forms; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 62 O.S. 1991, Section 41.9, is amended to read as follows:

Section 41.9 Effective July 1, 1947, and thereafter, appropriations and/or federal funds, shall be allotted for each spending agency by the use of a method which shall be known as the line item method of allotting appropriations whereby items requested may be allotted on either a monthly, quarterly, semiannual or annual basis upon the written request of the agency concerned and the approval of the ~~Budget~~ Director of State Finance. The request officer for each spending agency shall show on the forms provided, how he proposes to classify the expenditures for that spending agency. The ~~Budget~~ Director of State Finance shall review the requested allotments with respect to the work program with each spending agency and shall, if he deems it necessary, require said spending agency to revise, alter or change such allotments before approving the same, reserving a

sufficient balance in the appropriation to finance the operations of the spending agency for the remainder of any fiscal year. At the end of any fiscal year, the entire amount appropriated to any spending agency must be allotted by the ~~Budget~~ Director of State Finance, except where the estimated budget resources during any fiscal year are insufficient to pay all of the appropriations for such year in full. The ~~Budget~~ Director of State Finance shall not allot to any spending agency during any fiscal year, an amount which will be in excess of the amount of revenue collected and allocated to appropriations made to such spending agency. In the event of a failure of revenue, the ~~Budget~~ Director of State Finance shall control the allotment authorizations to prevent obligations being incurred in excess of the revenue to be collected. However, the ~~Budget~~ Director of State Finance shall make all reductions within each state fund where a revenue failure occurs apply to each department, institution, board, commission or special appropriation made by the State Legislature, in the ratio that its total appropriation for that fiscal year bears to the total of all appropriations for that fiscal year, as provided in Section 23, Article 10, of the Constitution of Oklahoma. Appropriation allotment may be approved for any item for the entire year or may be approved on a monthly, quarterly, or semiannual basis, but in no case shall the aggregate of such allotments for any spending agency exceed the total appropriation made available to such spending agency for the fiscal year to which they apply. Each spending agency's request for appropriation allotments shall show the amount required to finance each item of the request for the entire year and for each quarter beginning July 1st, October 1st, January 1st and April 1st, within each fiscal year. The ~~Budget~~ Director of State Finance shall consider the allotment request for the purpose of making a determination of: (1) That such itemized requests are in accordance with the budget plan approved by the Legislature; (2) that the accounting classification is sufficient to reflect the purposes for which expenditures are to be made; (3) that the current financial requirements of the spending agency concerned,

justifies the allotment to be made for each quarter, reserving a sufficient balance in the appropriation to finance the remaining quarters; (4) that the realization of the estimated revenues is sufficient to allow the commitments to be made. The Legislature and the nine members of the Supreme Court shall be exempt from submitting any program of work or quarterly allotment request.

SECTION 2. AMENDATORY 62 O.S. 1991, Section 41.21, as amended by Section 1, Chapter 358, O.S.L. 1992 (62 O.S. Supp. 1992, Section 41.21), is amended to read as follows:

Section 41.21 A. Except as otherwise provided by subsections B, C and D of this section, procedures for effecting payment of claims or payrolls shall include the following:

1. All claims and payrolls which are to be used to authorize the payment of money from the State Treasury, shall be filed with the Director of State Finance for audit and settlement prior to being filed for payment with the State Treasurer. The Director of State Finance may, at his discretion, establish a procedure to permit consolidated payment to vendors for claims involving more than one agency of the state when audit and settlement of such claims, as hereinafter provided, can in all respects be accomplished.

2. The Division of Central Accounting and Reporting shall preaudit all claims against contracts, purchase orders and other commitments before entering such claims against the appropriation allotment accounts. Claims of the nine members of the Supreme Court shall not be rejected, except for mathematical errors, if signed by the Chief Justice.

3. After claims and/or payrolls have been properly audited and recorded against the respective appropriation allotment accounts, the Division of Central Accounting and Reporting shall certify such claims and/or payrolls to the State Treasurer for payment. It shall be the responsibility of the Division of Central Accounting and Reporting to determine:

- a. that all legal requirements concerning the expenditure of monies involved in each claim or payroll have been complied with,

- b. that funds have been properly and legally allotted for the payment of the claim or payroll and that a sufficient balance exists for the payment of same.

Sufficient space shall be provided on each claim and/or payroll for the Director of State Finance to indicate that the claim or payroll has been approved for payment by the Division of Central Accounting and Reporting. The Director of State Finance shall authorize bonded employees in the Division of Central Accounting and Reporting to execute the signed approval of each claim or payroll which shall be certified to the State Treasurer for payment.

B. Notwithstanding the provisions of subsection A of this section, the Department of Human Services is authorized to establish an encumbrance and preaudit system for settlement of claims relating to public assistance, social service benefits and medical benefits to or for persons eligible under applicable federal laws and regulations, Oklahoma Statutes, and policies established by the Oklahoma Commission for Human Services. The following programs shall be eligible for this procedure:

1. Aid to Families with Dependent Children;
2. Aid to Aged, Blind and Disabled;
3. Medical Assistance;
4. Vocational Rehabilitation;
5. Day Care;
6. Visual Services;
7. Refugee Resettlement;
8. Low Income Heating and Energy Assistance;
9. General Assistance;
10. Crippled Children;
11. Social Services under Title XX of the U.S. Social Security Act;
12. Adoption Subsidies;
13. Foster Care;
14. Medical Examination;
15. Area Agencies on Aging; and

16. Any contract for service for which the ~~Office of Public Affairs~~ Department of Central Services has approved as qualifying for a fixed and uniform rate pursuant to Section 85.7 of Title 74 of the Oklahoma Statutes.

