SHORT TITLE: Public finance; payment of claims for programs under federal Cash Management Improvement Act; duplicate section; effective date; emergency.

STATE OF OKLAHOMA

2nd Session of the 44th Legislature (1994)

SENATE BILL NO. 1091 By: Mickle

AS INTRODUCED

An Act relating to public finance; amending 62 O.S. 1991, Section 41.21, as last amended by Section 31, Chapter 328, O.S.L. 1993 (62 O.S. Supp. 1993, Section 41.21), which relates to payment of claims or payrolls; modifying list of programs subject to certain procedures for settlement of claims or payments; authorizing Director of State Finance to process certain payments without claim forms; requiring establishment of separate fund for certain purpose; repealing Section 6, Chapter 10, O.S.L. 1993 and Section 1, Chapter 291, O.S.L. 1993 (62 O.S. Supp. 1993, Section 41.21), which is a duplicate section and which relates to payment of claims and payrolls; 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 41.21, as last amended by Section 31, Chapter 328, O.S.L. 1993 (62 O.S. Supp. 1993, Section 41.21), is amended to read as follows:

Section 41.21 A. Except as otherwise provided by subsections B, C ~~and~~, D, E and F 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; and

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. Day Care;

5. Refugee Resettlement;

6. Low Income Heating and Energy Assistance;

7. General Assistance;

8. Crippled Children;

9. Social Services under Title XX of the U.S. Social Security Act, 42 U.S.C., Section 301 et seq.;

10. Adoption Subsidies;

11. Foster Care;

12. Medical Examination;

13. Area Agencies on Aging; ~~and~~

14. Sheltered Workshops;

15. Contracted Group Homes;

16. Rehabilitative Client Interpreters;

17. Rehabilitative Client Drivers; and

18. Any contract for service for which the 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. Notwithstanding the provisions of subsection A of this section, the State Department of Rehabilitation Services is authorized to establish an encumbrance and preaudit system for settlement of claims relating to social service benefits and medical benefits to or for persons eligible under applicable federal laws and regulations, Oklahoma Statutes, and policies established by the Commission for Rehabilitation Services for the following programs:

1. Vocational and other rehabilitation;

2. Educational services; and

3. Disability Determination Services.

The State Department of Rehabilitation 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 State Department of Rehabilitation 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.

D. 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.

E. 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, 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; ~~and~~

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;

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 subrecipients;

20. Home Investment Partnership Program;

21. Emergency Shelter Grant Program;

22. Rental Rehabilitation;

23. Emergency Homeless Program;

24. Weatherization;

25. Employment Service;

26. Veterans State Nursing Home Care;

27. Cooperative Extension Service; and

28. Rehabilitative Services-Basic Support.

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.

F. 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.

G. 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.

~~G.~~ H. 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 2. REPEALER Section 6, Chapter 10, O.S.L. 1993 and Section 1, Chapter 291, O.S.L. 1993 (62 O.S. Supp. 1993, Section 41.21), is hereby repealed.

SECTION 3. This act shall become effective July 1, 1994.

SECTION 4. 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.

44-2-1959 CD