

CHAPTER 300
CLAIMS - PAYMENTS FROM TREASURY FUNDS
TABLE OF CONTENTS

Section Number	Section Name	Page Number
300	CLAIMS - EXECUTIVE SUMMARY	1
305	STATUTORY PROVISIONS	2-3
310	TWO MAJOR CLAIMS CLASSIFICATIONS	4
315	CLAIM FORM TYPES	5
317	SUBMISSION OF CLAIMS	6-12
318	GENERAL INFORMATION AND PROHIBITED ACTS	13
319	SPECIAL PROCEDURES	14-25
320	CLAIM FORM ENTRIES - GENERAL	26-27
323	CLAIM JACKET (OSF FORM 15A) FORMS, INTER/INTRA AGENCY PAYMENT (OSF FORM 15B) AND NOTARIZED CLAIM (OSF FORM 3) - INSTRUCTIONS	28-32
324	MOTOR FUEL	33
325	POSTAGE	34-35
326	INTEREST ON LATE PAYMENTS	36-37
327	OKLAHOMA TAX COMMISSION TAX WARRANT PROGRAM (VENDOR SNAG PROGRAM)	38
328	DIRECT PURCHASE OF TRAVEL EXPENSES AND REGISTRATION	39-42
329	AIR FARE ARRANGEMENTS SUBJECT TO CONTROLS OF THE STATE TRAVEL DIVISION (DCS)	43
.....	<u>TABLE OF CONTENTS - CHAPTER 300, SUB-SECTION 330</u> ...	44-49
330	STATE TRAVEL REIMBURSEMENT PROCEDURES	50-97
331	TRAVEL USE LOG - FLIGHT SERVICE	98-100
335	PURCHASE CARD EXPENSES	101-103
337	IMPREST CASH (PETTY CASH CLAIM)	104
340	PAYROLL FUND TRANSFERS	105-107
350	PAYROLL CLAIM DETAIL INSTRUCTIONS	108-125
360	PAYROLL WITHHOLDING AND STATE SHARE FUND ACCOUNTS	126-127

CHAPTER 300
CLAIMS - PAYMENTS FROM TREASURY FUNDS
TABLE OF CONTENTS - CONTINUED

Section Number	Section Name	Page Number
361	DISBURSEMENT OF PAYROLL WITHHOLDINGS CLAIM FORM - INSTRUCTIONS	128-129
370	FICA (SOCIAL SECURITY) INSTRUCTIONS	130
380	CORRECTIONS TO STATE INSURANCE AND RETIREMENT PAYMENTS	131
385	ESTATE CLAIMS - PAYMENT TO EMPLOYEES AFTER THEIR DEATH	132-133
387	PAYMENTS TO BOARD AND COMMISSION MEMBERS AND EMPLOYEE EXPENSE ALLOWANCES	134-135
390	FRINGE BENEFIT REPORTING	136-138
.....	<u>TABLE OF CONTENTS - CHAPTER 300, APPENDIX C</u>	139

CHAPTER - 300
MISCELLANEOUS CLAIMS - PAYMENTS FROM TREASURY FUNDS

300 CLAIMS - EXECUTIVE SUMMARY

Payments from treasury funds for state expenses are segregated into two (2) major classifications: encumbered and non-encumbered. These payments are processed by the submission of "claims" to the Office of State Finance (OSF) from the paying agencies. There are several different claim form types used for settlement of these payments depending on the nature of the expense.

Encumbered claim payments are submitted for the purchase of goods, wares, and merchandise, or payment of contractual services, and must be charged against an encumbrance document (i.e., purchase order, contract, or Authority for Purchase). See [Section 200](#).

Non-encumbered claim payments are submitted for the payment of expenses such as travel reimbursement, refunds, indemnity payments, and other like payments the nature of which are *not* payment for the purchase of goods, wares, merchandise or services. Another important type of non-encumbered claim is for payment of employees' salaries (payroll) and related withholding payables. See [Section 340](#) on Payroll.

305 **STATUTORY PROVISIONS**

The Director of State Finance ("The Director"), through the Division of Central Accounting and Reporting, shall settle all claims payable by the State. The Director shall prescribe all forms, systems and procedures for the several departments, institutions, and agencies of the State to administer the State accounting system. The Director shall establish a preaudit system of claims settlement whereby claims and documents supporting proposed payments shall be submitted to the Director for preaudit and settlement. Title 62 O.S., Sec. 34.1.

In addition, the Director 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 Budget Law of 1947, as amended. Such procedures may include, but not limited to, at the discretion of the Director:

1. A procedure to permit consolidated payments 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. 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
3. Policies, procedures and performance criteria for the participation of agencies or departments, not authorized in the pertinent part of the law, to engage in an alternate system for the settlement of claims through the Office of State Finance. Title 62 O.S., Sec. 41.21.

Vendor invoices and contract estimates must be filed with the department, institution or agency receiving the merchandise or services. (Note: Contract estimates are acceptable for use by the Department of Transportation for construction type contracts.) Upon receipt of invoices or contract estimates the head of the department, institution or agency, or authorized agent, will approve said documents for payment by indicating the goods or services have been delivered or accepted. Whereupon, said invoices or contract estimates will be attached to a claim jacket and the claim approved for payment by the authorized official (approving officer). Title 74 O.S., Sec. 86.1. See [Section 323.B.](#), for claim jacket processing. In addition, no request for payment of an invoice should be made until the goods or services have been received, unless specifically exempted by statute. Title 74 O.S., Sec. 85.44B.

Claims and payrolls used as the basis for the payment of monies from the State Treasury from any fund shall be approved by the elected or appointed head of the paying agency or their designated employees (approving officers). Provided, the number of persons authorized to make such approval shall not exceed five (5) people for any one department, board, commission, institution or agency as approved by the Director of State Finance. A signature card, OSF Form 13 ([Appendix C1](#)), for each individual authorized to sign claims shall be completed by the agency and filed with OSF. After the claims and payrolls have been approved by the above officials or designated employees they shall be submitted to the Director of State Finance for preaudit and settlement. Title 62 O.S., Sec. 41.26.

All officials and employees authorized to approve payrolls and claims are bonded under a "blanket bond" procured by the Department of Central Services, Central Purchasing Division. A "blanket bond" is defined by statute as a public employees' blanket position bond covering all employees up to the penalty of the bond for each employee. No other bond shall be acceptable as surety for any elected or appointed officer or employee of this state in lieu of the bond so provided. Title 74 O.S., Sec. 85.26.

310 **TWO MAJOR CLAIM CLASSIFICATIONS**

- A. **Encumbered Claims** - These are claims submitted for the purchase of goods, wares, and merchandise, or contractual services, and must be charged against an encumbrance document (See [Chapter 200](#)).
- B. **Non-Encumbered Claims** - These are claims submitted for the payment of travel reimbursement, refunds, indemnity payments, loans, interest and principle, court awards, and other like payments the nature of which is *not* payment for the purchase of goods, wares, merchandise or services. See [Section 340](#) for instructions on preparing and submitting payroll claims for payment of employees' salaries and withholdings payable.

315 CLAIM FORM TYPES

Of the 9 types of claim forms, five are used to pay for goods, services and other authorized payments, two are for travel reimbursement, one is for payroll, and one is for payroll withholding. The forms are:

OSF Form 3	(Appendix C2)	Notarized Claim Form
OSF Form 9	(Appendix C3)	Imprest Cash Claim
OSF Form 9B	(Appendix C4)	Intra Agency Imprest Cash Form
OSF Form 15A	(Appendix C5)	Claim Jacket Form
OSF Form 15B	(Appendix C6)	Inter/Intra Payment
OSF Form 18	(Appendix C7)	Actual and Necessary Expense Travel Voucher
OSF Form 19	(Appendix C8)	Travel Voucher
OSF Form 14	(Appendix C21)	Disbursement of Payroll Withholding

Forms 15A, 15B, and 3 are used when making both encumbered and non-encumbered miscellaneous payments. An encumbrance document *must* be filed prior to submission of a claim form 15A, 15B or 3 when it is being used for the payment of goods and services. Agencies have the option to file an encumbrance document prior to submission of a claim form 15A, 18, 19, 9, 9B, or 3 when the payment is *not* for goods and services, such as, for an indemnity payment, workers' compensation, travel reimbursement or other such payments not normally requiring prior encumbrance. Thus, prior encumbrance is not necessarily required when filing forms 15A, 18, 19, 9, 9B, and 3.

Note: Agency printed forms are authorized with prior approval. Requests for such approval should be made by submitting a copy of the intended form to OSF, Division of Central Accounting & Reporting, Attention: Director, Transaction Processing.

317 **SUBMISSION OF CLAIMS**

- A. **General** - Claim forms should be submitted to OSF in a timely manner in order to fulfill the State's commitment to its vendors. However, to help reduce the overall claims processing costs for state government, we encourage agencies to accumulate any small invoice payments (from any single vendor) and submit them on a single claim when possible. This could easily be applied to recurring type payments where small invoices (e.g., amounts less than \$1.⁰⁰) may be carried over and included with the claim for next month's billing without placing the state at risk for late payment charges. NOTE: This is not a requirement, only a suggestion to help reduce costs to the state in processing claims. OSF's scheduled processing period for claims is two to three working days from date of receipt of claims to the delivery of a warrant issue tape to the State Treasurer's Office. Warrants are normally printed by the State Treasurer's office that night and then made available to the paying agencies the following day.

The original claim form and all required enclosures (e.g., invoices) should be submitted to OSF. *(NOTE: As the office of record for claims paid, the Office of State Finance requires the original claim form and normally the original invoices for its files. However, with current technology, there is now the possibility of vendors providing only fax copies or other electronic methods of providing invoices. Therefore, the Office of State Finance will accept photocopies or faxes of invoices when an original is not available. This places a greater burden on the agencies' for controlling duplicate payments. In the case of Alternate System participating agencies, the original claim form and invoice should be on file with the agency's central accounting office as the office of record.)* If the original claim is lost, a photocopy will be accepted with an original signature by an approving officer. If a claim represents a split payment, said claim and the corresponding claim must cross-reference one another whenever possible.

- B. **Electronic Data Transfer (EDT) Procedures** - The Electronic Data Transfer (EDT) claims process has been designed to offer enhanced processing features plus give agencies rapid feedback on claims data submissions. By utilizing electronic upload and download of information, the submitting agency will be able to receive quick feedback regarding faulty claims data since the data will be subjected to certain system edits. Thereby, saving the submitting agency several days time in receiving such feedback over the manual process. Since under the manual process, such "faulty" claims would not be detected until submitted through OSF and manually encoded and then rejected back to the agency. The EDT procedure also removes the likelihood of data entry errors for the uploaded claims and improves the processing time of all agencies' claims since OSF does not encode such claims.

Once the claim documents are received, OSF's claims auditors perform appropriate steps to process the claims for issuance of warrants. Claims with problems found during the audit steps are rejected and the claim information deleted. The submitting agency is then responsible for resubmitting the corrected claim document(s) in a future upload.

Agencies interested in this procedure should submit a written request to the Director, Transaction Processing, OSF, for specific instructions on starting this process. Once approved and prior to submitting the first test transfer (as follows) the agency must provide a name, phone number, and address of the main contact and an alternative contact for EDT claims submissions issues. Send this contact information to OSF Transaction Processing, attention "EDT Processing". A form is available for providing this information. (Appendix C11)

TESTING

1. Agency requests an Oklahoma EDT Users Manual by calling the OSF Service Center at (405) 521-2444. An OSF Form 90, System Access Authorization Request (Appendix C12) is used to obtain access to upload the data. This form should be copied and used when requesting additional USERID's. If a copy of this form is needed, one can be obtained by calling the (405) 521-6178 or (405) 521-6187.
2. The authorization request must be completed and submitted to OSF Transaction Processing, attention "System Access Authorization". The authorization will be established through OSF's Data Center and after the USERID is assigned, the agency will be notified of its USERID which allows access to upload files.
3. Agency must successfully complete a test claim upload of the claim types it intends to submit regularly.
4. Agency must assign an "EDT number" for the claims file to be submitted via EDT. This is a six digit number assigned in sequential, ascending order starting with "100001" each fiscal year. Exceptions to the 100001 series will be accepted as long as they are consistent in sequence.
5. Submitting agency accesses OSF IBM system (Host) via modem or direct connect to upload claim data for OSF edits. There is an option on the upload menu to choose as a "Test" upload. Submitting agency would normally reconnect to obtain edit/load message back from OSF Host files. (See Oklahoma EDT Users Manual for technical computer instructions for "Upload" and "Miscellaneous Claim File Layout".)
6. OSF receives a load report of the file uploaded. Once OSF determines that the file transfer was successful and the claims passed the appropriate edits, the agency will be notified of the approval to begin EDT Claim Processing.

LIVE SUBMISSION

1. Agency assigns an EDT number for the claims file to be submitted. This can be the same number as used in the test since test files are deleted from our system.
2. Submitting agency accesses OSF IBM system (Host) via modem or direct connect to upload claim data for OSF edits. Submitting agency would normally reconnect to obtain edit/load message back from OSF Host files. (See Oklahoma EDT Users Manual for technical computer instructions for "Upload" and "Miscellaneous Claim File Layout".)

3. The submitting agency will pull from the group of paper claims any claims that are "Bypassed" (do not pass the edits) as identified from the edit/load message. These claims will be held by the agency for correction and subsequently resubmitted via another EDT.
4. Successfully loaded paper claims are to be separated into batches as follows. (Note: This is how the claims are assigned in batches by the load/edit process.)
 - a. Claims should be separated into batches by claim type: encumbered, non-encumbered, travel, petty cash, payroll withholding, and inter/intra agency (warrantless) claims.
 - b. No batch will contain more than 100 claims; for multiple payee claims, no more than 300 payees per claim are allowed.
 - c. The claims within each batch should be in sequential, ascending claim number order, although not necessarily in numerical sequence (e.g., 1-25, 28-35, 41-50).
 - d. An OSF Form 25A, Miscellaneous Claims Batch Slip Notice (Appendix 13), is to accompany each separate batch and must be completed as follows:
 - (1) The Agency Number must be shown.
 - (2) EDT number in which the batch is included.
 - (3) The beginning and ending claim numbers for the batch.
 - (4) The total dollar amount of all claims included in the batch.
 - (5) The total number of claims in the batch.
 - (6) The system assigned Batch Number.
 - (7) The lower portion of the batch slip is reserved for OSF use only.

Note: Should an agency decide to hold a loaded claim(s) from a transmission, the claim(s) should be listed on the appropriate batch slip and identified to be deleted. Therefore, OSF will not question why the claim(s) is missing. This does not include claims which did not pass the load edits since they are already deleted and should not be sent.

5. An OSF Form 25, Electronic Submission Control Sheet (Appendix C14), must be completed as follows:
 - a. Record the Submission Date.
 - b. Record agency name and number.
 - c. Record the EDT number of the data submitted.
 - d. Choose the Miscellaneous Claims option.
 - e. List the claim number series for the claims submitted (e.g., 1-100, 50-85, 75-200, etc.). Claim numbers must be in sequential, ascending order, although not necessarily in numerical sequence. There can be skips depending on the agency's number assignment process (e.g., 1-14, 16-25, 29-40).

- f. Record the total dollar amount of all successful claims included in the batch(es).
 - g. Record the claim count (which should be equal to the total number of claims successfully submitted on said EDT).
 - h. The certification must be signed by an authorized approving officer for the agency.
6. The paper claims, with batch slips, and an Electronic Submission Control Sheet should be submitted together to OSF to ensure proper handling and processing. The submission of paper claims should not be done until after a successful/unsuccessful load message has been received by the agency. All claims rejected during the edit process must be pulled from those submitted to OSF. Such rejected claims must be corrected and included with a subsequent transfer. Control Sheet and batch slips must represent only those claims successfully loaded.
- a. Removal of Claims from Electronic Batch Submissions
Occasionally an agency may need to remove and not have OSF process a claim(s) in a batch of claims electronically (EDT) submitted to OSF. When this is necessary, there are two procedures available.
 - (1) Agencies can write on the batch slip the claim number(s) that needs to be deleted. *Be sure to highlight this.* The batch totals should be adjusted on the batch slip. - OR -
 - (2) Call OSF and ask to have the claim(s) deleted, then adjust the batch total on the batch slip. If the actual claim is already at OSF and is not processed, it will be deleted, then pulled and returned to the agency.

