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February 18, 2020

**AS AMENDED**

SENATE BILL NO. 1284

By: Stanislawski of the Senate

and

Ortega of the House

[ Oklahoma State Finance Act - duties and functions  
of the Division of Central Accounting and Reporting -  
agency clearing accounts - information on income,  
disbursements and transfers - claims or payrolls -  
vendor invoices - State Auditor and Inspector -  
effective date ]

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

SECTION 1. AMENDATORY 62 O.S. 2011, Section 34.11, as amended by Section 341, Chapter 304, O.S.L. 2012 (62 O.S. Supp. 2019, Section 34.11), is amended to read as follows:

Section 34.11. The Division of Central Accounting and Reporting shall be responsible for accounting and auditing duties and the auditing and settlement of purchase orders, contracts, claims, payrolls, and other obligations.

The Division of Central Accounting and Reporting shall prepare uniform budget and accounting classifications for all state agencies and shall implement appropriate accounting methods and systems in

1 state agencies. The Division of Central Accounting and Reporting  
2 shall:

3 1. Settle all claims payable by this state;

4 2. Verify distribution of all taxes and other dues collected  
5 for local governments;

6 ~~3. Superintend the recovery of all debts due state government;~~

7 ~~4.~~ Keep the central budget and proprietary accounts of the  
8 state government;

9 ~~5.~~ 4. Prepare and issue financial and accounting reports, at  
10 least quarterly;

11 ~~6.~~ 5. Prescribe all forms, systems, and ~~procedure~~ procedures  
12 for administering accounting for ~~the several departments~~ state  
13 agencies and establishments;

14 ~~7.~~ 6. At the request of a state agency, assist in establishing  
15 standards, policies and procedures that ensure a strong and  
16 effective system of internal controls and regular monitoring of  
17 them;

18 ~~8. Certify each and every requisition by a duly accredited~~  
19 ~~disbursing officer for an advance of funds from the State Treasury~~  
20 ~~to the Director of the Office of Management and Enterprise Services~~  
21 ~~for approval;~~ and

22 ~~9.~~ 7. Establish a pre-audit system of settling claims for the  
23 entire government of this state and for state agencies in which  
24

1 vouchers supporting proposed payments are submitted to the Office of  
2 Management and Enterprise Services for audit and settlement.

3 SECTION 2. AMENDATORY 62 O.S. 2011, Section 34.57, is  
4 amended to read as follows:

5 Section 34.57. A. There is hereby created in the official  
6 depository in the State Treasury an agency clearing account for each  
7 state officer, department, board, commission, institution or agency  
8 of the state, hereinafter referred to collectively as state  
9 agencies. An agency special account established under Section 7.2  
10 of this title may be used for the purposes of an agency clearing  
11 account.

12 B. It shall be the duty of each state agency, officer or  
13 employee, to deposit in the agency clearing account, or agency  
14 special account, established under Section 7.2 of this title, all  
15 monies of every kind, including, but not limited to:

- 16 1. Tax revenues;
- 17 2. Receipts from licenses, examinations, per diem and all other  
18 reimbursements, fees, permits, fines, forfeitures and penalties; and
- 19 3. Income from money and property, grants and contracts,  
20 refunds, receipts, reimbursements, judgments, sales of materials and  
21 services of employees, and nonrevenue receipts, received by a state  
22 agency, officer or employee by reason of the existence of and/or  
23 operation of a state agency.

1 C. All such monies collected pursuant to this section shall be  
2 deposited as follows in the agency clearing account or agency  
3 special account established therefor:

4 1. Receipts of One Hundred Dollars (\$100.00) or more shall be  
5 deposited on the same banking day as received; and

6 2. Receipts of less than One Hundred Dollars (\$100.00) may be  
7 held until accumulated receipts equal One Hundred Dollars (\$100.00)  
8 or for five (5) business days, whichever occurs first, and shall  
9 then be deposited no later than the next business day.

10 a. Each state agency that has custody of receipts of less  
11 than One Hundred Dollars (\$100.00) shall provide  
12 adequate safekeeping of such receipts.

13 b. No disbursements shall be made from such receipts  
14 prior to this deposit.

15 c. All checks received must be restrictively endorsed  
16 immediately upon receipt.

