

ENGROSSED SENATE
BILL NO. 357

By: Mickle of the Senate

and

Steidley of the House

[public finance and state government - amending 62
O.S., Section 41.21 and 74 O.S., Section 250.6 -
payment of claims or payrolls - effective date -
emergency]

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

SECTION 1. AMENDATORY 62 O.S. 1991, Section 10.3, is amended to read as follows:

Section 10.3 A. The Director of State Finance may transfer monies from any treasury fund to the General Revenue Cash-flow Reserve Fund as required to satisfy monthly allocations scheduled from the General Revenue Fund for the then current fiscal year. Funds from which any monies are so transferred shall be repaid before any transfers are made from the General Revenue Fund to the General Revenue Cash-flow Reserve Fund for the subsequent fiscal year.

B. The Director of State Finance may transfer monies to any treasury fund from the General Revenue Cash-flow Reserve Fund as required to satisfy cash-flow requirements of Public Law 101-453, the Cash Management Improvement Act, as amended, 31 U.S.C., Sections 3335, 6501 and 6503. Funds to which any monies are so transferred shall be repaid within the same month. If insufficient funds exist in the General Revenue Cash-flow Reserve Fund for this purpose, the

General Revenue Fund for the then current fiscal year may be used with the same repayment stipulations.

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.

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, 42 U.S.C., Section 301 et seq.;
12. Adoption Subsidies;
13. Foster Care;

14. Medical Examination;
15. Area Agencies on Aging; ~~and~~
16. Sheltered Workshops;
17. Contracted Group Homes;
18. Rehabilitative Client Interpreters;
19. Rehabilitative Client Drivers; and

20. 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, as amended, 31 U.S.C., Sections 3335, 6501 and 6503. 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, 29 U.S.C., Section 1501 et seq.;
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;
12. Community Development Block Grant;
13. Community Services Block Grant;

14. Vocational Education - Basic Grants to States;

15. Capitalization Grants for State Revolving Funds;

16. Highway Planning and Construction (contractor estimates and right-of-way payments);

17. Special Milk Program;

18. Summer Food Service; and

19. U.S. Departments of Health and Human Services, Housing and Urban Development, Education, and the Bureau of Indian Affairs grant awards administered by the Oklahoma Department of Education and ultimately received by eligible local school districts.

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. Notwithstanding the provisions of subsection A of this section, the Director of State Finance shall be authorized to process payments for federal tax withholding without claim forms. The Director of State Finance shall establish a separate fund for the purpose of accumulating federal income tax withholding from payrolls and remitting same to the United States Treasury.

F. 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.~~ G. 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 74 O.S. 1991, Section 250.6, is amended to read as follows:

Section 250.6 (a) It is the intent of the Legislature that the Oklahoma State Regents for Higher Education establish a maximum annual salary for the Chancellor for Higher Education and presidents of universities and colleges. The maximum salary and expense allowance should not exceed the salary and maintenance of Governor's Mansion established for the Governor of the State of Oklahoma.

(b) State officers and employees shall not be paid any salary, fee, wage, remuneration, expense allowance, or other compensation on warrants issued by the State Treasurer except when claim for payment is made on the prescribed payroll form of the agency for which services are performed, except:

~~1. Reimbursement~~ reimbursement for travel expenses incurred on official state business shall be made as provided by statute on approved travel claims; ~~and~~

~~2. Statutory amounts paid to board or commission members shall be on approved miscellaneous claims.~~

Nothing in this section is intended to keep a state agency from being reimbursed for services performed by employees of one agency for another.

Nothing in this section shall affect the method of payment of any expense allowance to any state officer or employee specifically authorized by statute, or the payment to uniformed employees for maintenance and cleaning of uniforms, or the payment of specified statutory amounts to board or commission members.

SECTION 4. REPEALER Section 8, Chapter 326, O.S.L. 1992 (62 O.S. Supp. 1992, Section 41.21), is hereby repealed.

SECTION 5. This act shall become effective July 1, 1993.

SECTION 6. 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.

Passed the Senate the 2nd day of March, 1993.

President of the Senate

Passed the House of Representatives the ____ day of

_____, 1993.

Speaker of the House of Representatives