We have made some changes in how we process claims and there have been missing claims processed and warrants actually issued. Following the above procedures will ensure that such unauthorized warrants will not occur.

Each separate batch of claims should be rubber banded (or paper clipped) together with the batch slip on top. All batches included in an upload must be packaged together with the Control Sheet in a manner not to be separated during the submission to OSF. If a batch must be split to fit into envelopes, etc., attach a note identifying the claims as being part of a batch by showing the batch number and control sheet EDT number.

- C. **ICS Direct Claim Procedures** - The financial "Integrated Central Systems" (ICS) Direct subsystem is designed to make it possible for user agencies to directly enter and retrieve financial information into and from the State's accounting system from their remote sites. This includes entry and preparation of miscellaneous claims. In general, the user agencies key claims data directly into the ICS claims entry screens, enjoying the benefits of on-line system edits and automatically printing the completed claim forms at their remote sites on standard dot matrix or laser printers. The user then

electronically places the claim data in "transmit" status on the OSF mainframe computer and forwards the corresponding signed claim forms and an OSF Form 25B, ICS Direct Miscellaneous Claims Batch Slip Notice (Appendix C15), to OSF for the preaudit review and final posting to the state's accounting system.

In addition to the claims processing function, user agencies has access to the central system information such as status of their transmitted claims, warrants, cash & available budget balances, and encumbrances.

The instructions for this procedure are provided in detail in its own manual, therefore, such instructions are not repeated here. Agencies interested in becoming an ICS Direct user can request a copy of the ICS-Direct User's Guide by submitting a written request to the Director, Transaction Processing, OSF. The guide shows all the steps required for preparing, printing, and transmitting claims. Including how to access the system information, and the many other features available through ICS Direct (e.g., Project Codes, Budget entry, ASA/ACA entry, and 340 Fund Transactions entry).

1. Removal of Claims from ICS-Direct Batch Submissions

As with EDT submissions, occasionally an agency may need to remove and not have OSF process a claim(s) in a batch of ICS-Direct claims submitted to OSF. When this is necessary, ICS Direct Claims users can untransmit their own claims (per the User's Guide referenced above) by going to the *Change Claim Status* screen, entering the Claim number, then choosing *Untransmit*.

- D. **Alternate System for Settlement of Miscellaneous Claims** - Participation in this program can be through specific statutory authority or through legislative authority granted to the Office of State Finance. It is designed for approved agencies to process their expenditures based on their own internal encumbrance and preaudit systems, and on-site maintenance of their claim documents. Said internal systems must be pre-approved by OSF and are subject to ongoing postaudit reviews by OSF Transaction Processing staff. Participation in this program by institutions of higher education requires joint approval by the State Regents for Higher Education and the Office of State Finance.

The alternate system claim procedure functions the same way as the EDT process for supplying the expenditure data to OSF. However, the actual claim documents are retained at the state agency and are statistically sampled through postaudit reviews by the OSF Transaction Processing staff. Prior to conversion to this program, the agency is required to be an EDT claims process user for a minimum of two (2) months. Once converted, the agency continues to submit an Electronic Submission Control Sheet, OSF Form 25, but retains the claim documents at the agency. A "Corrected" control sheet must be submitted the following day and adjusted to remove any claim transactions rejected in the OSF nightly cutoff or any removed per the agency's after submission the control sheet. Be sure to put "CORRECTED" on the top of the form.

Procedures for operation of the program will be provided to agencies interested in seeking approval to convert to the alternate system. For institutions of higher education to seek conversion, approval must first be obtained from the State Regents for Higher Education. Institutions should complete a request/approval form included with the program procedures. The completed form must be submitted to the State Regents office where it is approved and then forwarded to the OSF. NOTE: The request/approval form may also be obtained by contacting the Director, Transaction Processing, OSF. For other agencies, they must submit the completed form to the Director, Transaction Processing, OSF. The Director will make arrangements with the agency for an on-site review of its encumbrance system, preaudit system, and document storage procedures and facilities. The Director will then make a recommendation to the Director of State Finance for approval or disapproval of the agency based on the on-site review and the agency's documented encumbrance and preaudit procedures provided.

If approved by the Director of State Finance for conversion to the alternate system, the Transaction Processing Director will make arrangements with the agency on establishing a conversion date. Should an agency be notified of a disapproval based on the on-site review findings and/or agency procedures documentation, any reasons will be provided. The agency can request a subsequent approval once said deficiencies have been corrected.

- E. **700 Fund Claim Transactions** - This program was designed to move Agency Special Account (ASA) activity from depository accounts to treasury funds within the central accounting system. Approved agencies report ASA activity by combining 1) the expenditure information previously reported to OSF on OSF Form 11A's and 2) warrant issue information separately reported to the Office of the State Treasurer (OST), into a single transmission. OST warrant issue information is then pulled out and electronically transferred to them. A 7XX fund (e.g., 700, 701, etc.) is established for each existing ASA an agency may have, as authorized by the Agency Special Account Board, or they can be consolidated into a single 700 fund at the discretion of the agency.

Application for a 700 Fund for an existing ASA is through submission of a letter to the Director of State Finance, as Chairman of the ASA Board and establishment of available budget, using an OSF Form 57, see Chapter 400 - Budgeting. However, if it is for a new ASA account then an OSF Form 18A, ASA Application ([Appendix C16](#)) must be submitted. See also Chapter 500 for detailed procedures. Submission of the 700 Fund data is through one of the previous methods discussed, EDT or ICS Direct. However, as with the Alternate System for Settlement of Claims, no actual claim documents are submitted. Agencies must only submit an OSF Form 25, Electronic Submission Control Sheet or an OSF Form 25C, ICS Direct 700 Fund Claims Batch Slip Notice ([Appendix C17](#)), as appropriate for type of submission used. A "Corrected" control sheet or batch slip must be submitted the following day and adjusted to remove any transactions rejected in the OSF nightly cutoff or any removed per the agency's after submission the control sheet or batch slip. Be sure to put "CORRECTED" on the top of the form.

The type of payments from a 7XX source fund is restricted to the authorized expenditures of the ASA account. Payment of travel expense claims and payroll related expenses previously paid via a travel voucher or miscellaneous claim (i.e., insurance, retirement, etc.), must continue to be submitted as claims to OSF. These are payments which, prior to the establishment of the 700 Fund System, were funded from a 444 fund (whereby funds were transferred from the Agency Special Account to the 444 fund). These claims are still considered a “miscellaneous claim” payment and not a 700 fund transaction even though they are funded with a 7XX fund. Furthermore, submission of these claims must be through either the EDT or ICS Direct procedures.

There is an exception to this travel expense and payroll related expense payment procedure for agencies under the Alternate System for Settlement of Miscellaneous Claims, who can process said payments as “700 fund transactions” and issue their own checks if they choose to do so. Such payments would then be reported as 700 fund transactions and not as Alternate System Claims.

318 GENERAL INFORMATION AND PROHIBITED ACTS

- A. The state's fiscal year runs from July 1 through June 30.
- B. The maximum obligation period of funds, without re-appropriation, is two and one half years. Const. Art. V, Sec. 55. This maximum period normally relates to funding considered as non-fiscal.
- C. The following acts are prohibited:
1. Payment of prior fiscal year expenditures with current year appropriated funds and payment of current fiscal year expenditures with prior fiscal year appropriated funds, without specific statutory authority. A.G. Opinion 74-230 & 81-51.
 2. Advance payment of goods and services. Const. Art 10, Sec. 15 and Title 74 O.S., Sec. 85.44B.
 3. Payment of personal organizational memberships or dues, without specific statutory authority. A.G. Opinion 63-247, 79-38, 80-59, and 80-261. There are two exceptions as follows:
 - a. When the fee is for a specific position requiring such membership and is in the name of the person holding that position. The membership must be transferable.
 - b. When specific coverage of individual memberships are within the terms of a grant contract. A copy of the pertinent section of the grant contract should be included with the claim.
 4. Transfer of monies to an agency special or clearing account (via claim payment) from other treasury funds, without specific statutory authority or approval from OSF.
 5. Purchase of Gifts are not authorized without specific statutory authority.
 - a. Const. Art 10, Sec. 14, -- 'Taxes shall be levied and collected by general laws, and for *public purposes only*, . . . ' (emphasis added)
 - b. Const. Art 10, Sec. 15, -- 'The credit of the State *shall not be given*, pledged, or loaned to ant individual, company, corporation, . . . *nor make donations by gift*, . . . ' (emphasis added)
 - c. A.G. Opinion 79-78, -- This opinion addresses tax revenues stating they must be used for public purposes.
 - d. A.G. Opinion 79-263, -- This opinion identifies fees as taxes.
 - e. A.G. Opinion 82-71, -- This opinion further addresses that state funds must be used for public purposes.

Note: Items used as advertising and promotional expenses by appropriate agencies/functions are not considered gifts. In addition, inappropriate purchases of coffee and other refreshments outside of the "Refreshment Policy" listed in Section 319, item A., could be considered purchase of gifts under prohibited acts.

319 **SPECIAL PROCEDURES**

This section includes various special payments or special procedures. It is not intended to be all inclusive and others could be provided in future updates to this manual or through DCAR Newsletters.

A. **Policy on Payment for the Purchase of Refreshments**

Object of Expenditure Code 3611 is established for payments when purchasing refreshments which agencies from time to time may require in their operations. This policy is presented based on a review by the Attorney General's Office (Ltr, dated March 29, 1995), concluding that the policy on the purchase of refreshments is consistent with that office's guidelines held in A.G. Opinion 71-129. The official OSF policy on the payment for purchase of refreshments through the Office of State Finance is as follows:

PURCHASE OF REFRESHMENTS

Payments for purchase of light food and drink items (e.g., doughnuts, cake, coffee, tea, soft drink, etc.) used as refreshments and required in connection with meetings or similar type activities held/conducted for and in the interest of the general public, shall be considered a valid operating expense of the agency to the extent that such purchases serve a public purpose. This policy also covers payments for purchase of related refreshment service items, such as disposable plates/flatware, stirrers, coffee cream, sweeteners, etc.

"A public purpose" as used in this policy shall mean activities or functions conducted/held in the interest of the general public at large. The general public at large may include business guests of the agency.

B. **Fleet Fuel Purchasing Procedure - "Fuelman" Gasoline Management System**

This is just a reminder about the DCS/Central Purchasing established fleet fuel purchasing procedure (contract - currently with Fuelman). This procedure is designed to streamline and automate the purchase of fuel and minor maintenance service by the state in a manner which promotes savings, efficiency and optimum control of budgeted resources, while providing timely, accurate service in all areas. The procedure consists of a gasoline charge card for use by employees using state owned vehicles and a system to automate the gasoline/diesel storage tanks owned by the state. No other purchase of motor fuel is allowed without the approval of the DCS/Central Purchasing. See also [Section 324](#).

For more information and details about this contract, you should contact the DCS/Central Purchasing or the state fleet manager's office.

C. **Inter/Intra-Agency Payments (OSF Form 15A and 15B)**

For all payments to another state agency, college, university, board, commission or other subdivision of the State of Oklahoma, the State's vendor number [73-6017987](#) should be used. This is for both OSF Form 15A Claim Jacket and OSF Form 15B Inter/Intra Agency Claim payments.

Many state agencies have acquired their own FEI numbers for purposes of administering separate income and employment tax matters with the IRS or Social Security Administration. These FEI numbers should not be used in connection with the processing of miscellaneous claims. All payments to any state agency having a three (3) digit agency number must be paid using the State's FEI number (73-6017987). This would be the case even if the invoice references a different tax number. For example, this includes payments to any of the following entities in their unique role or function even when they have their own vendor number:

	(Do not use such numbers)
Firefighters Pension and Retirement System	73-1132376
Law Enforcement Retirement System	73-6107411
Oklahoma Public Employees Retirement System	73-0798208
State Education and Employees Group Insurance	73-1134923
Police Pension and Retirement System	73-1039862
Teachers Retirement System	73-6028563
Oklahoma Turnpike Authority	73-6060890
Oklahoma Development Finance Authority	73-1083741

ICS Direct users submitting OSF Form 15A claims, will see a 'pop-up' screen which will prompt the user to enter the three digit agency number to which the claim is being paid. Failure to provide this additional payee information will prohibit further processing of the claim. The ICS system will edit for valid agency numbers, and pre-fill the agency name associated with that agency number as the payee. The exception is when the claim is charged against a purchase order or contract, whereby the name from the order or contract is pre-filled as the payee and cannot be changed.

However, when the payee agency name is pre-filled for Authority for Purchase orders or non-encumbered claims, the ICS Direct user can overwrite the agency name if necessary. For example, the pre-filled name for agency number 090 is 'Office of State Finance.' The user may want to overwrite this and put 'OSF - Centrex' when paying for centrex services. Another example is the payment for 'Onenet' services to the Oklahoma State Regents (agency 605). If charged to an AFP order the pre-filled name may be overwritten with 'Onenet - State Regents.'

CAUTION: Before overwriting a name, please be sure that you are not changing the payee agency. That is, if the agency number 090 is entered and it shows the Office of State Finance, do not change it to DCS - Motor Pool. In such case, the wrong agency number may have been entered.

EDT users submitting OSF Form 15A claims, will provide the agency number within the claim header (type 1) record. The agency number should be placed in positions 61-63, the 'depository agency number' field.

When making payments to the regional Vocational/Technical Schools, you should not use the State's FEI number (73-6017987). Although there is oversight by the State Department of Career & Technical Education, each school operates independently and has its own FEI number.

Strict use of the State's FEI number is required to better identify the inter/intra agency payees for financial reporting requirements mandating the elimination of inter/intra agency receipts and disbursements. This procedure will help OSF identify and eliminate such transactions within the state's financial reports.

D. Buying Club Direct Membership

Buying Club Direct (i.e., Sam's Club) is an account which can allow agencies to utilize purchase order billing for purchases made through the Club. It is designed for official business use only and not for individual use. It differs from a buying club business membership which can be used for business or personal expenses. The Direct account is for charge only purchases, and allows only authorized buyers to purchase with a purchase order. Privilege to purchase is limited to "authorized buyers," which the agency designates and maintains.

While this office does not take a position of endorsement of the Buying Club Direct, we can not find anything in law or other regulations that would prohibit agencies from paying the administrative charges to become a member. However, OSF cautions agencies who contemplate joining to keep in mind all state purchasing and payment requirements that may apply, i.e., late payment penalty limitations, competitive bidding requirements, itemized invoicing vs. statements for payment, etc.

If you need know the type of purchases that may be eligible through the Sam's Direct account, you may want to study the state purchasing act and/or contact the DSC/Central Purchasing for general information.

E. Simplified CFDA Procedures for Encumbered Claims

The OSF system will allow a claim to process with a valid CFDA number when: (1) the purchase order FAAC line has a corresponding CFDA number or (2) the purchase order FAAC line has 00000 0000 in the CFDA field. This is designed so when an agency sets up an encumbrance and is uncertain about the CFDA information, the entry can be made with 00000 0000 in the CFDA field. This procedure allows the processing of the claim without having to submit a change order to add or correct the CFDA number on the purchase order when ready to pay the claim.

ICS Direct Users may need to utilize the "duplicate" FAAC function to add a FAAC line if more than one CFDA is to be paid against a purchase order with 00000 0000 in the CFDA field. For specific instructions refer to the ICS Direct Manual.