17 D. The State Treasurer is authorized to accept deposits  
18 directly to State Treasury funds, consisting of cash, bank drafts,  
19 bank cashier's checks, federal treasury checks and other forms of  
20 remittance which are uniformly honored for payment. The State  
21 Treasurer is further authorized to accept checks deposited directly  
22 into State Treasury funds if the depositing state agency maintains  
23 sufficient balances in their agency clearing account to cover return  
24 items. Notwithstanding the provisions of subsection E of this

1 section, state agencies are authorized to maintain sufficient  
2 balances in their agency clearing account to cover returned checks,  
3 credit card adjustments, credit card returns, and other debit items.  
4 Amounts of ~~said~~ the balances shall be subject to approval by the  
5 State Treasurer.

6 All checks, drafts, orders and vouchers so deposited shall be  
7 credited and cleared at par and should payment be refused on any  
8 such check, draft, order or voucher, or should the same prove  
9 otherwise worthless, the amount thereof shall be charged by the  
10 State Treasurer against the account or fund theretofore credited  
11 with the same; and the person issuing the check, draft, order or  
12 voucher shall be charged a fee of Twenty-five Dollars (\$25.00) to  
13 cover the costs of processing each returned check; provided, such  
14 charge shall not be made unless efforts have been made to present  
15 such check, draft, order or voucher for payment a second time.  
16 Unless otherwise provided by law, such fee shall be deposited to the  
17 revolving fund of the state agency to which the check, draft, order  
18 or voucher was issued. If no revolving fund exists for the state  
19 agency, then such fee shall be deposited to the General Revenue  
20 Fund. The State Treasurer shall not accept for deposit to any  
21 agency clearing account, or any agency special account, created  
22 pursuant to the provisions of Section 7.2 of this title, any  
23 warrant, check, order or voucher drawn against any state fund or  
24 account in favor of any individual or other person except the state

1 officer, department, institution or agency for which account or fund  
2 the deposit is made, or a bona fide student enrolled at any of the  
3 state institutions of higher learning when such warrant, check,  
4 order or voucher is endorsed to the institution as payment of any  
5 fees or other accounts due such institution.

6 E. 1. Except as provided in paragraph 2 of this subsection, at  
7 least once each month each state agency shall transfer monies  
8 deposited in agency clearing accounts to the various funds or  
9 accounts, subdivisions of the state, or functions as may be provided  
10 by statute and no money shall ever be disbursed from the agency  
11 clearing account for any other purpose, except in refund of  
12 erroneous or excessive collections and credits, reissuance of  
13 returned electronic funds transfer (ETF) payments, sales tax  
14 remittances to the Oklahoma Tax Commission, or to facilitate the  
15 processing of federal wires pursuant to procedures set forth by the  
16 Office of Management and Enterprise Services.

17 2. District offices under the control of the Corporation  
18 Commission shall be permitted to make deposit of receipts on a  
19 monthly basis, provided that such receipts must be deposited within  
20 the month received or when such receipts equal or exceed One Hundred  
21 Dollars (\$100.00), whichever first occurs. The Oklahoma Tourism and  
22 Recreation Department and entities under its control shall be  
23 required to make deposit of receipts on a weekly basis, provided  
24 that such receipts must be deposited within seven (7) calendar days

1 from the date received or when such deposits equal or exceed Five  
2 Hundred Dollars (\$500.00), whichever first occurs.

3 F. Funds and revenues of the Oklahoma Municipal Power  
4 Authority, the Grand River Dam Authority, the Oklahoma Ordnance  
5 Works Authority and the Midwestern Oklahoma Development Authority  
6 are exempt from the requirements of this section.

7 G. Monies used for investment purposes by the Oklahoma  
8 Firefighters Pension and Retirement System, the Oklahoma Police  
9 Pension and Retirement System, the Uniform Retirement System for  
10 Justices and Judges, the Oklahoma Law Enforcement Retirement System,  
11 the Oklahoma Public Employees Retirement System, the Teachers'  
12 Retirement System of Oklahoma, the Oklahoma State Regents for Higher  
13 Education, the State and Education Employees Group Insurance Board  
14 and the Commissioners of the Land Office are exempt from the  
15 requirements of this section, and shall be placed with the  
16 respective custodian bank or trust company.

