

## **Electronic Payments, Exempted Payments, and List of Causes**

Pursuant to the Transparency, Accountability and Innovation in Oklahoma State Government 2.0 Act of 2011 (the Act), the Oklahoma Legislature approved a requirement that all payments from the State Treasury shall be disbursed electronically. The Act further provides that the State Treasurer may provide an exemption from this requirement with cause and that the number of exempted payments and a corresponding list of causes shall be published on the State Treasurer's website.

Attached is a report that reflects by agency the nature of causes for which requests for exemption were submitted and granted for the fiscal year ending June 30, 2016. The report also reflects the number of warrants paid during the years ended June 30, 2013, 2014, and 2015 and during the quarter ended September 30, 2015.

### **Nature of Causes Resulting in Exemptions**

#### **System Limitations**

System limitations exist when the current systems (technology, policies and procedures, laws and regulations, etc.) do not support the gathering, storing, processing and transmitting of the data required to process payments via an electronic mechanism.

#### **Banking Data Limitations**

Banking data limitations may arise when systemic support exists to process electronic payments however the agency does not have the valid banking data required.

#### **International ACH Transactions**

An IAT is a U.S. ACH entry that is part of a payment transaction involving a financial institution, or its branch or office that is not located in the territorial jurisdiction of the United States (referred to below as "foreign bank, branch or office"). Specifically, a foreign bank, branch or office is considered a part of a payment transaction if any one or more of the following transaction conditions is met:

- The foreign bank, branch or office holds an account that is credited or debited as part of a payment transaction; or
- The foreign bank, branch or office receives funds directly from a Person or makes payment directly to a Person as part of a payment transaction; or
- The foreign bank, branch or office serves as an intermediary in the settlement of any part of a payment transaction.

The Office of the State Treasurer does not process IAT transactions. Experts from the State's ACH origination bank have advised that the settlement risk remains high with these transactions in numerous countries as they have not yet received the international acceptance necessary to reduce the risk to acceptable levels. The Office of the State Treasurer does continue to monitor settlement risk and will notify state agencies to begin planning for IAT processing when volumes and acceptability by country warrants. The Office of the State Treasurer does process U.S. dollar denominated international wire transfers through the State's operating bank with a high degree of success but also with significantly higher per transaction cost.

## Other

Agencies generally submitted requests for exemption citing “Other” as the cause for refunds (applicants, licensees, denials or overpayments, misdirected payments) and reimbursements associated with receipts for which they are not currently obtaining banking data from the remitter. Agencies also requested exemptions for other one-time payments such as garnishments, emergency and other situations requiring on-demand payment. Additionally, several agencies noted that they were required to issue a warrant to replenish their petty cash funds. Payments to minors or single payments to multiple payees present problems as well. One instance was presented where state law mandates that certain indemnity payments have language related to criminal penalties printed on the check.

Most state agencies noted that they were working or were willing to work on system, banking data and other limitations preventing the use of an electronic payment option where practicable. All exemptions will expire on June 30, 2016, agencies will be asked to reapply for exemptions and to provide updated information in connection with their ongoing efforts to increase their utilization of electronic payment options.

## Electronic Payment Data

The Office of the State Treasurer has gathered the following data to present a more comprehensive picture of the use of electronic payments since the passage of HB1086.

<b>FY 2015 Payment Summary:</b>	<b>Transaction Volume</b>	<b>% of total</b>
OKDHS electronic payments	7,149,897	(1)
OESC electronic payments	807,995	(2)
Purchase card transactions	515,307	(3)
OST initiated ACH credit and wire transfer transactions	<u>7,524,856</u>	
TOTAL Electronic Payments	15,998,055	93.0%
Total warrants redeemed	<u>1,198,074</u>	7.0%
TOTAL Payments	<u><u>17,196,129</u></u>	

### Sources other than OST:

- (1) Oklahoma Department of Human Services
- (2) Oklahoma Employment Security Commission
- (3) Office of Management and Enterprise Services, Central Purchasing Division