F. Garnishments - Payments of Court Cost Collections when Judgment Creditor is a State Agency

A state agency which the Court has declared judgment creditor in garnishment cases must collect the Court costs along with the payment, and remit the collection to the Court. The procedure for state agencies in such cases, is that the Court costs collections must be received by the agency under the appropriate nonrevenue receipt code 82115 -ESCROW DEPOSITS, and paid (remitted) to

the Court under Object of Expenditure Code 5325 - PAYMENTS FOR COLLECTIONS MADE FOR ANOTHER JURISDICTION. Such payments may be processed non-encumbered. NOTE: The procedure stated here does not affect payroll deductions or the way an agency processes its withholding claims. It only affects agencies serving as judgment creditors.

G. Reimbursement of Employees and Officials for Purchases made in connection with Agency Operations (Non-Travel)

Employees and officials may be reimbursed for miscellaneous emergency purchases or purchases not available through their agency's normal purchasing procedures. Such a purchase must be an official state expense and must have met the same requirements (other than prior encumbrance) as though the agency had made the purchase. Such purchases are subject to the agency head's approval and must be accompanied by evidence of payments. Title 74 O.S., Sec. 250.6.

There is no set maximum limit on the amount which can be reimbursed, however, reimbursements which exceed \$100.⁰⁰ per claim must include a written statement of justification for the purchase as support documentation for the claim. A Form 15A Claim Jacket or a Notarized Form 3 may be used, although, evidence of payment must be attached with either claim form used. Evidence of payment may be shown by: "cash" payment on a sales receipt; front and back copy of a processed check (canceled check); credit card statement or charge card impressed receipt; or similar annotation from the vendor indicating the expense has been paid in full. A special object of expenditure code - 6113 - is established for this type of reimbursement. The claim should be charged to either an AFP or purchase order.

H. Uniform Payment for Professional Services

Payment of professional services, e.g., maintenance contracts, must be at a uniform rate throughout the duration of the contract if the services to be provided during the period are similar and consistent. Variance must be based on written justification for non-uniform payments. In addition to the justification, agencies subject to the Oklahoma Central Purchasing Act must have authorization by the Director of Central Purchasing. For agencies exempt from the Oklahoma Central Purchasing Act, the justification must be signed by the agency head. Title 74 O.S., Sec. 85.41.g. Following the law avoids mischarging the entire expense to the year in which it was paid. Under the practice of uniform payment, the expense would naturally fall within the year in which the portion of services was rendered and paid.

I. Payment of Rent/Lease of Office Space

Due to the general nature of office space rent or lease, OSF will allow the rent/lease claim to be process early, whereas, the warrant can be delivered to the vendor on or about the same time as the rent or lease period begins. Although, the earliest that OSF may accept claims for processing these payments shall be one week just prior to the beginning of the ensuing rent or lease period. With the current processing turnaround time, OSF anticipates that this procedure will not cause any undue delay in payments to vendors by the reasonable and customary time that the payments are due. The

exception to this procedure is when the rent period is for the ensuing fiscal year. In such case, the payment cannot be processed until the new fiscal year funds are available.

J. **Moving Expenses**

Moving expenses must be paid pursuant to Title 74 O.S., Sec. 500.51, whereby submission of a requisition to DCS, Central Purchasing must be made and bids from certified carriers obtained. New hires to an agency are not covered under the provisions for payment of moving expenses, this includes state employees hired to an agency through an interagency transfer. Pursuant to Title 74 O.S., Sec. 500.55, no state agency shall authorized the move of a person's household goods except in compliance with this act (Title 74 O.S., Sec. 500.51 et seq.). Any person authorizing a violation of this section shall be found guilty of a misdemeanor and upon conviction thereof, shall be penalized by fine and/or imprisonment, including termination of said person's position .

The only exception to the nonpayment of moving expenses for new hires is for institutions of Higher Education governed by constitutionally created boards. Such institutions are authorized to make payment of new hire moving expenses, although, still subject to the provisions of the moving act.

A.G. Opinion 92.10. Following is a list of those boards and their institutions:

1. Board of Regents for the University of Oklahoma
 - * University of Oklahoma
 - * OU Health Sciences Center
 - * Cameron University
2. Board of Regents for Oklahoma Colleges
 - * University of Central Oklahoma
 - * East Central University
 - * Northeastern State University
 - * Northwestern Oklahoma State University
 - * Southeastern Oklahoma State University
 - * Southwestern Oklahoma State University
3. Board of Regents for Oklahoma A&M Colleges
 - * Oklahoma State University
 - * Panhandle State University
 - * Langston University
 - * Conners State College
 - * Northeastern Oklahoma A&M

Moving expenses are considered wages for W-2 purposes, inasmuch as they are paid in connection with the performance of services and are attributable to employment. See [Section 390 \(Fringe Benefit Reporting\)](#).

K. Purchases of Products & Services of the Severely Disabled (Handicapped Vendor) - Sales Levy

There is a 1% levy on all contracts for the purchase of products or services from severely disabled vendors. A certified list of said vendors are maintained by the Department of Central Services (DCS). Said levy shall be withheld and paid to the DCS. Title 74 O.S., Sec. 3004.1. In order to effect the withholding, payment and deposit of the levy, the following claim processing procedure must be followed:

1. Prepare payment to the vendor on an OSF Form 15A, with funding amount payable per the applicable purchase order or contract and vendor invoice. Add a second line of funding for the 1% levy as a "credit" adjustment, using object of expenditure code 6131.

Example:

Account	Sub-Act	Object	CFDA	Amount
009925	00001	1511	(As reqd)	\$6,457.33
009925	00001	6131	(As reqd)	<u><64.57> *</u>
Total Claim Amount				\$6,392.76

* Represents 1% sales levy credit

NOTE: This step of the procedure, in effect, reduces the outstanding order by the full contract price per the actual invoice, and the levy credit amount returned to the agency's available budget for payment to DCS. (See subsection 2 following.)

2. After the vendor claim payment clears and the levy adjustment posts to the available budget, agency must prepare an OSF Form 15B, Inter/Intra-Agency Payment, with a "pro-forma invoice" for payment of the 1% levy to the Department of Central Services. The Official Deposit Register section of the claim must be completed as follows:

Fund: 225
 Agency: 580
 Receipt Code: 24267

Since the 1% levy procedure for the credit FAAC line is not available for payments charged to Authorizations For Purchases (AFP's), payments to severely disabled vendors against AFP's are not allowed. Therefore, agencies should properly encumber purchases subject to the handicapped vendor levy as purchase orders and contracts only.

To ensure proper withholding of this levy, system edits will 1) reject any claim payable to a severely disabled vendor if it does not have the credit entry listed under object code 6131, and 2) reject any claim payable to a severely disabled vendor paid against an AFP order.

NOTE: When contracting with a handicap vendor (e.g., Oklahoma Goodwell Industries) for a mail handling service which includes the vendor furnishing the postage, be sure to separately identify the cost of such postage under object code 3112 - Postage. The remaining cost of such service would

be considered a professional services expense such as code 1511. The credit amount on the claim listed under code 6131- Handicap Vendor Levy, will be based only on the service cost since postage is not subject to the 1% handicap vendor levy.

This procedure is emphasized in order to exclude postage from the Department of Central Services 'Payments to Handicapped Vendors' report which lists amounts subject to the 1% levy and which must be paid to the Department of Central Services. To accomplish this, we have identified the postage object code in our system as exempt from said levy, whereby, such payments will not be reflected on the report.

L. **Advance (Pre-) Payments**

Past Attorney General's opinions have held that payment to a claimant (vendor) prior to the actual performance of work or receipt of product for which contracted, constitutes lending of credit or monies by the state, and therefore, violates the provisions of Art. 10, § 15, of the Okla. Constitution. In addition, pursuant to Title 74 O.S., Sec. 85.44B, payment of goods and services by a state agency, whether or not such state agency is subject to the Oklahoma Central Purchasing Act, shall be made only after products have been provided or services rendered. The exception is payments for subscriptions to magazines, periodicals, or books or for vendors providing subscription services. OSF will allow a six (6) week lead time in submitting the payment prior to the subscription commencement or expiration period, unless service is at risk of being interrupted, then payment will be accepted at a reasonable period of time in advance of the six (6) weeks. Additionally, due to the nature of such payments, the following situations are subject to approval for advance payment only when failure to pay in advance would preclude the agency from contracting for those goods or services:

1. Payments to the U.S. Government requiring prepayment, such as Superintendent of Documents for purchase of books are normally approved.
2. Payments to fair boards and other organizations, by agencies seeking booth rental at shows for the purpose of advertising or promoting the State of Oklahoma, will be considered by OSF if the facts of such prepayment requirement are properly documented with the claim.
3. Payments to official testing organizations requiring prepayment for attendance and/or grading of documents, for higher education or regulatory boards.
4. Registration fees for conferences, meetings, seminars, and similar events whereby in special situations an organization requires preregistration along with payment and by standard policy will not accept a state purchase order/contract in lieu of payment, documentation on the vendor's stationary describing this fact must be sent together with the claim to OSF for consideration of approval or disapproval.

5. Registration fees when a discounted fee is offered if registration is paid in advance. To qualify for this procedure, the registration fee must, 1) result in a discount to the state, 2) allow for substitution of participant, and 3) provide for 100% refund should the event be canceled. Documentation on the sponsor's stationary describing these facts should accompany the claim submitted for payment. In addition, any payment so approved shall be timed as to arrive at the sponsoring vendor not earlier than the absolute due date deadline for the discounted registration.

To operate under this policy, the payment must be made based on the "agency direct" method of payment and paid directly to the sponsoring vendor, using object of expenditure code 2215, 'Registration - Agency Direct.' In addition, for tracking such savings, there must be a credit amount listed with object code 2215 99 by using the agency use positions associated with the code. This will require encumbrance through entry to the DCS Purchasing System (also known as ADPICS) for the full amount. When ready to make the payment, it should be processed as follows:

Gross cost of registration fee - \$500.00 - 2215 (**amount to be encumbered**)

Advance payment discount - <100.00> - 221599

Claim total as net amount - 400.00

(**Note:** This will be the "Credit/Discount" step in your EDT record layout or the Add-On (discount) ICS Direct entry function.)

6. Maintenance agreements so long as a two pronged test is met. First, where it is the industry practice or standard for vendors to receive payment up front, and Second, where there is no reasonable alternative method of payment. However, in many circumstances, vendors will accept payment at the time services are rendered or after the fact if the agency alerts the vendor to this provision in state law and negotiates a legal payment arrangement with the vendor. Only when the marketplace (not the particular vendor) will not accept this type of payment arrangement is an advance payment justified. Accordingly, OSF requires a statement or an attachment to the claim certifying that both of these conditions are met before approving payment on a contract in which services are rendered after payment is made.

M. **Payment of Employee License & Certificate Fees and Related Training and/or Testing Fees**

The following policy guideline is established for payment of individual licenses, certificates and related training:

1. License or Certificate Prerequisite to Employment - Employee Pays: Many state employees are required, as a prerequisite to gaining employment in a particular position, to obtain or hold a special license or certificate from a licensing board or association. Expenses incurred by the job applicant, and those incurred by the employee in obtaining the license and any subsequent renewals must be paid by the individual, not the state, unless otherwise

specifically authorized by state statute or by relevant grantor. Examples include: licensed plumbers or electricians, attorneys at law, doctors, nurses, engineers, etc.

2. License or Certificate not a Prerequisite to Employment - State Pays: On the other hand, some job applicants and employees are hired into or holding, respectively, positions for which no particular license or certificate is required; however, in the actual assignment of duties, the employee is assigned responsibilities which do require them to obtain and hold a particular license or certificate.

The expenses for these licenses or certificates, renewals, and for any related training or testing may be paid for by the state. Examples include: maintenance employee who is required to obtain a herbicide application license; a secretary who is required to act as a notary public; a park manager who is required to obtain a water or sewer plant certification.

3. Licenses held by the General Public - Employee Pays: Licenses required and commonly held by the general public for personal purposes such as an operators drivers license, would not be subject for payment by the state, even when an employee may be required to possess a valid license to operate a state motor vehicle. Such licenses which are both widely held by the general public and which may be used for the personal enterprise of the employee, do not qualify as a public expense.

4. Why the Difference? In theory, the compensation for job classes which contain licenses or certificates as prerequisites to eligibility should reflect the expense of possessing and maintaining such licenses or certificates. The compensation and the relevant license requirements are fully disclosed to the job applicant at the time of application, and the individual should be able to make an informed decision accordingly.

Exceptions to this general rule is where a new license or certificate requirement is the result of either state or federal law or regulation, or by agency policy. This would represent a change in the terms under which the employee was hired, and the state could therefore pay the expenses, including any training and testing. Renewal expenses for the license or certificate, however, would be the responsibility of the employee. The job classification should be modified to reflect the license or certificate requirement as a prerequisite to employment, therefore, subject to item 1 above.

5. Summary and Miscellaneous Issues:
 - a. The requirements of item 1 are inherent to the profession or occupation of the position which the employee desires to work. Whereas the requirements of item 2 are more incidental to the position. And, item 3 is for the more general and personal benefit of the employee.
 - b. Promotions of incumbents would be treated the same a new hires for the prerequisite outlined in item 1.

- c. The prerequisite can be implied; for instance, a job description may not specifically address a license requirement but one is required by law or some other edict. In this case, the license would be considered a prerequisite (item 1). (Once this situation is evident, it is recommended that the job classification be modified to make this implied requirement more explicit.)
- d. Certified Public Accountant (CPA) testing and licensing costs as well as any costs associated with obtaining or maintaining a CPA permit to practice are not eligible state costs under any circumstances. The independence necessary to certify or attest vanishes when a CPA becomes an employee of the organization.
- e. Job related training or training required by law or other edict are eligible public expense. Training courses eligible for continuing education credits would be considered a proper public expense if the course were job related or mandated by law or other edict.
- f. The licenses or certificates referenced in item 1 pertain to regulated professions which permits the owner to practice in the regulated profession for compensation, and it is inappropriate for the state to pay. However, there are some certificates which pertain to associations and similar groups, which are not regulated professions. Possession of a certificate from such an organization represents acknowledgment of a particular level of achievement, but it does not give the owner a license to practice in a regulated profession. For example, an employee may receive a certificate from say, the "Association of Government Accountants" or from the " Certified Public Managers Program" after having completed a number of hours of course work and associated projects/tasks. These essentially representing training for the employee, which is an eligible state expense.

N. Sales Tax Liability on Out-of-State Purchases

State agencies' tax liability on purchases from out-of-state vendors normally fall under two scenarios.

The Oklahoma Tax Commission provides the following:

1. Purchases made from out-of-state vendors where merchandise is shipped to and received in Oklahoma normally involves Use Tax for the State of Oklahoma, although state agencies are exempt from such Use Tax. There are usually no Sales Taxes due the other state, therefore, Oklahoma state agencies should not be charged Sales Tax on these types of purchases (and should not pay any).
2. Purchases made from out-of-state vendors where merchandise is picked up within that other state, receipt of merchandise occurs there and such purchases are subject to that state's Sales Tax. Oklahoma state agencies should pay any Sales Tax billed.

If an agency should have problems with any out-of-state vendors regarding the above-mentioned exception (#1), it should contact the Business Tax Division of the Oklahoma Tax Commission.

O. Assignment of Claim Payment

A claim may be assigned to a second party if authorized by the original claimant on the claim form. In such instances, payment of the claim amount is credited to the original claimant (SS# or FEI#) for reporting (1099) purposes, however, the warrant issued by the State Treasurer's Office is written in the name of the assigned payee.

Space is provided on the applicable claim forms for completion by the claimant to authorize the assignment of payee, including claimants signature. In the case of an Internal Revenue Service tax lien or an Oklahoma Tax Commission tax lien order against the claimant, the paying agency must complete the assignment section of the claim form showing the assignment. The claimant's signature is not required for the assignment, however, a copy of the lien must be attached to the claim form as authority for the assignment.