17 SECTION 3. AMENDATORY 62 O.S. 2011, Section 34.58, as  
18 amended by Section 384, Chapter 304, O.S.L. 2012 (62 O.S. Supp.  
19 2019, Section 34.58), is amended to read as follows:

20 Section 34.58. A. Each state agency shall furnish to the  
21 Director of the Office of Management and Enterprise Services, in  
22 such form as the Director shall prescribe, detailed information  
23 showing the income, disbursements, and transfers for each agency  
24 clearing account and each agency's special account. Income,

1 disbursements and transfers shall be identified in accordance with  
2 code designations as provided in the accounting procedures of the  
3 Office of Management and Enterprise Services.

4 B. The Director of the Office of Management and Enterprise  
5 Services may approve any modification in the code designations of  
6 income, disbursements and transfers that he or she finds expedient.

7 C. The State Treasurer ~~shall not honor vouchers disbursing and~~  
8 ~~transferring monies~~ upon notice from the Office of Management and  
9 Enterprise Services may suspend activity from agency clearing  
10 accounts or special accounts, ~~when he or she has been notified by~~  
11 ~~the Director of the Office of Management and Enterprise Services~~  
12 ~~that~~ an agency is not in compliance with the provisions of  
13 subsection A of this section.

14 SECTION 4. AMENDATORY 62 O.S. 2011, Section 34.64, as  
15 last amended by Section 1, Chapter 442, O.S.L. 2019 (62 O.S. Supp.  
16 2019, Section 34.64), is amended to read as follows:

17 Section 34.64. A. Except as otherwise provided in the Oklahoma  
18 State Finance Act and except for Automated Clearing House (ACH)  
19 debits for transactional fees, procedures for paying claims or  
20 payrolls shall include the following:

21 1. All miscellaneous claims and payroll claims for the payment  
22 of money from the State Treasury shall be filed with the Director of  
23 the Office of Management and Enterprise Services for audit and  
24



1 settlement prior to being filed for payment with the State  
2 Treasurer;

3 2. The Director of the Office of Management and Enterprise  
4 Services may establish alternative procedures for the settlement of  
5 claims whenever such procedures are more advantageous so long as  
6 they are consistent with the requirements of state law;

7 3. Such alternative procedures shall be at the discretion of  
8 the Director of the Office of Management and Enterprise Services and  
9 may include, but are not limited to:

10 a. a procedure to permit consolidated payment to vendors  
11 for claims involving more than one agency of the state  
12 when audit and settlement of such claims, as  
13 hereinafter provided, can in all respects be  
14 accomplished,

15 b. procedures based upon valid statistical sampling  
16 models for preaudit of claims, against contracts,  
17 purchase orders and other commitments before entering  
18 such claims against the accounts, and

19 c. policies, procedures and performance criteria for the  
20 participation of agencies or departments, not  
21 authorized by this section, to engage in an  
22 alternative system for the settlement of claims; and

23 4. The Director of the Office of Management and Enterprise  
24 Services may use a numeric or alphanumeric designation to cross-

1 reference claims or payrolls to check warrant numbers, transfer  
2 entry or optional settlement mode used in the payment thereof.

3 B. Except for ACH debits for transactional fees, after claims  
4 or payrolls or both have been properly audited and recorded against  
5 the respective contracts, purchase orders, other commitments and  
6 accounts, the Division of Central Accounting and Reporting shall  
7 certify such claims or payrolls to the State Treasurer for payment.

8 C. Except for ACH debits for transactional fees, it shall be  
9 the responsibility of the Division of Central Accounting and  
10 Reporting to determine that:

11 1. All material legal requirements concerning the expenditure  
12 of monies involved in each claim or payroll have been complied with;

13 2. Funds have been properly and legally ~~allotted~~ budgeted for  
14 the payment of the claim or payroll; and

15 3. A sufficient balance exists for the payment of same.

16 D. The Director of the Office of Management and Enterprise  
17 Services or ~~bonded employees in~~ the Division of Central Accounting  
18 and Reporting authorized by the Director shall certify to the State  
19 Treasurer that the claim or payroll has been approved for payment.

20 E. 1. The Director of the Office of Management and Enterprise  
21 Services shall be authorized to establish necessary agency  
22 disbursing funds to efficiently accommodate the cash flow  
23 requirements of applicable federal regulations, bond indebtedness  
24 and other directives deemed appropriate by the Director.

1        2. Agencies operating such disbursing funds are authorized to  
2 establish a preaudit and settlement system for claims or payments or  
3 both relating to the purposes of the stated directives.