**FY2016 Exemption Categories**

**Warrants Paid During**

Agency Name	Agency Number	System Limitations	Banking Data Limitations	International		FY 2013	FY 2014	FY 2015	Quarter Ended 9/30/2015
				ACH Transactions	Other				
Oklahoma State University	010-016, 773, 775		X	X	X	74,152	73,530	70,792	15,950
Accountancy Board	20	X				220	170	176	64
Abstractors Board**	22		X			102	85	69	8
Military Department	25		X			3,165	1,430	1,103	233
Alcoholic Beverage Law Enforcement Commission	30				X	568	486	221	69
Boll Weevil Eradication Organization**	39					223	85	34	4
Agriculture, Food, and Forestry Department	40					1,898	1,149	970	212
Western Oklahoma State College	41	X	X		X	6,589	3,849	3,583	762
Board of Governors of the Licensed Architects, Landscape Architects, and Registered Interior Designers**	45		X			114	70	39	8
Indigent Defense System	47		X			1,431	592	411	106
<b>Attorney General</b>	<b>49, 355</b>					1,302	1,533	1,206	206
Arts Council**	55		X			633	421	317	92
Aeronautics Commission	60	X	X			157	118	122	19
Banking Department**	65		X			175	105	90	22
Office of Management and Enterprise Services**	90, 467, 548, 580, 815	X	X		X	5,446	4,347	3,643	1,329
<b>Building Bonds Commission</b>	<b>91</b>					1	1	1	0
Tobacco Settlement Endowment Trust Fund**	92		X			434	222	241	52
Cameron University	100					11,265	10,261	9,798	2,153
Capitol Improvement Authority**	105		X			166	63	53	9
Carl Albert State College	108	X			X	13,600	13,487	11,586	2,506
University of Central Oklahoma	120	X	X	X	X	9,924	9,633	9,179	2,246
Department of Mines**	125		X		X	488	361	288	77
Commission on Children and Youth**	127		X			294	237	236	43
Department of Corrections	131	X	X		X	69,235	58,336	49,344	12,097
<b>Board of Podiatric Medical Examiners</b>	<b>140</b>					0	2	2	1
Board of Chiropractic Examiners**	145		X			15	58	64	12
Board of Behavioral Health and Licensure**	148		X			0	52	98	24
University of Science and Arts of Oklahoma	150				X	7,753	7,650	6,459	1,476
Department of Commerce	160		X	X		1,974	956	738	177
<b>Connors State College</b>	<b>165</b>					9,238	7,999	7,154	1,044
Construction Industries Board**	170	X	X			385	243	353	89
Corporation Commission	185	X				6,137	5,610	5,456	1,220