P. Memberships

Agency memberships are authorized and paid through the normal payment process. However, a review of past Attorney General Opinions (e.g., 63-247, 80-59, 80-261) have shown that payment of individual employees membership dues has consistently been determined an invalid expenditure, except as when authorized by legal authority. Such legal authority must be cited on the claim. Alternatively, OSF has agreed to grant an exception for payment of individual "position" memberships (e.g., director, comptroller, etc.) which are of a transferable nature. When paying a membership that meets this exception, the agency should annotate the condition on the claim form or invoice.

Q. Settlement Agreement for Expenses against Lapsed Funds

Proper fiscal year expenditure requirements apply in situations whereby an invoice was not received (or a bill not paid) prior to the funds lapsing. Once the funds have lapsed, they cannot be restored for such payments. Therefore, before these expenses could be processed they would have to be considered a current expenditure, whereby, current fiscal year funds can be used to make the payment. Although, the only option available to make the expense a current fiscal year expenditure is through a legal action. Ultimately, the vendor would have to sue the state agency and receive a settlement and release of the agency. We have, however, established a "friendly settlement agreement" procedure. The state agency's legal council (either the agency's attorney or its council from the Attorney General's office) and the vendor must enter into a written agreement that said payment is legal and still due and owing to said vendor. The agreement must be signed by the agency's legal council and the vendor (or vendor's attorney).

Once the settlement agreement is signed, it is considered a current legal action and therefore, a current expenditure subject to current fiscal year funding. In addition, legal actions do not require prior encumbrance, therefore, the claim would be processed as an unencumbered payment and not against an order or contract.

NOTE: This procedure should not be confused with the settlement agreement process under the Oklahoma Central Purchasing Act, that ratifies an unauthorized commitment.

320 CLAIM FORM ENTRIES - GENERAL

Certain common data elements are required on every claim form. Included are the:

- * agency number of the paying agency;
- * fund number;
- * account number(s);
- * agency claim number;
- * sub-activity number(s);
- * CFDA number(s);
- * object of expenditure code(s) (**Note:** see Chapter 400 - Budget for instructions on budgetary expenditure limits);
- * name of the claimant;
- * Social Security Number or the Federal Identification Number of the claimant * (exceptions: payments to governmental units **, payments for postage; and,
- * approving official's signature.

Not more than one agency can fund a single claim and not more than one fund may be utilized to pay a single claim. ([Exception - 800 Fund claim transactions restricted to selected agencies. Additional information will be provided if expanded to all agencies.](#)) The one fund per claim is necessary for the State Treasurer due to standard banking procedures. The State Treasurer is essentially the state's banker and each fund number/agency number combination represents a unique "banking account." As in personal banking accounts, a check (or warrant) can only be charged to one account.

The paying agency will normally enumerate the first claim of the fiscal year with the numeral one (1) and enumerate each claim thereafter in sequence. Different numbers and multiple sequences can be used if necessary. Paying agencies can use multiple accounts and multiple object of expenditure codes on all claim forms. Normally, only one claimant can be paid on a claim. Under certain circumstances, however, multiple claimants with a common claim basis can be paid on a miscellaneous claim form (OSF Form 15A). An agency must obtain prior approval from OSF before it adopts such a practice of multiple claimants on a single claim for a particular type of expenditure. Whenever possible, if it is necessary to file a separate claim for a payment or reimbursement, both (or multiple) claims should cross-reference each other's claim number. An agency approving official's signature is required on all claims ([see Section 305 , fourth paragraph](#)).

* Vendors receiving payments for products or services through the state's central accounting system are required to provide or to be assigned a vendor identification number, for the ICS System identification purposes. Vendors occasionally refuse to provide their federal (FEI) identification number, claiming constitutional exemption. OSF takes the position that doing business with the State of Oklahoma includes the requirement to provide tax identification information, by means of the IRS Form W-9 if necessary. This requirement allows OSF to identify the vendor early into its business relationship, and will aid OSF if the vendor payment is to be reported to the IRS through the 1099 reporting process. In the event a vendor refuses to cooperate with providing a Form W-9, it should be reminded that future payments to them may be subject to penalty under IRS rules.

** The State's Federal Identification Number should be used for payments to other state agencies. See [Section 319](#), SPECIAL PROCEDURES - Inter/Intra-Agency Payments (OSF Forms 15A & 15B).

323 CLAIM JACKET (OSF Form 15A) FORMS, INTER/INTRA AGENCY PAYMENT (OSF FORM 15B) AND NOTARIZED CLAIM (OSF FORM 3) - INSTRUCTIONS

A. Common Requirements

1. Enter data elements common to all claims as instructed in Section 320.
2. For encumbered payments, enter the order number from the encumbrance document (Contract, Purchase Order, or Authorization For Purchase [AFP]) in the space provided.
NOTE: Central Purchasing / DCS Purchasing System issued purchase order or contract are seven characters beginning with an alpha character. (Example: R000006). A claim cannot be charged against more than one order number. **NOTE:** If the purchase predates the encumbrance document, the claim should not be paid without appropriate justification.
3. A vendor may assign his rights to the proceeds of a claim by completing the assignment section of the claim. The *claimant* must authorize the assignment by signing the authorization in the space provided.
4. Enter partial and final payments against the order as appropriate.
5. Submit only the original copy of the claim form, except in the case of the OSF Form 15B, which should be submitted with the original, along with any attachments and one complete copy separately stapled and folded.
6. When vendor invoices are altered, there must be proper justification and approval documented on the invoice. Normally, if a change is made which alters the amount of the invoice, the vendor should approve and sign for the alteration. However, in some situations it may not be feasible to hold up a payment to obtain the vendor's signature. In such cases, an agency employee should confirm the change with the vendor and document the reason for the change and that the vendor authorized it, then sign/initial the change. There may also be an adjustment based on nonacceptance or nonreceipt of items listed on an invoice, whereby, the agency may opt to correct the invoice instead of requesting a new one. As with other alterations, please give the reason for the change and sign/initial the change.

B. Claim Jacket Form - Description & Special Requirements

1. The primary method of paying state obligations for goods and services is by use of a Claim Jacket Form (OSF Form 15A, **Appendix C5**). The claim jacket form must be accompanied by the original vendor invoices or contract estimates for which payment is to be made and the invoices and estimates must be signed by an employee of the agency to indicate the goods or services have been received. Title 74 O.S., Sec. 86.1 **NOTE:** If the original invoice is not available, there should be a statement on the invoice indicating why the original is not available. (*The 15A Claim Jacket name originated from the first claim form that was a "jacket" or envelope form and invoices were placed in the jacket to be submitted for audit.*)
2. Enter the FAAC code(s), including sub-activity code(s), CFDA number(s) (if appropriate), and object of expenditure code(s) information. The total amount of the FAAC code(s) must equal the "For" amount in the upper right of the form.
3. Enter invoice date(s), numeral(s), and amount(s) in appropriate columns in body of form.

C. **Notarized Claim Form - Description & Special Requirements**

1. The Notarized Claim (OSF Form 3, [Appendix C2](#)) is signed by the claimant who is (or represents) the vendor of the goods or services to whom the obligation is owed. The claimant's signature must be notarized. Agency officers and employees are not authorized to sign in lieu of the claimant except as specifically authorized by [Section 325](#), POSTAGE, following.
2. Enter the FAAC code(s), including subactivity code(s), CFDA number(s) (if appropriate), and object of expenditure code(s) information. The total amount *must* equal the "For" amount shown in the upper right of the form and the "Total Amount Approved" as shown in the block at the lower right side of the form.
3. The form must include a detailed description of the goods or services received for which payment is being made. Where applicable, quantity, unit prices, dates when services were performed, etc. must be entered. The Approving Officer is certifying the satisfactory receipt of goods or services. *NOTE:* No separate invoice is required with the Notarized Claim Form; therefore, the data entered must be at the invoice level of detail.

D. **Inter/Intra Payment Claim Form - Description and Special Requirements**

1. The Inter/Intra Payment Claim (OSF Form 15B, [Appendix C6](#)) should be used when paying another state agency or when an agency is paying itself. This procedure is limited to payments where the receiving fund is not an agency special account or clearing account. There are some agencies exempted from this claim procedure due to their unique financial operations. For example, any agency in the 9XX number series (e.g., 900-Oklahoma Development Finance Authority, 978-Oklahoma Transportation Authority, etc.) do not budget through OSF, therefore there are no treasury funds for which the 15B transfer deposit would be applied. Then there are the agencies who, due to their unique nature, must deposit payments directly into their Agency Special Accounts. Such agencies may include Public Employees Retirement, Teachers Retirement, Law Enforcement Retirement, Firefighters Retirement, and the Employees Group Insurance Board. Others have accounting systems which require manual deposits for their posting routines and cannot handle the 15B transfer deposit.

These exempted agencies would be paid using an OSF Form 15A - Claim Jacket. The State's FEI# 73-6017987 would be used and the claim record must include the 3-digit "payee" agency number.

2. Enter the FAAC code(s), including subactivity code(s), CFDA number(s) (if appropriate), and object of expenditure code(s) information. The total *must* equal the "For" amount shown on the upper right of the form.
3. Enter the invoice date(s), numeral(s), and amount(s) in the appropriate columns in the body of the form.

4. Enter the fund number, agency number, receipt code(s), CFDA number(s) (if appropriate), and amounts under the official depository section on the claim. This deposit information should be provided by the billing agency. If the billing agency omits the fund number, receipt code(s), and CFDA number(s) (if appropriate) on the invoice, the paying agency should return the incomplete invoice to the billing agency with instructions to add same.
NOTE: Deposits to the State General Revenue Fund (19X), whereby, the claim will not be received at OSF until after the 10th working day of July, must show the fund number indicating the then current fiscal year. For example, inter/intra-agency payment made after around July 10, 2001, must show deposit to Fund 192.
5. Submit the original and one copy of the OSF Form 15B separately stapled and folded for processing. Attach all backup materials, i.e., receipts, statements, etc. that must be filed with the original claim form at OSF, to each copy. Copy #2 shall be forwarded by OSF to the receiving agency after the claim is processed along with an inter/intra-agency transfer report.

E. Special Provisions - Encumbered Payments

1. Credits and Add-Ons Not Included on Purchase Orders/Contracts (AFP's excluded):
Credits received against invoices will be applied as a separate item (FAAC line entry) on the claim. The credit(s) must be identified with the FAAC and object code to be credited. (See example.)

Discounts for early payment, goodwill, damaged goods, etc., will be treated in a similar manner (see example). Freight, handling charges or similar add-ons will also be treated in a similar manner (see example) and will not be charged against the encumbrance document unless it was originally identified as part of the encumbrance.

Example: This is intended to demonstrate the proper application of the procedures for credits and add-ons not included on purchase orders/contracts as outlined above.

Claim for invoices totaling \$200.⁰⁰, credit memo for \$50.⁰⁰, discount for \$10, and freight for \$10.⁰⁰.

Fund	Agency	Acct.	Sub. Acct.	Obj. Code	P.O	CFDA	Amt
196	090	019601	00001	3613	123456	(a)	\$50
196	090	019601	00002	3613	123456		\$100
196	090	019601	00001	3614	123456		\$50
196(b)	090	019601	00001	3615 (c)	---	(a)	<\$25>
196(b)	090	019601	00002	3616 (c)	---		<\$25>
196(b)	090	019601	00001	3613 (d)	---		<\$10>
196(b) (e)	090	019601	00002	3111 (f)	---		\$10
Claim Total							\$150

- a) Purchase order numbers will not be used for credits or add-ons. CFDA number not applicable since federal funds are not involved.

- b) The FAAC codes for credits and add-ons must match a FAAC line(s) related to the invoice portion of the claim.
 - c) Object code(s) for credit memos do not have to match one of the object codes related to current invoice(s).
 - d) The object code for discounts must match one or more of the of the object codes related to the invoice portion of the claim. Discounts can be prorated across all FAAC and object codes, or can relate to only one FAAC line/object code.
 - e) Add-ons can be prorated across all FAAC lines, or can relate to only one FAAC line.
 - f) Object codes for add-ons may be coded as freight or coded the same as the invoiced goods.
2. Credits and Add-ons Included on Purchase Orders/Contracts (AFP's excluded):
In the case of credits and add-ons included on the purchase order/contract, the claim must be funded to reflect the actual net/gross amount of the invoice as adjusted by said credit or add-on, unless the purchase order/contract had such adjustment identified as a separate FAAC entry.
3. Substitution of Goods/Prices - Purchase Orders/Contracts:
When substitution of goods or prices are made which changes the purchase order/contract, a change order request must be submitted and the order amended before OSF will process the claim for payment of said items. However, if the substitution is only in brand name or such, and the price the same, OSF will process the claim without a change order request. (See item 4 below for exceptions)
4. Override of Encumbrance Amount
An override of 10% on the quantity of goods will be considered *only* on certain types of purchases. These purchases are normally bulk purchases (as identified by DCS), such as, purchase of fuel, asphalt, meats, etc. This is *not* a general override for all purchases. OSF will charge the overage amount "unencumbered," thus only the actual encumbered balance will be charged against the order or contract. The overage amount should be identified separately on the claim funding. Failure to identify the overage on partial payments could deplete the order balance before the final payment against the order or contract can processed. Note: this payment should be handled according to Special Provisions number 1, above.

F. Final Liquidation of Order Balances - Encumbered Claims

Agencies have the capability to provide a "Final" liquidation flag within claim transactions to automatically cancel the remaining balance on its related order. This places more responsibility on agency staff to ensure the "final" claim is sequentially placed into a batch following other claims with the same order. When submitting a group of claims that includes a 'final' claim, place all such claims against the same order in the same batch. If separated, the batch with the 'final' claim may

be processed prior to the claims in the other batch. *NOTE: The final liquidation of order balances is not available for manual claims submitted to OSF.*

G. Invoice Information on Warrant Stubs

A warrant stub functionality by the State Treasurer's Office is available, wherein they will print miscellaneous warrants with an attached 'stub'. The 'stub' includes all invoice data provided by the agency within the claim record. The invoice information within the miscellaneous claim record can include invoice number, date, and amount. Up to 38 invoices per claim may be entered, with each invoice number set at a maximum of 20 alphanumeric characters. Note: The inclusion of invoice information is optional.

Inclusion of the invoice information will provide several benefits, such as eliminating the need for separate remittance advices or copies of invoices included with the warrant when distributing to the vendor. For example, with the invoice information on the warrant stub, an agency that provides address information could place their warrants in window envelopes and mail.

The invoice information can be provided through either the ICS Direct Claim system or the EDT Miscellaneous Claims Record Layout. For ICS Direct users, see Section 3 of the "OSF - ICS Direct User's Guide" which provides the procedures for entering invoice information. For EDT users, a copy of the EDT Miscellaneous claim record layout can be obtained at the OSF Comptroller's Home Page at <http://www.state.ok.us/osfdocs/comptrol.html>.

324 MOTOR FUEL

State Agencies are exempt from the federal excise tax on motor fuels (i.e., gasoline, diesel, aviation fuel), however it is not necessarily an automatic up-front exemption in some cases.

The State of Oklahoma now contracts for a single fleet fueling card system for its motor fuel purchases. Using this provider ensures tax-free purchases of fuel as well as significant savings at the pump. State agencies should be participating in this program.

However, in the event agencies make purchases of fuel where the tax is applied, agencies must summarize the purchases and report to OSF no later than 15 days after the close of each fiscal year. The summary data must also contain the number of gallons, type of fuel, and the purchase date. If the refund amounts exceeds the minimum amount set by the IRS by quarter, OSF will file a claim with the IRS. Otherwise, OSF will include these purchases in a yearly claim filed with the IRS. Each agency is responsible for maintaining the detailed records to support these purchases. OSF serves as the coordinator since the IRS will only accept one refund request per employer identification number.