The Department of Human Services shall provide to the Director of State Finance, for approval prior to inclusion in this procedure, detailed listings of the type of payments to be made for each of these programs. The Department of Human Services shall provide the Director of State Finance a daily report of the dollar amount of claims settled and checks or warrants written, the dollar amount of checks or warrants canceled, and the dollar amount of checks or warrants canceled by statutes.

C. Provisions of subsection A of this section notwithstanding, the Oklahoma State Regents for Higher Education and the Director of State Finance shall jointly establish a system for the settlement of claims, excepting payroll, by entities of The Oklahoma State System of Higher Education. The settlement system shall include policy, procedures, and performance criteria for participation. The State Regents are authorized to approve or disapprove the participation of any institution or other entity of the State System in the claims settlement system.

D. Notwithstanding the provisions of subsection A of this section, agencies administering certain major federal assistance programs are authorized to establish a preaudit and settlement system for claims and/or payments relating to the purposes of the stated federal assistance programs. The State Treasurer shall promulgate rules and regulations for the state in accordance with Federal Banking and National Automated Clearing House Association standards and agencies shall be required to utilize automated clearing house procedures and regulations established by the State Treasurer provided that no individual or entity shall be required to have a bank account unless required by federal law or federal regulation. Agencies shall be further required to present these transactions to the Office of State Finance in a summarized format and shall include any accounting information necessary as determined by the Director of State Finance including, but not

limited to, information related to Public Law 101-453 the Cash Management Improvement Act. Expenditures for administration of the stated federal assistance programs shall not be eligible for these procedures.

The following programs shall be eligible for this procedure:

1. National School Lunch Program;
2. Job Training Partnership Act;
3. Chapter 1 Programs - Local Education Agencies;
4. Pell Grant Program;
5. School Breakfast Program;
6. Federal, State and Local Partnerships for Educational Improvement;
7. Unemployment Trust Fund;
8. Special Education State Grants;
9. Alcohol and Drug Abuse and Mental Health Services Block Grant;
10. Child and Adult Care Food Program;
11. Special Supplemental Food Program for Women, Infants and Children.

The Director of State Finance shall establish a disbursing fund which shall receive all federal, state matching and other funds which make up the total funding sources for each of the above federal programs.

E. The State Treasurer shall write checks or warrants in payment of claims and payrolls certified to him for payment by the Division of Central Accounting and Reporting or the Department of Human Services. The State Treasurer, at his discretion and within such limitations as he may prescribe, may authorize the Director of State Finance or the Department of Human Services to write the checks or warrants for payment of claims and payrolls that have been certified by the respective agency. The Director of State Finance and the Department of Human Services shall provide the State Treasurer a register of each payment for each check or warrant written. Provided, in lieu of checks or warrants:

1. The Director of State Finance may, with the concurrence of the State Treasurer, establish a procedure to effect the settlement of interagency claims by transfer entry; and

2. At the discretion of the State Treasurer, payment of claims and payrolls may be made by the electronic transfer of funds.

Such optional settlement modes may be implemented when the authorized officer or officers of the state are satisfied such modes will substantially operate to the benefit of the state and without sacrifice to the security and integrity of the monies and records of the state.

F. The Director of State Finance is authorized to use a numeric or alphanumeric designation to cross-reference claims or payrolls to check warrant numbers, transfer entry or optional settlement mode used in the payment thereof.

SECTION 3. AMENDATORY 62 O.S. 1991, Section 41.29, is amended to read as follows:

Section 41.29 A. Except as provided for in subsection B of this section, on the first day of September preceding each regular session of the Legislature, each of the several state departments, bureaus, divisions, officers, commissions, and institutions, including those created or established pursuant to constitutional provisions, and other spending agencies shall report to the Director of State Finance and the Director of the Legislative Service Bureau on official forms furnished for such purpose an itemized request showing the amount needed for the ensuing fiscal year beginning with the first day of July. The official forms which must be used in making these reports shall be approved or furnished by the Director of State Finance, shall be uniform, and shall clearly designate the kind of information to be given on the reports. The Director of State Finance shall include, with the approval of the Governor, items requested by the President Pro Tempore of the Senate and the Speaker of the House of Representatives on the official forms. Spending agencies shall make an itemized estimate of needs and request for funds for the ensuing fiscal year and an estimate of the revenues from all

sources to be received by the agency during the ensuing fiscal year. The Director of State Finance shall submit to the Governor and the Legislative Service Bureau no later than the first day of October a complete list of all spending agencies which fail to submit budgets by September 1, pursuant to the provisions of this section.

B. The State Board of Education shall submit the itemized request and estimates required by this section no later than the first day of October each year. The Director of State Finance shall notify the Governor and the Legislative Service Bureau no later than the fifteenth day of October if the Board fails to submit its budget by October 15.

C. 1. Effective July 1, 1989, the reports required by this section shall include an itemized listing of outstanding capital lease debt and estimated capital lease needs for the ensuing fiscal year, and shall be provided on official forms furnished by the Director of State Finance for this purpose.

2. For the purposes of this section "capital lease" means a lease-purchase agreement which provides an option for the State of Oklahoma or its agencies to purchase property, including personal and real property, which is the subject thereof and/or a lease agreement that provides an option for the State of Oklahoma or its agencies to lease such property, which is the subject thereof, at a nominal annual amount, after a period in which leased property is rented at fair market value.

D. The Supreme Court shall not be required to submit a budget proposal on official forms prepared by the Director of State Finance. SECTION 4. This act shall become effective July 1, 1993.

SECTION 5. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.