Board of Cosmetology and Barbering**	190		X			188	187	210	44
Court of Criminal Appeals**	199		X			126	79	50	15
J. M. Davis Memorial Commission**	204		X			118	106	65	16
Board of Dentistry**	215		X			151	138	68	18
District Courts	219		X			340	121	136	47
District Attorneys Council	220	X	X		X	5,532	4,493	4,186	849
East Central University	230	X	X		X	14,655	13,955	13,591	2,792
Eastern Oklahoma State College	240	X	X		X	5,683	4,850	5,204	1,028
Redlands Community College	241		X		X	5,986	5,279	4,330	763
Department of Education	265		X			4,258	4,101	4,873	654
Educational Television Authority	266				X	611	422	549	155
Commission for Teacher Preparation***	269					650	463	38	0
Election Board	270		X			789	250	355	74
Educational Quality and Accountability Board**	275		X			0	18	389	43
Funeral Board**	285		X			71	71	73	18
Employment Security Commission	290	X	X		X	9,636	6,640	6,624	1,878
Department of Environmental Quality	292	X	X			4,381	2,873	2,445	588
Ethics Commission**	296		X			39	14	19	3
Merit Protection Commission**	298		X			53	60	56	16
Office of the State Auditor and Inspector	300					346	260	149	43
Office of the Governor**	305		X			155	144	66	12
Pardon and Parole Board**	306		X			144	119	80	17
Interstate Oil Compact Commission**	307		X			53	69	98	24
Oklahoma State Bureau of Investigation	308				X	1,617	1,189	1,023	215
Department of Emergency Management	309		X		X	2,973	1,366	968	261
Fire Marshall Commission	310		X			202	165	151	36
Firefighters Pension and Retirement System	315	X	X		X	20,111	3,008	1,878	504
Wildlife Conservation	320		X			3,585	3,059	2,725	613
Office of Disability Concerns	326		X			103	72	58	9
Department of Health	340		X			10,438	8,990	8,075	1,777
Board of Medicolegal Investigations**	342		X			944	788	756	183
Board of Examiners of Perfusionists	343					1	2	2	3
Department of Transportation	345		X			27,940	19,278	15,512	3,539
Space Industry Development Authority	346					514	207	180	42
Historical Society	350					1,131	891	714	168
Horse Racing Commission	353	X	X		X	10,566	10,289	10,809	2,796
Energy Resources Board	359					903	464	366	120
Workers' Compensation Court of Existing Claims**	369		X			847	495	78	40
Industrial Finance Authority	370		X		X	47	38	22	5
Insurance Department	385	X			X	1,161	1,185	1,069	344
CompSource Mutual Insurance Company***	390					368,838	285,463	90,966	0

Multiple Injury Trust Fund**	391		X			0	76,385	84,593	20,821
Office Of Juvenile Affairs	400	X	X		X	5,667	4,674	4,306	1,095
Department of Labor	405	X				239	941	244	74
Commissioners of Land Office	410		X			624	487	501	131
Council on Law Enforcement Education and Training**	415		X			664	405	318	129
Law Enforcement Retirement System	416			X		629	500	518	125
Langston University	420					6,461	6,323	5,029	1,076
State Senate	421		X			792	741	676	98
State House of Representatives	422					1,007	927	816	111
Legislative Service Bureau	423		X			136	76	64	20
Department of Libraries	430		X		X	1,656	1,026	848	190
Lottery Commission	435		X			3,066	2,742	2,653	675
Office of the Lieutenant Governor**	440		X			20	11	9	3
Liquified Petroleum Gas Research, Marketing and Safety Commission***	444					145	51	28	0
Liquified Petroleum Gas Board**	445		X			149	78	59	19
Commission on Marginal Producing Oil and Gas Wells***	446					157	10	0	0
Board of Licensed Alcohol and Drug Counselors	448					66	76	67	22
Board of Medical Licensure and Supervision	450				X	384	275	242	77
Department of Mental Health and Substance Abuse Services	452	X	X			18,596	12,489	11,308	2,655
Rogers State University	461	X	X		X	8,015	7,702	6,943	1,537
Murray State College	470	X	X			7,731	8,432	7,426	972
Motor Vehicle Commission**	475		X			147	183	145	31
Bureau of Narcotics and Dangerous Drugs Control	477				X	1,377	1,008	894	202
Northeastern Oklahoma A&M College	480		X			6,614	6,329	5,646	1,244
Northeastern State University	485	X	X	X		9,024	8,445	10,373	1,872
Northern Oklahoma College	490	X	X		X	8,598	8,781	9,270	2,217
Northwestern Oklahoma State University	505	X	X			10,267	10,166	9,673	2,200
State Board of Examiners for Long-Term Care Administrators**	509		X			105	89	79	21
Board of Nursing**	510	X	X			414	250	262	45
Public Employees Retirement System	515	X			X	26,565	23,892	21,945	5,085
Employees Group Insurance Division	516	X	X			319,745	110,005	131,963	40,656
Board of Examiners in Optometry**	520		X			110	554	106	26
Board of Osteopathic Examiners**	525	X	X		X	137	97	132	31
Oklahoma Panhandle State University	530		X		X	4,348	3,808	3,684	992
Rose State College	531					6,965	7,416	6,816	1,752
Peanut Commission***	535					49	52	13	0
Police Pension and Retirement System	557	X				1,318	1,284	1,256	268
Board of Pharmacy	560	X	X		X	124	79	92	19
Board of Private Vocational Schools**	563		X			65	44	51	15
Tourism and Recreation Department	566	X				7,752	5,202	4,777	1,141
Scenic Rivers Commission**	568		X			69	51	27	6