If a supplier (i.e., refiner, wholesaler, retailer) is registered with the IRS for tax free-sales to exempt entities, an agency can make tax-free purchases and the suppliers seek any refunds due from the IRS.

325 POSTAGE

The Notarized Claim Form, OSF Form 3 (Appendix C2) or Miscellaneous Claim Jacket, OSF Form 15A, with pro forma invoice, may be used for payment for the purchase of postage, payment of post office box rent and other services provided by the U.S. Postal Service. This is a special exception to the normal use of the Notarized Claim Form since it normally requires the signature of the vendor. Postage claims shall be made payable to the United States Post Office (or United States Postmaster). Title 74 O.S., Sec. 90.1 restricts the purchase of postage stamps to less than \$1,000.⁰⁰. See Section 280 for Postage options and specific instructions on the purchase of postage. There is certain information required to be shown on the claim when paying postage. It is as follows:

- A. An agency, a field office, or branch office with annual expenditure for postage of less than \$1,000.⁰⁰ for any one fiscal year - claim must identify the branch or field office and must have a completed statement as shown below under B. (**Note:** The maximum amount which will be approved is \$999.99 for any one fiscal year per location.)
- B. Any agency authorized by the Director of State Finance to purchase not more than \$1,000.⁰⁰ worth of postage stamps for any single location for any one fiscal year, in addition to postage meter - must attach a copy of the Director of State Finance's approval and must have a completed statement as below. (**Note:** The total approved will be that amount authorized by the Director not to exceed \$999.99 for any one fiscal year.)

Statement of Postage Stamps Purchased

<i>Total approved for the year</i>	\$ _____
<i>Amount of previous purchases</i>	_____
<i>Amount of this claim</i>	_____
<i>Balance remaining for the year</i>	_____

If your agency's procedure is to purchase the stamps for all sites and disburse as needed to each site, you should include with each postage stamp claim a list of the sites and the individual amounts you have already disbursed to said sites. This list will serve in the place of the statement identified above.

- C. Postage meter - claim must state that said purchase is for postage meter and the meter registration must be shown.

The claim shall be signed by one or more Agency Approving Officials as claimant and approving officer.

- D. For the purpose of account expenditure through the Office of State Finance, postage purchase shall be treated as a current expense and not allowed to be charged to a previous year's account. For example, postage purchased during July 2001 must be charged to an FY- 02 fund and account. This is based on the fact that postage purchased from the U.S. Post Office, be it metered or postage stamps, unlike regular purchases of merchandise, materials, etc. is ordered, paid and received for

consumption at the point of purchase, notwithstanding, the current supply may be used to replenish previously used postage.

326 INTEREST ON LATE PAYMENTS

Agencies should have internal procedures to insure that they will make payment to vendors, for goods or services, and payments to state employees for reimbursement of expense claims pursuant to the State Travel Reimbursement Act, within forty-five days of receipt of proper invoice or proper claim. If an agency fails to make payment within the forty-five days, the vendor or employee shall be entitled to claim interest. Title 62 O.S., Sections 41.4a through 41.4d; Title 74 O.S., Sec. 840.14A; and Office of State Finance Rules Regulations pertaining to Prompt Payment to Vendors and State Employees.

General guidelines for this procedure are as follows:

A. Definitions:

1. "Agency" means any department, office, board, commission or institution of the State.
2. "Vendor" means any supplier of goods or services to the State except:
 - a. employees of the State for payroll, travel, or other reimbursement purposes;
 - b. recipients of entitlement or benefit payments;
 - c. recipients of grant funds from agencies who are acting as the administrative vehicle by which the grant funds are passed through to the grantee; and
 - d. vendors providing goods or services in conjunction with public construction contracts are specifically excluded from these procedures.
3. "Employee" means any individual whose reimbursement for travel expense is computed and subject to the State Travel Reimbursement Act, except:
 - a. those individuals due compensation for travel or other services subject to the Central Purchasing Act. (This refers to contractors, who are expected to include travel expenses in the contracted amount.)
 - b. Individuals providing services to the state for which compensation is not paid on a payroll including volunteers and/or recipients of public assistance programs.
4. "Proper Invoice" means any invoice which is complete in all requirements for processing for payment in accordance with the terms of appropriate contracts or purchase orders and applicable state or federal statutes, including but not limited to such documentation as may be required. This definition shall include properly documented, standard, notarized claim forms, commonly known as "Form 3 Claims."
5. "Proper claim" means a notarized claim for reimbursement of incurred expenses for travel supported by all requisite documentation and complete in all respects for processing for payment, in accordance with the State Travel Reimbursement Act.
6. "Receipt of a proper invoice" means actual receipt of the proper invoice by the payment office designated by the agency in appropriate contracts or purchase orders.
7. "Make payment" means to mail, transmit, or deliver settlement to a vendor.
8. "Director" means the Director of State Finance.
9. "Receipt of a proper claim" means actual receipt of the proper claim by the first office or official in an agency where the employee is required to submit the claim, by agency procedures, to obtain reimbursement for travel expenses.

- B. The clock shall begin to run thirty (30) days after the later of the date of the proper invoice, the receipt of a proper invoice by the agency, or the receipt of the goods or services in an acceptable condition specified by the contract or purchase order, or in the case of employee travel claims, the clock shall begin to run thirty (30) days after the date of receipt of a proper claim by the authorized office or official of the agency.
- C. The clock shall end when the agency makes payment
- D. The rate of interest is annualized and computed on a 360-day calendar, per \$100 per day. The rate of interest may change on July 1st of each year depending on the average interest rate for thirty day time deposits of state funds during the last calendar quarter of the last preceding fiscal year. The State Treasurer reports to the Director on July 1st of each year what the average interest rate was for the previous calendar quarter. The Director notifies all state agencies and any vendors who are in the Department of Central Services' bidder file as to what the interest rate shall be for the new fiscal year beginning July 1st.
- E. A vendor or employee must claim interest within ninety (90) days of receiving payment by transmitting a proper invoice to the agency which shall itemize all calculations for interest claimed. The agency must make payment to the vendor or employee within forty-five days.

For further information on this procedure, see the Office of State Finance Rules/Regulations pertaining to Prompt Payment to Vendors and State Employees. A copy can be obtained by phoning (405) 521-2141 and requesting a copy of the "Prompt Payment Rules" from the OSF Receptionist.

327 OKLAHOMA TAX COMMISSION TAX WARRANT PROGRAM (VENDOR SNAG PROGRAM)

The Oklahoma Tax Commission (OTC) may attach payments owed to vendors whenever payment of taxes to the state become delinquent. An Attachment Order and letter of notification are sent to the vendor and a copy sent to OSF advising that a Tax Warrant is outstanding against the vendor and that payment of the sums so attached are to be withheld until the vendor arranges a release from the OTC. In addition, the notification package identifies the vendor by federal (FEI) identification number, amount of attachment warrant, purchase order/contract number(s) that the vendor holds with the state and date the attachment order was issued. In addition, DCS-Central Purchasing is notified and the vendor is suspended from the bidders list, whereas, no bid notifications will be sent to the vendor nor will bids be accepted until there is a release from OTC. Title 68 O.S., Sec. 263.

Upon receipt of the Attachment Order from OTC, OSF enters a "SNAG" code against the vendor in the ICS Central Accounting System. The code is applied to each outstanding purchase order/contract as identified in the Attachment Order. Any subsequent claims submitted for payment of purchases against any of these purchase order/contract(s) are "snagged" and the claims returned to the paying agency notifying them of the snag. The agency is responsible for notifying the vendor that payment cannot be made until the vendor settles with OTC and they release the Attachment Order. Under no circumstances will OSF lift a snag against a vendor without a written release notification from OTC.

Should there be no settlement between the vendor and OTC, the agency will be instructed by OTC to make the payment to them. The entire claim payment may be assigned to OTC (Business Tax Division will provide payment instructions and where the warrant should be sent), or the agency will prepare two new claims, one assigned to OTC for only the amount due them and the other claim in the remaining amount paid to the vendor. The assigned claim will show the vendor as the payee, however, the 'Assignment' section will be listed as the "Oklahoma Tax Commission" and a copy of OTC letter or Tax Warrant attached as justification for the assignment. The vendor will not be required to sign the assignment section.

328 DIRECT PURCHASE OF TRAVEL EXPENSES AND REGISTRATION**A. Meals, Lodging, and Other Related Expenses (e.g., Classroom Space):**

Special provisions (Title 74, O.S. Sec. 500.2) have been authorized for agencies which allow them to arrange for and pay directly to the contracting agency or business establishment for meals, lodging and other related expenses as follows. However, all direct purchases, with the exception of commercial airline tickets, are subject to the no advance pay rule and, therefore, cannot be paid until after the travel has occurred.

1. For a contingent of personnel moved into an area for the purpose of preserving the public health, safety or welfare or for the protection of life or property. The cost for meals and lodging shall not exceed the amount authorized in the State Travel Reimbursement Act. The agencies authorized are the Department of Public Safety, Oklahoma State Bureau of Investigation, Bureau of Narcotics and Dangerous Drugs Control, Oklahoma Military Department, Department of Corrections, Department of Central Services, Alcoholic Beverages Laws Enforcement Commission, State Department of Agriculture, Department of Civil Emergency Management and the State Fire Marshal.
2. State agencies are authorized to enter into contracts or agreements for the payment of food and lodging expenses as may be necessary for employees or other persons who are performing substantial and necessary services to the state attending official conferences, meetings, seminars, workshops or training sessions or in the performance of their duties. Such expenses may be paid directly to the agency or business establishment, provided the meeting qualifies for overnight travel and the cost for food and lodging for each employee shall not exceed the total daily rate as provided in the State Travel Reimbursement Act.
3. The Oklahoma Department of Commerce , the Oklahoma Center for the Advancement of Science and Technology , and the State Department of Agriculture are authorized to enter into contracts and agreements for payment of food, lodging, meeting facilities, and beverages as may be necessary for sponsoring seminars and receptions relating to economic development and science and technology issues.
4. The Native American Cultural and Education Authority is authorized to enter into contracts or agreements for the payment of food, lodging, and meeting facility as may be necessary to pursue the promotion of fundraising, marketing, and development of Native American educational programs and cultural projects, or to sponsor luncheons, seminars and receptions relating to Native American educational, cultural, museum, and economic development issues.
5. The Oklahoma Indigent Defense System is authorized to enter into contracts and agreements for payment of lodging as may be necessary for employees to carry out their duties in representing any client whom the System has been properly appointed to represent.

6. The Office of Personnel Management is authorized to enter into contracts and agreements for payment of food, lodging, and other authorized expenses as may be necessary to host, conduct, sponsor, or participant in conferences, meeting, or training sessions. The Administrator may establish accounts as necessary for the collection and distribution of funds, including funds of sponsors and registration fees, related to such conferences, meetings, or training sessions.
7. The Department of Mental health and Substance Abuse Services is authorized to enter into contracts and agreements for payment of food, lodging, and other authorized expenses as may be necessary to host, conduct, sponsor, or participant in conferences, meeting, or training sessions. The Commissioner may establish accounts as necessary for the collection and distribution of funds, including funds of sponsors and registration fees, related to such conferences, meetings, or training sessions.
8. For purposes of these procedures, "... official conferences, meetings, seminars ..." means any business objective officially assembled and as may be evidenced by a formal notice or announcement (e.g., program brochure, letter, agenda, etc.).
9. Although an Authority for Purchase order (AFP) is acceptable for such purchases, (1) if under \$2500⁰⁰, (2) if between state agencies, or (3) if used by agencies exempt from the Central Purchasing Act or Competitive Bidding Procedures, it is recommended that claims for such authorized payments be charged against one of the following encumbrance methods:
 - a. encumbered through the DCS Purchasing System, or
 - b. requisitioned through Central Purchasing (although competitive bid not required).

Requisitions, purchase orders or claims presented for approval must provide (1) a description of the travel objective; (2) a separate accounting of the contracted daily cost for food and lodging per employee to ensure that such costs shall not exceed the total daily rate as provided by the STRA; and (3) reference cite of the statutory authority for direct purchase/ payment of such expenses (e.g., statute -- title number and section).

B. Commercial Airline Tickets:

State agencies are authorized to make direct purchases of commercial airline tickets for use by employees in approved out-of-state travel, provided they have been properly encumbered. Direct payment of commercial airline tickets requires encumbrance of funds pursuant to the statewide contract established by the Central Purchasing Division of the Division of Central Services.

Agencies must encumber the purchases of airline tickets directly through the DCS Purchasing System.

Payment shall be submitted on Form 15A, Claim Jacket Form, and coded Object of Expenditure 2211. In addition, each claim for the payment for direct purchase of airline ticket shall bear the following: Title 74 O.S., Sec. 500.2, [Subsection F](#).

1. airline ticket identification number;

2. name of the airline;
3. total cost of purchased ticket;
4. class of accommodation; and
5. social security number and name of the employee for whom the ticket was purchased.

An affidavit stating that the employee did use any direct purchase commercial airline ticket received for his or her approved out-of-state travel shall be obtained from the employee within ten (10) days of completion of the trip. The affidavit shall be retained on file at the agency with a copy of the claim form for payment of the direct purchased ticket. In the event that the employee for whom the ticket was originally purchased is unable to use the ticket and another employee is substituted therefore, such substitution should be documented by the agency in addition to the using employee's affidavit.

However, in lieu of the affidavit, a signed copy of the employee's travel claim verifying use of the direct purchased airline ticket may be retained to suffice for the documentation requirement.

The foregoing requirements do not preclude an employee or other authorized person from seeking reimbursement for airline ticket expense incurred on authorized state business, provided the ticket is purchased through or does not exceed the rate from an approved travel agency as established by the Department of Central Services. Such claims can be made in advance of the trips since such tickets are considered a "thing of value" at the time of the purchase.

These purchases must be made in accordance with the provisions of Title 74 O.S., Sec. 79. (Also [see Section 329](#))

C. Registration Fees:

Ordinarily, registration fees for conferences, workshops, seminars, etc., are treated as travel expenses and claimed for reimbursement on the employee's travel claim. However, when deemed necessary, agencies may pay the required registration fee directly for employees to attend the conference, workshop, seminar, etc. Title 74 O.S., Sec. 500.2, [Subsection E. 3](#).

Invoices for registration fees paid directly by the agency must show the name and date(s) of the conference, workshop, meeting, etc. In addition, the miscellaneous claim packet should include the name(s) of the person(s) who attended the objective of travel and cross-reference to the related travel claim(s), if applicable and available. Also, payment for direct purchase of registration should be encumbered through the agency's issued purchase order or Authorization for Purchase. The correct object of expenditure code to use for direct payment of registration fees is 2215 Registration - Agency Direct.

Advance payment of registration fees is authorized under certain circumstance. [See Section 319, L.](#), for specific guidelines for such payments.

NOTE: Unless otherwise statutorily authorized, it is inappropriate for an agency to charge a registration fee for "in-house" sponsored events for the sole purpose of providing a meal, such as

provided by some private groups during conferences and seminars. This would appear as trying to circumvent the state travel act. However, if an agency is the sponsor of a "public" conference or seminar, and it may be that state employees (from the agency) attend, such a registration fee would be appropriate.

**329 AIR FARE ARRANGEMENTS SUBJECT TO CONTROLS OF THE STATE TRAVEL DIVISION
(DCS)**

Arrangements for commercial airline tickets for state employees on official business and other persons traveling for state-authorized purposes must be made in accordance with rules and regulations promulgated by the State Travel Division of the Department of Central Services. These rules require that acquisition of commercial airline ticket for official travel for the State be made through one of the State contract travel agency on file with the DCS. Exception is provided when the agency or department determines that the air travel:

- A. services can be secured at a cost less than that which can be secured by the State Travel Division;
or
- B. originates from a location outside the state and it would be impractical to arrange for the air travel through the State Travel Division; or
- C. is necessitated by an emergency and time does not permit utilization of the State Travel Division's services; or
- D. is part of a package arrangement made by the organization scheduling the meeting or conference.

