

ENROLLED HOUSE
BILL NO. 2229

By: Settle and Begley of the
House

and

Haney and Hobson of the
Senate

An Act relating to state finance; creating a revolving fund in the Office of State Finance; authorizing the budgeting and expenditure of funds; stating purpose; directing transfers of certain funds; specifying purpose; amending 62 O.S. 1991, Section 41.21, as last amended by Section 4, Chapter 392, O.S.L. 1998 (62 O.S. 1991, Section 41.21), which relates to procedures for effecting payment of claims; authorizing the Director of Finance to establish certain funds; stating purpose; prohibiting certain expenditures from eligibility; requiring efficiency of certain system to be considered; deleting reference to certain programs; deleting requirement that Director of State Finance establish certain fund; authorizing the Department of Central Services to transfer certain land; stating conditions; describing certain land; providing for noncodification; and declaring an emergency.

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

SECTION 1. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

There is hereby created in the State Treasury a revolving fund for the Office of State Finance, to be designated the "Integrated Central Systems Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of monies that may be appropriated or otherwise received by the fund. All monies accruing to the credit of the fund may be budgeted and expended by the Office of State Finance for the sole purpose of acquiring and operating application systems of the Office of State Finance, the Department of Central Services, and the Office of Personnel Management.

SECTION 2. TRANSFER The Office of State Finance, on the effective date of this act, shall transfer any unencumbered cash balances from the "400 Reconciliation Fund" and from fiscal year 1989, 1993, 1994, 1995, 1996, and 1997 "payroll withholding funds", respectively, of the Office of State Finance, to the Integrated Central Systems Revolving Fund of the Office of State Finance.

SECTION 3. AMENDATORY 62 O.S. 1991, Section 41.21, as last amended by Section 4, Chapter 392, O.S.L. 1998 (62 O.S. Supp. 1999, Section 41.21), is amended to read as follows:

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

1. All miscellaneous claims and payroll claims 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; provided, the Director of State Finance may establish alternative procedures for the settlement of claims through the Office of State Finance whenever such procedures are deemed more advantageous and consistent with the requirements of Section 41.1 et seq. of this title. Such procedures may include, but are not limited to, at the discretion of the Director of State Finance:

- a. 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,
- b. procedures based upon valid statistical sampling models for preaudit of claims, except for payroll claims and travel claims, against contracts, purchase orders and other commitments before entering such claims against the appropriation allotment accounts, and
- c. policies, procedures and performance criteria for the participation of agencies or departments, not authorized in subsections B through H of this section, to engage in an alternative system for the settlement of claims through the Office of State Finance; and

2. After claims or payrolls or both have been properly audited and recorded against the respective contracts, purchase orders, other commitments and appropriation allotment accounts, the Division of Central Accounting and Reporting shall certify such claims 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 material legal requirements concerning the expenditure of monies involved in each claim or payroll have been complied with, and
- 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 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. 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 rules, 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;
14. 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;
15. Sheltered Workshops;
16. Contracted Group Homes;
17. Rehabilitative Client Interpreters;
18. Rehabilitative Client Drivers; and
19. Maternal and Child Health Services Block Grant.

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. 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;
3. Disability Determination Services; and
4. Visual 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. The Oklahoma State Regents for Higher Education and the Director of State Finance shall jointly establish a system for the settlement of claims, except for 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. The Director of State Finance shall be authorized to establish necessary agency disbursing funds to efficiently accommodate the cash flow requirements of applicable federal regulations, bond indebtedness and other directives deemed appropriate by the Director of State Finance. Agencies ~~administering certain major federal assistance programs~~ operating such disbursing funds are authorized to establish a preaudit and settlement system for claims or payments or both relating to the purposes of the stated directives ~~federal assistance programs~~. The State Treasurer shall establish procedures 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 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~~ Administrative expenditures 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;~~
- ~~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;~~
- ~~28. Rehabilitative Services-Base Support;~~
- ~~29. Medical Assistance;~~
- ~~30. Social Security Disability Insurance;~~
- ~~31. Food Stamps;~~
- ~~32. Payments to States for Child Care Assistance;~~
- ~~33. Drug Free Schools and Communities - State Grants;~~
- ~~34. Drug Control and System Improvement - Formula Grant;~~
- ~~35. Disaster Assistance;~~
- ~~36. Low Income Heating and Energy Assistance;~~
- ~~37. Children's Health Insurance Program; and~~
- ~~38. Capitalization Grants for Drinking Water State Revolving Fund.~~

~~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. The efficiency of the payment system shall be considered when the interest earnings of the state are not diminished.~~

F. 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 Department of Education and the State Department of Vocational and Technical Education are authorized to establish a preaudit and settlement system for claims and/or payments of state funded assistance to school districts and institutions within the Oklahoma State System of Higher Education. The payment system shall be neutral as to interest income to the state and the school districts.

H. The Director of State Finance shall be authorized to process, without claim forms, interest payments to the U.S. Treasury as required by Public Law 191-453, the Cash Management Improvement Act, 31 U.S.C., Sections 3335, 6501 and 6503. Agencies are responsible for the accrual of such interest liability of the state and shall provide payment to the Office of State Finance in the amount and method prescribed by the Office of State Finance. Any liability of the U.S. Treasury as determined by Public Law 191-453, the Cash Management Improvement Act, 31 U.S.C., Sections 3335, 6501 and 6503 shall be deposited in the State Treasury and transferred by the Director of State Finance to the General Revenue Fund of the state subsequent to final determination and necessary audit resolution.

I. The State Treasurer shall write checks or warrants in payment of claims and payrolls certified to the State Treasurer for payment by the Division of Central Accounting and Reporting or the Department of Human Services or institutions within The Oklahoma State System of Higher Education. The State Treasurer, within such limitations as the State Treasurer may prescribe, may authorize the Director of State Finance, the Department of Human Services, or an institution within The Oklahoma State System of Higher Education 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, the Department of Human Services, and The Oklahoma State System of Higher Education institutions 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.

J. 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.

K. The Department of Human Services and the Director of State Finance shall jointly establish a system for the settlement of claims, except for payroll, by the Department of Human Services. The settlement system shall include policy, procedures and performance criteria for participation.

SECTION 4. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

To facilitate economic development, notwithstanding any other provisions of law, the Department of Central Services is authorized and directed to transfer to a public trust formed pursuant to the provisions of Section 176 of Title 60 of the Oklahoma Statutes, for the purpose of promoting economic development, and which, prior to the effective date of this act, has engaged in economic development projects on property adjacent thereto, a tract of land described as follows:

The Southeast Quarter of the Northeast Quarter of the Northeast Quarter (SE4 NE4 NE4) and the South one-half of the Northeast Quarter (S2 NE4) and the North one-half of the Southeast Quarter (N2 SE4) and the North one-half of the South one-half of the Southeast Quarter (N2 S2 SE4) and Southeast Quarter of the Southeast Quarter of the Southeast Quarter (SE4 SE4 SE4), all in Section 11, Township 25 North, Range 20 East, Craig County, Oklahoma.

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.

Passed the House of Representatives the 25th day of May, 2000.

Speaker of the House of
Representatives

Passed the Senate the 25th day of May, 2000.

President of the Senate