4        3. The State Treasurer shall establish procedures for the state  
5 in accordance with Federal Banking and National Automated Clearing  
6 House Association standards and agencies shall be required to  
7 utilize automated clearing house procedures established by the State  
8 Treasurer.

9        4. No individual or entity shall be required to have a bank  
10 account unless required by federal law or federal regulation.

11       5. Agencies shall be further required to present these  
12 transactions to the Office of Management and Enterprise Services in  
13 a summarized format and shall include any accounting information  
14 necessary as determined by the Director of the Office of Management  
15 and Enterprise Services including, but not limited to, information  
16 related to federal law.

17       6. Administrative expenditures shall not be eligible for these  
18 procedures.

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

21       F. The Director of the Office of Management and Enterprise  
22 Services shall be authorized to process payments for federal tax  
23 withholding without claim forms. The Director shall establish a  
24 separate fund for the purpose of accumulating federal income tax

1 withholding from payrolls and remitting same to the United States  
2 Treasury. Institutions under the administrative authority of the  
3 Oklahoma State Regents for Higher Education which are responsible  
4 for processing payments for federal tax withholding shall be  
5 authorized to process such payments to the United States Treasury  
6 without claim forms.

7 G. 1. The Director of the Office of Management and Enterprise  
8 Services shall be authorized to process, without claim forms,  
9 interest payments to the U.S. Treasury as required by federal law.

10 2. Agencies are responsible for the accrual of such interest  
11 liability of the state and shall provide payment to the Office of  
12 Management and Enterprise Services in the amount and method  
13 prescribed by the Director of the Office of Management and  
14 Enterprise Services.

15 3. Any liability of the U.S. Treasury as determined by federal  
16 law shall be deposited in the State Treasury and transferred by the  
17 Director of the Office of Management and Enterprise Services to the  
18 General Revenue Fund of the state subsequent to final determination  
19 and necessary audit resolution.

20 H. Payments disbursed from the State Treasury shall be conveyed  
21 solely through an electronic payment mechanism. The State Treasurer  
22 may provide an exemption from the provisions of this subsection,  
23 with cause, provided the number of exempted payments and a  
24 corresponding list of causes shall be published in a regularly

1 updated report which is featured prominently on the State  
2 Treasurer's website.

3 I. Notwithstanding any other provision of the Oklahoma State  
4 Finance Act and subject to any applicable restrictions in the  
5 Oklahoma Constitution, the Director of the Office of Management and  
6 Enterprise Services may establish procedures by which agencies may  
7 contract for, incur and account for transaction-based fees, such as  
8 fees for accepting credit cards, that may be processed by ACH debit  
9 without claim forms, provided the agency has sufficient statutory  
10 authority for purchase. Prior to authorizing ACH debit transactions  
11 without claim forms, state agencies shall provide notice to the  
12 State Treasurer.

13 SECTION 5. AMENDATORY 62 O.S. 2011, Section 34.65, as  
14 amended by Section 388, Chapter 304, O.S.L. 2012 (62 O.S. Supp.  
15 2019, Section 34.65), is amended to read as follows:

16 Section 34.65. A. To facilitate the payment of vendor invoices  
17 and contract estimates, the Director of the Office of Management and  
18 Enterprise Services shall prescribe a uniform ~~document~~ method to be  
19 used by all agencies of the state that provides the information  
20 deemed necessary by the Office of Management and Enterprise Services  
21 for proper accounting of the payment. The ~~document shall provide~~  
22 ~~summarized information relative to the referenced invoices or~~  
23 ~~contract estimates, together with a space for the approval of the~~  
24 ~~head of the agency approving said vendor invoices or contract~~

1 estimates for payment method shall include a means of confirming the  
2 approval of the head of the agency or an authorized approving  
3 officer.

4 B. Vendor invoices and contract estimates shall be accepted by  
5 the state in lieu of the claim form previously required in the same  
6 manner as commercial invoices are paid.

7 C. Vendor invoices and contract estimates shall be filed with  
8 the agency receiving the merchandise or services in the same manner  
9 as invoices are filed with commercial firms.