Any claim for reimbursement for an airplane ticket purchased from a non-contract travel agency must contain an appropriate reason statement from above for exception. If none of the above reasons apply, a waiver approval notice from DCS/Central Purchasing is required. Title 74 O.S., Sec. 79 . (Also, see [Section 328, Subsection B.](#))

Institutions of Higher Education in high travel areas are authorize to solicit competitive bids for air travel services. If the bids results in greater savings than the state contract, then these institutions may issue individual contracts.

CHAPTER 300, SUB-SECTION 330
STATE TRAVEL REIMBURSEMENT PROCEDURES
TABLE OF CONTENTS

Page 1 of 6

Sub-Section Number	Sub-Section Name	Page Number
330 A.	APPLICABILITY	50
330 B.	OFFICIAL BUSINESS TRAVEL-GENERAL RULES	50-51
330 B. 1.	EMPLOYEES RESPONSIBILITY	51
330 B. 2.	APPROVING AUTHORITY	51-52
330 B. 3.	GUIDELINES FOR FILING OF THE TRAVEL VOUCHER	52
330 B. 3. a.	AUTHORIZED FORMS FOR FILING OF TRAVEL EXPENSES	52
330 B. 3. b.	TRAVEL VOUCHER PREPARATION	52
330 B. 3. b. (1)	PREPARATION AND SUBMISSION	52
330 B. 3. b. (2)	FILING PERIOD	52
330 B. 3. b. (3)	PAYMENT ACCOUNTABILITY	53
330 B. 3. b. (4)	CODING OF PAYMENTS	53
330 B. 3. b. (5)	TRAVEL BY NON-STATE EMPLOYEES	53
330 B. 3. b. (6)	INDICATION OF PURPOSE OF TRAVEL	53
330 B. 3. b. (7)	INDICATION OF OBJECT OF TRAVEL DATES FOR VERIFICATION OF 24/48/72 - HOUR TRAVEL RULE	53-54
330 B. 3. b. (8)	INDICATION OF POINTS OF TRAVEL	54
330 B. 3. b. (9)	PERSONAL LEAVE IN CONNECTION WITH OFFICIAL TRAVEL ...	54
330 B. 3. b. (10)	TRAVEL TIME ADJUSTED FOR WEEK-END/HOLIDAY NON-WORK PERIODS	54
330 B. 3. b. (11)	PRESENTATION OF EXPENSES	54-55
330 B. 3. b. (12)	EXCLUSION OF MAJOR CATEGORY OF EXPENSE	55-56
330 C.	TRAVEL REIMBURSEMENT GUIDELINES	56
330 C. 1.	GENERAL PROVISIONS	56
330 C. 1. a.	IN-STATE VS. OUT-OF-STATE	56-57
330 C. 1. b.	TRAVEL CRITERIA - MEALS AND LODGING EXPENSES	57
330 C. 1. b. (1)	TRAVEL STATUS DEFINED	57-59
330 C. 1. b. (2)	COMMENCEMENT / TERMINATION OF TRAVEL PERIODS FOR REIMBURSEMENT OF MEALS AND LODGING	59

CHAPTER 300, SUB-SECTION 330
STATE TRAVEL REIMBURSEMENT PROCEDURES
TABLE OF CONTENTS - CONTINUED

Page 2 of 6

Sub-Section Number	Sub-Section Name	Page Number
330 C. 1. b. (2) (a)	STANDARD 24-HOUR TRAVEL RULE	59
330 C. 1. b. (2) (b)	STANDARD 48-HOUR TRAVEL ABROAD RULE	59
330 C. 1. b. (2) (c)	SPECIAL 48-HOUR EXTENDED RULE	59-60
330 C. 1. b. (2) (d)	SPECIAL 72-HOUR EXTENDED RULE	60
330 C. 2.	LODGING	60
330 C. 2. a.	REGULAR LODGING RATES	61-62
330 C. 2. b.	DESIGNATED LODGING	62
330 C. 2. b. (1)	SPONSOR ARRANGED	62
330 C. 2. b. (1) (a)	LODGING AT HOST OR HEADQUARTER HOTEL	62
330 C. 2. b. (1) (b)	OTHER SPONSOR ARRANGED DESIGNATED	62
330 C. 2. b. (2)	AGENCY ARRANGED	63
330 C. 2. b. (3)	SELF-DESIGNATED LODGING UNAUTHORIZED	63
330 C. 2. c.	USE OF OPTIONAL LODGING IN LIEU OF DESIGNATED LODGING	63-64
330 C. 2. d.	OTHER LIMITED TRAVEL EXPENSES IN CONNECTION WITH OPTIONAL LODGING	64-65
330 C. 2. e.	DIRECT PURCHASE OF LODGING (AND FOOD)	65
330 C. 2. f.	COMPANION TRAVEL - LODGING EXPENSES SHARED	65-66
330 C. 2. g.	USE OF OTHER RENTED OR LEASED LODGING ACCOMMODATIONS	66-67
330 C. 2. h.	USE OF MOTOR HOME, TRAVEL TRAILER OR CAMPING TRAILER FOR LODGING	67
330 C. 3.	MEALS EXPENSE	67
330 C. 3. a.	CONUS STANDARD MEALS EXPENSE ALLOWANCE	67-68
330 C. 3. b.	CONUS HIGH RATE LOCATIONS	68-69
330 C. 3. c.	PER DIEM IN LIEU OF SUBSISTENCE	69-70

CHAPTER 300, SUB-SECTION 330
STATE TRAVEL REIMBURSEMENT PROCEDURES
TABLE OF CONTENTS - CONTINUED

Page 3 of 6

Sub-Section Number	Sub-Section Name	Page Number
330 C. 3. d.	MEALS INCLUDED IN THE COST OF REGISTRATION, "PACKAGE PLAN", AGENCY DIRECT PAY CONTRACT - MEALS EXPENSE ALLOWANCE ADJUSTMENT	70
330 C. 3. e.	EXCEPTIONS TO THE MEALS EXPENSE ALLOWANCE ADJUSTMENT	70-71
330 C. 4.	TRANSPORTATION	71
330 C. 4. a.	TRANSPORTATION EXPENSES DEFINED	71
330 C. 4. b.	METHODS OF TRANSPORTATION	71
330 C. 4. c.	ROUTING OF TRAVEL	71-72
330 C. 4. d.	IN-STATE TRAVEL	72
330 C. 4. e.	OUT-OF-STATE TRAVEL	72-73
330 C. 4. e. (1)	COMMERCIAL AIR OR COMMUTER AIR TRAVEL	73
330 C. 4. e. (2)	PRIVATELY-OWNED OR RENTAL AUTOMOBILE REIMBURSEMENT - AIRFARE VS. MILEAGE COST COMPARISON	73-74
330 C. 4. f.	VICINITY TRAVEL	74-75
330 C. 4. g.	LOCAL TRANSPORTATION	75
330 C. 4. g. (1)	LOCAL TRANSPORTATION EXPENSES	75
330 C. 4. g. (2)	LOCAL TRANSPORTATION EXPENSES IN CONNECTION WITH DESIGNATED LODGING	75-76
330 C. 4. g. (3)	PERSONAL USE TRANSPORTATION EXPENSE	76
330 C. 4. g. (4)	TIP EXPENSE IN CONNECTION WITH LOCAL TRANSPORTATION	76
330 C. 4. h.	LEASED OR RENTED AUTOMOBILES	76
330 C. 4. h. (1)	VEHICLES LEASED/RENTED WITHIN THE STATE	76
330 C. 4. h. (2)	VEHICLES LEASED/RENTED OUTSIDE OF THE STATE	76-77
330 C. 4. h. (3)	INSURANCE COSTS	77
330 C. 4. h. (4)	ADJUSTMENT FOR PERSONAL USE	77-78
330 C. 4. i.	PRIVATELY-OWNED OR CHARTERED AIRPLANE	78
330 C. 4. j.	TRAVEL INCENTIVE PROGRAMS	78

**CHAPTER 300, SUB-SECTION 330
STATE TRAVEL REIMBURSEMENT PROCEDURES
TABLE OF CONTENTS - CONTINUED**

Page 4 of 6

Sub-Section Number	Sub-Section Name	Page Number
330 C. 5.	REGISTRATION	78
330 C. 5. a.	REGISTRATION TRAVEL EXPENSE	78-79
330 C. 5. b.	MEALS INCLUDED IN THE COST OF REGISTRATION (OR PACKAGE PLAN)	79
330 C. 5. c.	OPTIONAL ACTIVITIES SEPARATE FROM COST OF REGISTRATION	79
330 C. 5. d.	REGISTRATION FEE / "PACKAGE PLAN" PAID DIRECTLY BY THE AGENCY	79-80
330 C. 6.	MISCELLANEOUS EXPENSES	80
330 C. 6. a.	GENERAL REQUIREMENTS AND ALLOWANCE CRITERIA	80-81
330 C. 6. b.	MISCELLANEOUS TRAVEL EXPENSES ALLOWED	81
330 C. 6. b. (1)	GENERAL EXPENSES	81
330 C. 6. b. (2)	EXPENSES IN CONNECTION WITH TRAVEL ABROAD	81
330 C. 6. b. (2) (a)	CONVERSION OF CURRENCY	81
330 C. 6. b. (2) (b)	TRIP INSURANCE	81
330 C. 6. b. (2) (c)	TRAVEL DOCUMENT COSTS	81
330 C. 6. b. (3)	EXPENSES INCIDENTAL TO TRAVEL BY PERSONS WITH A DISABILITY	82
330 C. 7.	"ACTUAL AND NECESSARY" TRAVEL REIMBURSEMENT PROCEDURES	82
330 C. 7. a.	GENERAL GUIDELINES	82-83
330 C. 7. a. (1)	ACTUAL AND NECESSARY TRAVEL- GRANT/CONTRACT	83
330 C. 7. a. (2)	ACTUAL AND NECESSARY TRAVEL - TRAVEL OUTSIDE U.S.	83-84
330 C. 7. a. (3)	ACTUAL AND NECESSARY TRAVEL - CONGRESSIONAL AND FEDERAL MEETING	84
330 C. 7. a. (4)	ACTUAL AND NECESSARY TRAVEL - INTERNATIONAL DEVELOPMENT	84
330 C. 7. a. (5)	ACTUAL AND NECESSARY TRAVEL - GOVERNOR, LT. GOVERNOR	84-85

CHAPTER 300, SUB-SECTION 330
STATE TRAVEL REIMBURSEMENT PROCEDURES
TABLE OF CONTENTS - CONTINUED

Page 5 of 6

Sub-Section Number	Sub-Section Name	Page Number
330 C. 7. a. (6)	ACTUAL AND NECESSARY TRAVEL - OTHER PROVISIONS	85
330 C. 7. b.	SUBMISSION PROCEDURES - "ACTUAL AND NECESSARY" TRAVEL CLAIMS	85-86
330 C. 7. c.	MIXING OF REIMBURSEMENT METHOD	86
330 C. 8.	OTHER TRAVEL EXPENSE REIMBURSEMENT REQUIREMENTS AND RELATED INSTRUCTIONS	86
330 C. 8. a.	ASSIGNMENT OF PAYMENT OF TRAVEL REIMBURSEMENT	86
330 C. 8. b.	REIMBURSEMENT OF PREPAID TRAVEL EXPENSES IN CONNECTION WITH CANCELED TRIPS	86-87
330 C. 8. c.	EXPENSES INCURRED OUTSIDE OF TRAVEL PERIOD	87
330 C. 8. d.	RECEIPTS - REQUIREMENTS FOR REIMBURSEMENT OF EXPENSES	87
330 C. 8. d. (1)	EXPENSES FOR WHICH RECEIPTS ARE REQUIRED	87
330 C. 8. d. (1) (a)	LODGING	87
330 C. 8. d. (1) (b)	REGISTRATION / TUITION	87
330 C. 8. d. (1) (c)	COMMON CARRIER PASSENGER'S TICKET RECEIPT	87
330 C. 8. d. (1) (d)	HIRE OF TRAVEL CONVEYANCE	88
330 C. 8. d. (1) (e)	MEETING ROOM RENTAL	88
330 C. 8. d. (1) (f)	LAUNDRY AND CLEANING	88
330 C. 8. d. (2)	CRITERIA FOR EVIDENCE OF PAYMENT	88-89
330 C. 8. d. (3)	LOST OR UNAVAILABLE RECEIPTS	89
330 C. 8. d. (4)	MISCELLANEOUS EXPENSES FOR WHICH RECEIPTS ARE NOT REQUIRED	89
330 C. 8. e.	TRAVEL ARRANGEMENT AND TICKET CHANGES	89-90
330 C. 8. f.	SALES TAX NON-EXEMPTED FOR TRAVEL	90
330 C. 8. g.	DECEASED PERSON EXPENSE CLAIM	90
330 C. 8. h.	EXPENSES INCURRED DURING EXCEPTIONAL TRAVEL PERIODS	90
330 C. 8. h. (1)	WEEKEND/HOLIDAY NON-WORK SCHEDULE TIMES	90

CHAPTER 300, SUB-SECTION 330
STATE TRAVEL REIMBURSEMENT PROCEDURES
TABLE OF CONTENTS - CONTINUED

Page 6 of 6

Sub-Section Number	Sub-Section Name	Page Number
330 C. 8. h. (2)	TRAVEL OUTSIDE THE U.S.	90-91
330 C. 8. i.	GUIDELINES FOR ADAPTATION OF THE STATE STANDARD TRAVEL FORMS	91
330 C. 8. j.	REIMBURSEMENT -VS- DIRECT PAYMENT OF MEALS & LODGING (INCLUDING PACKAGE PLANS)	91
330 C. 8. j. (1)	PACKAGE PLAN PROCEDURES	91-93
330 C. 8. j. (2)	ADDITIONAL NOTES (PACKAGE PLAN LODGING)	93-94
330 C. 8. j. (3)	PER DIEM REIMBURSEMENT UNDER CONTRACT PAYMENT	94
330 D.	LEGISLATIVE TRAVEL PER DIEM	94-95
330 E.	TRAVEL CLAIM DIRECT DEPOSIT	95-96

330 **STATE TRAVEL REIMBURSEMENT PROCEDURES**

A. **Applicability**

The guidelines set forth in this section are based on provisions of the State Travel Reimbursement Act (STRA), Title 74 O.S., Section 500.1, et seq., except as noted. The instructions and procedures that follow apply to official travel of employees of state agencies, volunteers performing substantial and necessary work for the state, and appointed and elected officials in performance of travel authorized by the STRA, excluding certain travel by members of the state legislature covered by separate statutes.

These instructions and procedures also apply to travel by individuals being considered for employment to and from preemployment interviews as determined necessary and approved by an agency.

The requirements and procedures for travel expense reimbursement as contained in this section do not apply to contractors or the agents of such contractor firms doing work or providing service under terms of a contract or agreement with the state. However, agencies may require contractors to adhere to the rates and allowances set forth in the STRA in setting travel expenses. Any travel expenses incurred by such contractors or agents must be included in the contract award and payment to said individual or firm. Said contractor travel expenses must be included in the contract whether or not the purchase is covered by the Central Purchasing Act. Payment of such expenses must be made through the regular vendor claims procedures, as opposed through the STRA and these related procedures. (See Section 323, for instructions on vendor claim payments.) Title 74 O.S., Section 85.40.