Board of Registration for Professional Engineers and Land Surveyors	570					213	211	72	22
Board of Examiners of Psychologists**	575		X			77	59	26	9
Bond Advisor	582					114	60	53	12
Department of Public Safety	585					7,882	6,104	5,909	1,336
Real Estate Commission**	588		X			188	88	80	17
State Regents for Higher Education	605		X		X	7,349	6,754	6,411	1,671
Ardmore Higher Education Center**	606		X			604	453	387	63
Regional University System of Oklahoma	610				X	202	111	109	19
Physician Manpower Training Commission**	619				X	1,546	1,361	1,224	348
Board of Trustees for the Quartz Mountain Arts and Conference Center and Nature	620	X	X			581	1,302	2,010	553
Board of Licensed Social Workers**	622		X			65	61	62	11
Seminole State College	623		X			5,586	4,820	4,772	1,049
Secretary of State**	625		X			2,879	3,546	5,654	981
Center for the Advancement of Science and Technology	628		X			926	514	469	112
School of Science and Mathematics	629					346	233	214	76
Securities Commission**	630		X			299	218	228	24
Board of Examiners for Speech-Language Pathology and Audiology**	632		X			62	59	45	12
Oklahoma City Community College	633	X	X		X	8,000	8,437	7,139	1,855
Commission on Consumer Credit**	635		X			173	140	115	32
Conservation Commission	645	X				1,320	877	567	86
Department of Veteran Affairs	650		X			17,463	14,597	13,886	4,168
Southeastern Oklahoma State University	660	X	X			8,970	8,361	9,055	1,953
Southwestern Oklahoma State University	665	X	X			12,675	12,397	11,193	2,853
Cerebral Palsy Commission	670		X		X	835	693	485	85
Supreme Court	677		X			1,405	890	758	159
Council on Judicial Compliance**	678		X			56	43	30	6
Tax Commission	695	X			X	73,571	38,227	23,053	4,071
Teachers Retirement System	715		X		X	19,248	5,368	2,560	706
Oklahoma of the State Treasurer**	740	X	X			16,219	14,520	17,000	4,223
Tulsa Community College	750	X	X		X	12,893	13,723	13,413	3,291
Uniform Building Code Commission**	753		X			110	89	132	31
Used Motor Vehicle and Parts Commission**	755		X			142	179	170	22
University Center of Ponca City	758					211	351	343	99
University of Oklahoma	760/761		X	X	X	88,897	96,270	98,194	20,971
University of Oklahoma Health Sciences Center	770-771		X	X	X	112,908	98,344	72,782	17,384
Board of Chemical Tests for Alcohol/Drug Influence**	772		X			69	67	40	13
Board of Veterinary Medical Examiners**	790		X			179	141	114	22
Department of Career and Technology Education	800		X			3,501	2,745	2,462	595
Department of Rehabilitation Services	805	X				80,127	88,844	83,068	22,443
Health Care Authority	807	X	X		X	6,024	3,713	3,042	683

University Hospitals Authority	825					35	1	0	0
Department of Human Services	830	X	X			146,835	116,800	112,205	31,505
Water Resources Board	835		X		X	818	664	613	133
Worker's Compensation Commission**	865		X			0	226	323	62
Wheat Utilization, Research, and Market Development Commission	875					1,040	949	477	4
Will Rogers Memorial Commission**	880		X			503	332	276	85
Turnpike Authority	978		X		X	278	223	170	36
						<b>1,836,391</b>	<b>1,451,053</b>	<b>1,198,074</b>	<b>273,606</b>

\*\* Agencies that are included in OMES exemption requests

\*\*\*No longer issuing warrants as a state agency