

ENROLLED HOUSE
BILL NO. 1778

By: Tyler of the House

and

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Senate

An Act relating to public finance; amending 62 O.S. 1991, Section 41.21, as last amended by Section 3, Chapter 347, O.S.L. 2000 (62 O.S. Supp. 2000, Section 41.21), which relates to payment of claims or payrolls; authorizing Department of Transportation to establish preaudit and settlement system to settle certain claims and payments; amending 62 O.S. 1991, Section 41.41, which relates to itemization of certain expenses; eliminating requirement that funds for certain expenses be disbursed from certain accounts; 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 3, Chapter 347, O.S.L. 2000 (62 O.S. Supp. 2000, 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 and L 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 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. 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. Administrative expenditures shall not be eligible for these procedures. 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.

L. The Department of Transportation may establish a preaudit and settlement system for claims and payments of state-funded contractor estimates and right-of-way payments. Provided, however, that nothing herein shall modify or alter condemnation proceedings as provided by law.

SECTION 2. AMENDATORY 62 O.S. 1991, Section 41.41, is amended to read as follows:

Section 41.41 All departments, institutions, boards, commissions and agencies of the state shall submit to the State Director of Finance in all budget and work program reports, in addition to other required information, whether such reports relate to past, present or future expenditures, an itemization of the amount attributable to each of the following expenses:

1. The number of persons, total amount of all salaries, the total amount of travel and subsistence expense and the total amount of personnel expense for:

- a. data processing directors,
- b. systems analysts,
- c. programmers,

- d. electronic data processing operators,
 - e. punch card machine operators,
 - f. data processing control personnel,
 - g. data processing clerical personnel, and
 - h. other data processing personnel;
2. Rental of data processing equipment;
 3. Purchase of data processing equipment;
 4. Maintenance of data processing equipment, if not included in rental expense;
 5. Data processing supplies;
 6. Data processing planning;
 7. Data processing conversion from one system to another;
 8. Rental and purchase of non-data processing equipment and supplies utilized in a data processing operation;
 9. Shipment of data processing equipment;
 10. Rental of communication lines for transmission of data processing information;
 11. Data processing education;
 12. Rental of software packages;
 13. Contracting for development of systems; and
 14. Other data processing expense.

~~All disbursements made from treasury funds by any state department, institution, board, commission or agency for the above-named expenses shall be budgeted to and disbursed from a special allotment account to be created by the State Director of Finance.~~

This section shall not preclude agencies from programming and expending intra-agency data processing costs for cost allocation purposes.

SECTION 3. This act shall become effective July 1, 2001.

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.

Passed the House of Representatives the day of , 2001.

Presiding Officer of the House of
Representatives

Passed the Senate the ____ day of _____, 2001.

Presiding Officer of the Senate