As used in this section, *employee* means the head of an agency, an agency official, or any other person employed by a state agency. This definition also includes board and commission members, appointed and elected officials and other persons approved and authorized to perform official travel for the state pursuant to the provisions of the State Travel Reimbursement Act. This includes *non-state employees* who are performing substantial and necessary services to the state which have been directed or approved by the appropriate department official. Title 74 O.S., Section 500.2

B. **Official Business Travel - General Rules**

Employees on official travel for the state may be reimbursed for authorized and approved travel expenses essential to the transaction of official business. Other persons who are not state employees, such as volunteers, board members, students, etc., who perform substantial and necessary work or service for the state may also be reimbursed for expenses incurred during official, authorized travel.

In addition, travel expenses incurred by persons during the course of seeking employment with a state agency may be reimbursed provided the travel was performed at the explicit request of the employing agency and such travel is approved by said agency. The approving official's signature on the associated travel voucher shall serve as verification that the travel was authorized and

performed in connection with the person's seeking employment at the request of the agency. Current employees of the state who are seeking employment with another state agency or a department within their own agency, as in the case of an inter/intra-agency transfer applicant and on their own time, shall be entitled to reimbursement of expenses under this provision (and as a non-state employee).

1. Employee's Responsibility

Employees traveling on official business for the state are expected to exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business. Excess costs, circuitous routes, luxury accommodations and services unnecessary or unjustified in the performance of official business are not acceptable and should be avoided as a standard practice.

Persons performing official travel as authorized by their agency are responsible for the preparation and submission of their travel voucher, although the agency should assist and/or provide training in the process. The traveler should obtain appropriate receipts for all applicable charges and keep a personal record of miscellaneous expenditures chargeable to the state, noting each item as the expense is incurred. In this way, all necessary information will be accumulated and available for preparation and submission of the travel voucher.

All expenses claimed for reimbursement must be fully denoted and properly declared under the appropriate section of the travel voucher. Reimbursable travel expenses are confined to those expenses that are essential to the transaction of official business in connection with the purpose of travel (i.e., "nature of official business") as indicated on the travel voucher.

The employee's signed affidavit affirms that all travel was performed as indicated and that the claim for reimbursement represents a true and correct account of travel and related expenses. It is further implied from the traveler's signature that any expenses claimed have not been reimbursed or otherwise provided for by other sources. By their signature on the affidavit, the employee is held liable under possible penalty of law for any falsified expense or misstatement of claim.

2. Approving Authority

Only the elected or appointed head of the agency or department or designated representative may approve travel claims for payment. The approving officer's signature on the claim form authorizes the disbursement of funds and authenticates that the claim complies with the state purchasing laws and the State Travel Reimbursement Act, or as otherwise authorized and denoted on the claim form. Title 62 O.S., Sec. 41.26.

The approving officer's signature on the travel claim form further conveys the following:

- a. Certification that the employee or official claiming reimbursement for out-of-state travel was duly authorized in the performance of policy making, professional, technical, supervisory or administrative duties. Title 74 O.S., Sec. 500.10.
- b. If claimant is not a state official or employee, certification that travel was in performance of substantial and necessary service to the State of Oklahoma, and that such service was germane to the duties and functions of the agency.
- c. Certification that all expenses presented for reimbursement have been reviewed and approved, and authorized for payment in accordance with the purchasing laws of the state and the STRA, or as otherwise indicated.

3. Guidelines for Filing of the Travel Voucher

a. Authorized Forms for Filing of Travel Expenses

All claims for reimbursement for travel expenses must be submitted on prescribed travel voucher forms, with expenses itemized and stated in accordance with the STRA. Claims for reimbursement of expenses incurred during ordinary travel performed under the general provisions of the STRA shall be filed on State Travel Voucher OSF Form 19 (**Appendix C8 - short form and Appendix C9 - long form**). Reimbursement of expenses claimed as actual and necessary as authorized by the STRA or other edict shall be filed on the State Actual and Necessary Expense Travel Voucher OSF Form 18 (**Appendix C7**).

b. Travel Voucher Preparation

(1) *Preparation and Submission.* The traveler is responsible for preparation and submission of their travel voucher, which may be typed or handwritten in ink, but legible. Proper completion of all pertinent information fields on the voucher form is essential for prompt payment. Incorrect or partial completion of any of the required information risks rejection of the claim and resultant delays in payment of expenses.

(2) *Filing Period.* Claims for reimbursement of travel expenses shall not cover periods of over 31 days. Title 74 O.S., Sec. 500.3. This can be a single trip or multiple trips over a period of time. In cases where the travel period is continuous beyond 31 days, subsequent claims for expense reimbursement must be filed as necessary to cover the extended period. In addition, the current travel voucher must be annotated to show that the travel period is continuous, and a copy of the previously submitted voucher, if applicable, included for verification of the payment history of expenses claimed.

There is no limitation as to when a travel voucher for a particular trip must be filed, except payment of expenses shall be restricted to funds applicable to the fiscal year in which the travel occurred. In addition, payment shall be subject to the availability of the funds in the agency's budget.

(3) *Payment Accountability.* All claims for reimbursement of travel expenses must be made payable to the person who performed the official travel, unless the traveler authorizes assignment of payment to a second party. For example, an employee may make arrangements with the lodging vendor to accept assignment of payment (subject to the authorized lodging rate) for the hotel room charges to avoid having to pay these charges directly. In such cases, the employee may complete the "assignment" section of the travel voucher for claiming the lodging expense, and authorize the State Treasurer's Office to issue the warrant in the name of the lodging vendor.

(4) *Coding of Payments.* All expenses claimed must be grouped and properly coded as to the appropriate object of expenditure (e.g., in-state mileage 2111; out-of-state lodging 2126, etc.) on the travel voucher. Proper coding of the payments is usually done by the agency according to Chapter 100 of this Manual which contains a complete listing of travel Object of Expenditure Codes and Definitions to be used on the travel voucher.

(5) *Travel by Non-State Employee.* If the person completing the travel claim for reimbursement is not a state employee or official, the agency must indicate same on the travel voucher. In addition, the agency must provide a description of the services performed as required by the STRA. Title 74, O.S., Section 500.2.A.

(6) *Indication of Purpose of Travel.* The employee must clearly state the purpose of travel or "Nature of Official Business" on the travel voucher. The statement of purpose of travel should be concise, but clear enough that a person a part from the agency may understand the precise nature or purpose of the trip. For example, indication of "Meeting" for "Nature of Official Business" is too vague of a statement to convey the clear purpose of travel. A notation or statement, such as "Attend Office of State Finance Meeting on Travel Claim Preparation, May 3 - 5, 2001" provides a better and more useful description of the purpose of travel.

(7) *Inclusion of Object of Travel Dates for Verification of 24/48/72-Hour Travel Rule.* For expense allowance verification purpose, the inclusive dates during which the object of travel was held or conducted must be indicated in the travel voucher package. If the object of travel (e.g., meeting, seminar, etc.) is without a formal announcement or brochure showing the program dates, the dates must be shown on the face of the travel claim form, such as in the "Nature of Official Business" section of the claim form. (Also see Section [330.C.1.b.](#), "Travel Criteria - Meals and Lodging Expenses.")

(8) *Indication of Points and Periods of Travel.* Each point of travel (including en route stops for lodging) with its location (e.g., city and state) and the exact date and time of starting and ending overall travel must be shown as provided for on the travel voucher. This information is required in part to verify the use of the most direct route in travel.

(9) *Personal Leave in Conjunction With Official Travel.* When personal leave time of any kind is taken in conjunction with the employee's official travel schedule, such personal leave time should be reflected in the dates of entering travel and returning home. However, the number of days and hours must reflect only the official travel status period and a notation made identifying the personal leave period. The employee may be allowed travel status not to exceed the customary 24-hour period before or 24 hours after the object of travel when personal leave is taken immediately prior to the object of travel or immediately after the object of travel has ended. (See the 24-Hour Rule, [Section 330 C. 1. b. \(2\) \(a\)](#)) However, reasonable expectations should be considered for whether such business trip would have required such extended period, e.g., would the person had returned home instead of staying another night?

When personal leave time is taken in between multiple official business trips on the same schedule, the employee must indicate the exact date and time of departure from and return to official travel status on the travel voucher. The payment of ordinary travel expense reimbursement shall be suspended for periods when the employee is in personal leave status. (e.g., Oklahoma City to Denver on business -- personal leave -- Denver to New York on business and return to Oklahoma City) The 24-hour period after one trip and the 24-hour period before the next trip may be considered if added costs (per diem, lodging, etc.) are less than the transportation cost savings of not returning back home between individual trips. A cost comparison of said time period costs -vs- any transportation costs savings must be provided with the claim.

(10) *Travel Time Adjustment for Weekend/Holiday Non-Work Periods.* Travel that transcends a weekend/holiday period must be terminated/re-instituted pursuant to the 24-hour travel rule for periods wherein work is not performed ([See Section 330.C.8.h.\(1\)](#), Weekend/Holiday Non-Work Schedule Times).

(11) *Presentation of Expenses.* An employee may be reimbursed only for expenses he/she personally incurred and is entitled to claim. No reimbursement shall be allowed for expenses of other persons, except where specifically authorized and normally made through "actual and necessary" travel reimbursement.

All expenses claimed for reimbursement must be indicated under the appropriate sections provided on the travel voucher. Employees may list only the total amounts spent during a travel period for certain itemized miscellaneous expenses, such as business telephone calls, local transportation, parking fees, etc., without itemizing each daily charge. Paid receipts or other evidence of payment must be provided for each expense item for which a receipt is required as the basis of payment (e.g., lodging, registration, actual and necessary expense items for others, single expense charges of \$25.⁰⁰ or more, etc.). (See also [Sections 330.C.7.b. and 330.C.8.d.](#) on receipts)

Erasures and alterations in material amounts of expense items' extended totals on the travel voucher should normally be initialed by the traveler, and erasures and alterations in totals on receipts should normally be initialed by the person who signed or acknowledged receipt of payment.

The travel claim form must be signed both by the agency official authorizing payment (e.g., a person authorized to sign claim documents submitted for payment) and the person making claim for reimbursement.

If authority for reimbursement of travel expenses is covered under separate edict from the standard STRA provisions, the authority, such as statutory reference, grant/contract number, etc., must be referenced on the claim. An information field is provided for this reference notation above the approving officer's signature on the travel claim form.

(12) *Exclusion of Major Category of Expense.* When any of the three commonly used major categories of expenses, e.g., meals, lodging, or, mode of transportation, is excluded or omitted from the travel claim, and one or both of the others are claimed, the travel voucher must be annotated with a statement to show:

- (a) cross-reference to another claim by number where the omitted expense item(s) was(were) claimed;
- (b) payment of omitted expense(s) made by another form or source; or
- (c) no reimbursement to be claimed for omitted expense(s).

For example, if meals expenses are claimed, there should be some indication or notation of lodging and mode of transportation claimed or not claimed. This also holds true for each of the other categories, such as where lodging expense is claimed, indication should be provided regarding meals and transportation claimed or not claimed.

The notation may be as simple as "no charge" written or typed in the applicable expense column on the travel voucher, or the employee may explain how the expense was or will be handled (e.g., "Lodging - no charge, stayed with relatives or friends"; "Transportation - Agency Direct Purchase space checked, etc.).

In travel cases where the transportation expense claimed merely involves local travel (i.e., mileage, taxi, bus, etc.), there is no need to provide a notation covering any of the other categories. However, if the local transportation expense is a portion of the total claim for the trip and another claim has been filed (or pending) for the remaining trip expenses, both claims should be cross-referenced and a copy of the related travel claim document may be included, however, if not, reference number (or notation) of the respective related claim will suffice.

C. Travel Reimbursement Guidelines

1. General Provisions.

Reimbursement of travel expenses may not exceed the allowable daily rates as provided for in the State Travel Reimbursement Act, other related travel laws or grant/contract authority. Claims for reimbursement of expenses, such as mileage, per diem, etc., at rates different than as provided for by the STRA must reference the authority, such as grant/contract number, on the claim form as the basis for payment. In addition, a copy of the authority of reference should be kept on file at the agency for review and verification as required. OSF reserves the right to request a copy of the grant/contract document to verify the agency's authority for reimbursement of any travel expense in question.

a. In-State vs. Out-of-State Travel

Reimbursement of certain travel expenses as provided by the STRA is determined in part by whether travel was performed within or outside the borders of the state. For example, reimbursement for automobiles leased or rented within the state is based on the standard mileage rate provided for privately owned automobile used in travel. In contrast, reimbursement for leasing or renting an automobile outside the state is authorized at actual rental cost, subject to approval by the agency head/director. Title 74, O.S., Section 500.5

For expense reimbursement purpose, in-state travel includes travel performed within the borders of the State of Oklahoma. Trips originating from outside the state with objective of travel within the state should be treated as in-state travel. Out-of-state travel is any trip in which the objective of travel is to destinations outside the borders of Oklahoma. Travel across the state-line to merely acquire lodging does not constitute out-of-state travel for reimbursement of expenses purposes. The trip's objective destination points are what determine whether travel is in-state or out-of-state for expense reimbursement purposes.

Persons who are based outside of Oklahoma and who perform official travel outside the borders of the state should treat their expenses as out-of-state for reimbursement purposes. Claims for reimbursement of expenses for trips that involve both in-state and out-of-state destination points should denote the portion of travel performed in-state/out-of-state, respectively for application of the appropriate expense reimbursement rates and allowances. For example:

Trip: Oklahoma City-Lawton-Wichita Falls, TX and return to Oklahoma City. Oklahoma City-Lawton (in-state); Lawton-Wichita Falls, TX - Oklahoma City (out-of-state).

The purpose for differentiating in-state and out-of-state travel is application of the appropriate reimbursement rates and allowances set for certain expenses (e.g., meals) based upon whether travel is in-state or out-of-state. Such differentiation of travel shall not be required for routine rest stops en route to the object of travel final destination point.

Payment of expenses for in-state and out-of-state travel must also be coded with the appropriate object of expenditure as found in the list of "Object of Expenditure Codes and Definitions," ([Appendix A3](#)) [Chapter 100](#), of the OSF Procedures Manual. The agency's claims processing department is normally responsible for proper coding of the expense payment.

b. Travel Criteria - Meals and Lodging Expenses

(1) *Travel Status Defined.* Travel status for the purpose of meals and lodging expenses reimbursement is defined as absence from the employee's or officer's home area or official station area while performing official state business. The limits of the home or official station area are defined as the corporate boundaries of the city or town in which the employee or officer resides or is assigned to work (See 'Distance Test' following). Employees or officials whose duties are normally mobile and statewide or multi-county in nature, may be deemed by the agency to have no official station or office, therefore, absence from home area will apply. For procedural definitions used on all travel claims when determining starting and ending points of travel, official station shall mean the employee's or officer's regular duty station and for such mobile officials and employees, their home shall be considered their duty station. In addition, the trip must be of sufficient duration and distance to qualify as "overnight" absence from the person's home and/or official duty station area.

(Note: *If entering travel status on a weekend or holiday, for calculating mileage, travel will begin from the official's or employee's home instead of the official duty*

station. In addition, for travel during regular work days, mileage may be claimed for the shorter of distance from the home or official duty station when leaving directly from the home to the objective of travel. This does not include going from the home to the official duty station with a short stopover (e.g., Drop off / pickup mail, etc.) unless it is of a greater distance than going directly to the duty station. If this is the case, the shorter of the two distances would be allowed as described here.)

Within the context of the above standard definition, travel status for expense reimbursement purposes is further determined by the following guideline tests (both tests must be met):

Distance Test. The travel distance performed must be such that the employee cannot reasonably leave from and return to his/her home or office location at the start or close of each day's work schedule. The reasonableness guideline used for the distance test is 60 map miles (one-way) or more. However, this is not an irreversible criterion due to varying travel factors that could occur requiring exception to the distance guideline. If travel does not meet the distance guideline, that is, one-way mileage is less than 60 miles, and there are valid reasons for waiving the distance test, the approving official should provide written clarification/explanation of the travel purpose and requirements and reasons for allowance of the expense(s) reimbursement. If the employee supplies this information, the approving official should initial the employee's statement to show his/her review and approval. OSF / Transaction Processing will use the explanation to determine if the requirements of the trip were sufficient to justify exception to the distance guideline for allowance of travel expense reimbursement. To ensure approval of claim under such exception, advance approval by the Transaction Processing Director is recommended. Send such clarification/explanation of the travel purpose, requirements and reasons for allowance of the expense(s) reimbursement. If approved, a copy of the approval should be attached to the claim.