10 D. Upon receipt of invoices or contract estimates, the head of  
11 the agency, or the agency's authorized agent, may approve ~~said~~ the  
12 documents for payment as confirmation of delivery or acceptance of  
13 the goods or services. Whereupon, the approved invoices or contract  
14 estimates shall be attached to the document provided for such  
15 purpose and the head of the agency approving such invoices of  
16 contract estimates for payment shall affix the approval in the space  
17 provided on the document.

18 E. Commercial invoices shall be accepted in lieu of the  
19 standard notarized claim prescribed by the state.

20 SECTION 6. AMENDATORY 74 O.S. 2011, Section 212A, as  
21 amended by Section 843, Chapter 304, O.S.L. 2012 (74 O.S. Supp.  
22 2019, Section 212A), is amended to read as follows:

23 Section 212A. A. 1. Except as otherwise provided by law, all  
24 government entities, as defined by the Governmental Accounting

1 Standards Board, shall have an audit conducted in accordance with  
2 auditing standards generally accepted in the United States of  
3 America and Government Auditing Standards. Copies of any audit,  
4 performance audit, agreed-upon-procedures report, or other  
5 attestation engagement report produced by a person other than the  
6 State Auditor shall be filed with the State Auditor and Inspector by  
7 that person. The expense of the audit shall be paid by the  
8 government entity. ~~For fiscal years ending after December 31, 1995,~~  
9 ~~all~~ All government entities receiving public funds that are included  
10 in the reporting entity of the State of Oklahoma, and their  
11 component units as described by the Governmental Accounting  
12 Standards Board, shall file a copy of the audit required by this  
13 paragraph with the Director of the Office of Management and  
14 Enterprise Services no later than four (4) months after the end of  
15 the fiscal year of the government entity. For purposes of this  
16 paragraph, the reporting entity of the State of Oklahoma includes  
17 all government entities included in the State of Oklahoma  
18 Comprehensive Annual Financial Report. The government entities  
19 included in the State of Oklahoma reporting entity shall be  
20 determined by the Director of the Office of Management and  
21 Enterprise Services using criteria set by the Governmental  
22 Accounting Standards Board.

23 2. Any public accountant or certified public accountant filing  
24 an audit, performance audit, agreed-upon-procedures report or other

1 attestation engagement report with the State Auditor and Inspector  
2 pursuant to this section shall be required to pay a filing fee of  
3 One Hundred Dollars (\$100.00) for the purposes of processing such  
4 reports and ensuring compliance with the provisions of this section.  
5 Such payments shall be deposited in the State Auditor and Inspector  
6 Revolving Fund, created pursuant to Section 227.9 of this title.

7       B. All registrants, as defined in the Oklahoma Accountancy Act,  
8 before entering into audit contracts required under this section,  
9 shall satisfy the Oklahoma Accountancy Board and the State Auditor  
10 and Inspector that such registrant meets Government Auditing  
11 Standards and has a current permit to practice issued by the  
12 Oklahoma Accountancy Board.

13       The State Auditor and Inspector shall receive annual reports  
14 from the Oklahoma Accountancy Board of all registrants meeting the  
15 requirements of this subsection. The Oklahoma Accountancy Board  
16 shall provide changes and updates to the annual report to the State  
17 Auditor and Inspector upon request.

18       C. Schedules of federal awards expended will be in a form  
19 consistent with the guidance in the most recent audit guide for  
20 state and local governments prepared by "The American Institute of  
21 Certified Public Accountants". State agencies or other pass-through  
22 grantors of federal awards expended will not place reporting  
23 requirements on a grantee or subrecipients in addition to the  
24



1 required federal compliance reports and schedules of federal awards  
2 expended, without approval of the State Auditor and Inspector.

3 D. All governmental entities shall report grant funds received,  
4 administered or used by the entity and all grant funds under the  
5 direct or indirect control of the governmental entity or any of its  
6 employees in their employment capacity. A copy of the report shall  
7 be filed with the State Auditor and Inspector and the Director of  
8 the Office of Management and Enterprise Services within four (4)  
9 months after the end of the fiscal year of the governmental entity.  
10 The State Auditor and Inspector may audit any funds reported. The  
11 cost of the audit shall be paid by the governmental entity unless  
12 the grant provides for the cost of audits from grant funds.

13 SECTION 7. This act shall become effective November 1, 2020.

14 COMMITTEE REPORT BY: COMMITTEE ON FINANCE  
15 February 18, 2020 - DO PASS AS AMENDED  
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