Duration Test. The STRA provides for reimbursement for meals expenses only for periods that are "overnight." However, in reality, there are business trips that are not literally "overnight," but are of substantial duration to justify treatment as overnight to the extent of requiring the employee to get necessary sleep and rest to meet the demands of his/her work. Thus, to qualify for overnight travel, employees need not be away a full 24 hours or dusk to dawn, provided the trip is substantially longer than an ordinary work day, and it is reasonable for the employee to need and to get necessary sleep and rest to complete his/her work. Under this guideline, it is necessary for the employee to have been given relief time from his/her duties in order to get the needed sleep and rest. Relief time does not mean short rest stops

taken for napping in the car while driving to and from points of travel. It refers to meaningful periods of sleep and rest.

The basic guideline for "overnight" travel status without support of an overnight public lodging receipt is 18 hours. For OSF to consider travel expense reimbursement for periods of less than 18 hours, there must be an overnight lodging receipt or supported by written verification from the approving official that the person required and received proper relief time during the travel period to get rest and sleep to complete his/her assigned work. Approval of payment shall be based on the employee's true account of travel and the approving official's verification of the employee's need of rest and sleep during the travel period.

(2) *Commencement/Termination of Travel Periods for Reimbursement of Meals and Lodging.*

(a) *Standard 24-Hour Travel Rule.* Reimbursement for meals and lodging expenses shall not extend more than 24 hours before and/or more than 24 hours after the date/time the object of travel (e.g., meeting, workshop, conference, etc.) began and/or ended. [Title 74, O.S., Section 500.9. E.](#) Exception to the "24-hour travel rule" may be allowed in cases where a saving in travel costs is available through the purchase of discount air line tickets in connection with weekend commercial airline flights (see the following on *Special 48-Hour Extended Rule* and *Special 72-Hour Extended Travel Rule*).

(b) *Standard 48-Hour Travel Abroad Rule.* For purpose of meals and lodging expenses reimbursement, official travel in areas outside of the United States may start as early and/or end as late as 48 hours before/after the objective of the trip. We interpret "... official travel in areas outside of the United States ..." to mean official travel to areas outside the contiguous United States, thus travel to Hawaii, Alaska and other possessions of the U.S., (e.g., Puerto Rico, U.S. Virgin Islands, etc.) would be included under the 48-hour travel abroad rule. [Title 74 O.S., Sec. 500.9. F.](#)

(c) *Special 48-Hour Extended Rule.* In order for the state through its employees to take advantage of special weekend cost saving air fares, reimbursement of expenses may be allowed to start up to 48 hours before and/or extend 48 hours after the date of the object of travel under the following conditions:

1. Notwithstanding any savings involved, the extra day of travel must be a weekend day, i.e., Saturday or Sunday. For example, if the purpose of the trip:
 - a. Begins on Monday/Tuesday, reimbursement status cannot begin earlier than Saturday/Sunday, respectively, and/or

b. Ends on Thursday/Friday, reimbursement status cannot end later than Saturday/Sunday, respectively.

2. The claim must include a detailed cost comparison of additional meals, lodging and other expenses versus the saving on air fare. The air fare rate used in the comparison must come from the same travel agent as where the cost saving ticket was purchased.

3. Total reimbursement for meals and lodging and the cost of the airplane ticket shall not exceed the amount of reimbursement that would have been allowed for travel under the normal 24-hour rule plus the related air fare cost available at that time.

(d) *Special 72-Hour Extended Travel Rule.* In order for the state to further participate in the cost savings airfares offered by airline companies, state employees may be allowed to claim reimbursement of travel expenses starting up to 72 hours before and/or extending 72 hours after the date of the object of travel, provided:

1. Travel is in conjunction with a 3 or 4-day holiday weekend.
2. The first/last day of the objective of travel is immediately preceding and/or following the weekend day/holiday of travel.
3. The extra day(s) of travel is a weekend day (i.e., Saturday/Sunday) or holiday immediately adjacent to the weekend, i.e., (Thursday) Friday or Monday (Tuesday).
4. There is a demonstrated cost savings to the state. Presentation of travel expense claims under the special 72-hour travel rule shall be similar in procedures as the current 48-hour extended rule above.

This policy procedure allows for officials and employees on business travel for the state to take advantage of less expensive air fares available for weekend departures or arrivals, particularly Saturdays. To support approval of travel under the 48/72-hour extended rule as the most economical in terms of costs, a comparison of meals, lodging and transportation expenses versus travel costs under the 24-hour provision is required. Travel under the 48/72-hour extended rule shall not be allowed if the costs of extra lodging and meals along with the discounted air fare exceed the costs of travel under the standard 24-hour rule as shown in the cost comparison of the two. In addition, the 48/72-hour extended rule shall not apply where travel is by privately-owned automobile in lieu of coach class airline fare, regardless of any direct savings that may be demonstrated.

2. Lodging.
Lodging expense reimbursement includes the actual cost for overnight sleeping accommodations based on paid receipts and subject to limitations of the STRA. Title 74, O.S., Section 500.9 Besides traditional public lodging facilities, such as motels or hotels,

expense reimbursement may include rent of an apartment or other type dwelling, as well as charges or fees associated with the use of a motor home or recreational vehicle used in travel. (See [Subsection h.](#), this section.) Reimbursement, however, shall not cover accommodations ordinarily provided on a common carrier, such as AMTRAK sleeper car, since such accommodations would be included in the transportation cost.

a. Regular Lodging Rates

Reimbursement for lodging expense shall not exceed the maximum daily rates. Any associated tax charges will be reimbursed in addition to the maximum rate. Note: Reimbursement of taxes on room rates exceeding the maximum rate must be prorated down and based on the maximum rate amount. (See [Section 330.C.8.f.](#), for applicability of sales tax charges.)

The current standard daily lodging reimbursement rates authorized by the STRA shall be the amount authorized by the provisions of the Internal Revenue Code of 1986, as amended, for deductibility of expenses for travel while away from home without additional documentation. Title 74, Section 500.9. The current federal standard rate for lodging is:

\$55.00 per day for travel both within the State of Oklahoma and for travel outside the State of Oklahoma.

However, this rate can be different depending on the location of travel as identified in the Government Services Administration's (GSA) Continental United States (CONUS) rates for domestic locations and OCONUS for locations outside of the continental United States. For travel within the State of Oklahoma there are two rates, Oklahoma City which has a maximum rate of \$65.00 per night and the rest of the state at the standard \$55.00. A complete listing of the CONUS locations/rates can be obtained from the GSA per diem web site:

<http://www.policyworks.gov/perdiem>.

Receipts submitted with the travel voucher for reimbursement of lodging expenses incurred during travel to one of the CONUS or OCONUS higher rate areas must show the name of the lodging facility and its location as within the higher rate area. Payment of expenses at the higher area rate shall only be allowed for lodging acquired at facilities located within the specified cities and/or areas. If the receipt for lodging does not indicate such location, but the facility where lodging was acquired is located within a listed "high rate area," the traveler or approving officer must provide a certification statement on the travel voucher or paid lodging receipt similar to:

"I certify the public lodging place named on the lodging receipt is located in the corporate limits or county of the CONUS city of travel.

Signature

A similar statement would be required to confirm locations in the OCONUS. OSF / Transaction Processing shall use the national "Rand McNally Road Atlas" to verify the corporate limits of the city/county or area of points of travel as indicated on the travel voucher in qualifying allowance of the higher lodging rate.

b. Designated Lodging

Reimbursement of the actual cost of lodging not limited to the maximum standard daily rates is authorized when lodging occurs at a prearranged designated hotel, motel or other facility. In such travel instances, payment shall be limited to the vendor's single occupancy room rate charge as indicated on the paid lodging receipt.

A lodging facility may be designated under the following criteria:

(1) *Sponsor Arranged*

(a) *Lodging at Host or Headquarters Hotel.* A sponsor may arrange a meeting, workshop or similar travel objective to be held at a host or headquarters lodging facility. In such travel instances and when the hotel or motel is specified by the sponsor's announcement or notice (e.g., conference brochure), reimbursement may be allowed for the actual cost of lodging not to exceed the single occupancy room rate charge as indicated on the paid lodging receipt. However, a different lodging rate charged than as indicated in the sponsor's announcement or notice must be explained and approved by the agency before payment of reimbursement will be considered by OSF (approved/disapproved).

(b) *Other Sponsor Arranged Designated Lodging Conditions.* Lodging arranged at a facility other than where the travel objective is held may also qualify as designated when the sponsor provides for the blocking of rooms or rate reductions for participants. Again, such arrangements must be evidenced by the sponsor's announcement or notice. Reimbursement shall be limited to the actual single occupancy room rate charged as reflected on the paid lodging receipt.

Standard military or government rates as sometimes made available by lodging vendors are not considered special rate reductions arranged by the sponsor for the purpose of designated lodging. Nor would a sponsor's announcement recommending or suggesting a list of hotels, motels, etc., for the convenience of participants satisfy the requirements for "designated" lodging. In such cases, reimbursement of lodging expenses shall be held to the applicable rate as authorized by the STRA.

(2) *Agency Arranged.* Where an agency is the sponsor or host of the object of travel (e.g., meeting, workshop, seminar, conference, etc.), the sponsoring agency may prearrange and designate the public lodging place for employees to stay while attending the travel objective. Under this provision, the agency must clearly be the sponsor of the object of travel, and (1) the travel objective is held or conducted at the place of lodging, or (2) lodging is arranged (reserved) by the blocking of rooms or rate reductions for participants. As documentation for lodging expense reimbursement, the agency must provide the employee with its announcement or notice stating the: (1) object of travel (purpose), (2) date(s) the travel objective is being conducted or held, (3) name and location of the designated hotel, and (4) single room rate charge authorized. The agency's announcement or notice prepared prior to beginning of the trip (prearranged) shall be submitted along with the travel voucher as documentation for reimbursement of expenses. (See OSF Form 19-1, Agency-Sponsored Designated Lodging Notice, [Appendix C10](#), for agency-designated lodging notice form for submission with the Travel Voucher, OSF Form 19.)

(3) *Self-Designated Lodging Unauthorized.* As stated earlier, regular travel by employees and officials in the conduct of routine state business shall be subject to the regular lodging reimbursement rates as provided by the STRA. Thus, an individual cannot self-designate a hotel or other lodging for the purpose of reimbursement of expenses over and above the standard rates. This means that reimbursement may not exceed the applicable authorized standard daily lodging rate where, for example, a conference, meeting or workshop was conducted at a separate location from where lodging was obtained, but the sponsor failed to provide the blocking of rooms or rate reductions for participants (notice or announcement).

c. Use of Optional Lodging in Lieu of Designated Lodging

Employees attending objects of travel (e.g., meetings, workshops, conferences) which are conducted or held at a designated hotel, motel or other type lodging facility may choose to acquire optional public lodging at a lesser expensive charge. In such cases, the employee may be reimbursed the actual cost of lodging not to exceed the single occupancy room rate charged by the designated (host) hotel or motel. In order to verify the amount of expense reimbursement authorized, a schedule of the designated (host) hotel single room daily rates must be submitted along with the travel voucher.

If an employee opts to use other lodging besides the designated hotel or motel at which the object of travel is conducted or held, reimbursement for any incurred local transportation expenses (such as, taxi, bus, rental car, private automobile mileage, etc.) for travel between the optional lodging location and the designated (host)

lodging facility shall be allowed in an amount not to exceed the difference between the cost of the designated lodging and the cost of the optional lodging [Title 74 O.S., Sec. 500.9, Subsection C](#).

When optional lodging is used in connection with an object of travel conducted or held at a facility (e.g., convention center) separate from the designated lodging place, and transportation costs would otherwise be incurred (e.g., going between the lodging place and meeting location), reimbursement may be allowed for necessary local transportation for travel to and from the meeting or conference facility. Such reimbursement may also be allowed in instances where an employee opted to stay with friends or relatives and needed transportation to travel to a conference facility held separately from the designated lodging location.

In instances where lodging is at no cost to the employee, such as when staying with a relative or friend, the traveler may claim reimbursement for meals and lodging expenses under the "per diem allowance in lieu of subsistence" provision of the State Travel Reimbursement Act (See [Sections 330.C.3.c.](#), "Per Diem in Lieu of Subsistence").

d. Other Limited Travel Expenses in Connection With Optional Lodging

Employees performing official travel for the state may on occasion incur expenses, such as vicinity mileage, local transportation, etc., which they wish to claim in lieu of lodging. For instance, when an employee opts to stay with relatives or friends instead of acquiring regular public lodging while performing official travel for the state, local transportation costs for travel between the lodging location and place of the meeting or other object of travel may be required. Limited reimbursement of such expenses incurred (excluding contract rental car) may be allowed in conjunction with the applicable out-of-state "per diem in lieu of subsistence" allowance up to an amount not to exceed the maximum lodging rate authorized for the area. In other words, the cost of local transportation may not exceed the standard lodging rate allowed for the area in which travel was performed.

The above transportation expense allowance shall not apply where "designated" lodging has been arranged for participants by the sponsor (host), notwithstanding any savings that may ensue from an employee staying with relatives or friends in lieu of at the designated lodging place. However, an exception may be applied in cases where the object of travel is conducted at a separate location from the designated lodging facility, such as at a convention center, and local travel between the designated lodging facility and the conference location would have otherwise been incurred. In such cases, the travel requirements and necessity of the expense

would need to be explained on the travel voucher for review and approval/disapproval of payment on a case by case basis.

e. Direct Purchase of Lodging

State agencies are allowed direct purchase of lodging (and food) for employees (See Sections 328, 330.C.3., and 330.C.8.j.). For example, the STRA authorizes state agencies to enter into contracts or agreements with lodging establishments for the purchase of food and lodging for employees attending conferences, meetings, seminars, workshops, or training sessions or in the performance of their duties. The cost of food and lodging for each attendant employee or official at these facilities shall not exceed the standard daily rates as provided by the STRA. Payments for direct purchase of food and lodging shall be paid directly to the business establishment. The direct payment for food and lodging expenses must be filed through the vendor claims process procedures on Claim Jacket Form 15A using object code 2213. The claim document should be annotated with the authority reference for pre-/post- audit verification. In addition, if contracting through the State Tourism and Recreation Department, the agency shall be filed under the vendor (interagency) payment procedures, using Claim Jacket Form 15B, object of expenditure code 2911.

The STRA also authorizes certain, specified agencies to make direct purchase of food, lodging and other expenses as may be necessary for employees for special purposes. The agencies and the purpose under which direct purchase is authorized are explicitly named in the Act. Title 74 O.S., 500.2.

f. Companion Travel - Lodging Expenses Shared

When two or more employees travel together and they share common lodging accommodations, such as a double room, there are the following three reimbursement options:

(1) Hotel provides individually billed hotel receipts, each employee may be allowed reimbursement of the lodging expense, provided:

(a) The amount of the lodging expense does not exceed the single occupancy room rate the employee would have ordinarily been charged and entitled to claim; and,

(b) The cumulative total of each employee's share of the lodging cost does not exceed the total amount of the actual room charge.

(2) Without receiving individually billed hotel receipts, each employee may be allowed reimbursement of his/her pro rata share of the lodging expense, provided:

(a) A copy of the hotel lodging receipt is submitted with each employee's travel voucher and the pro rata share is detailed on the hotel billing statement;

(b) The amount of the lodging expense does not exceed the single occupancy room rate the employee would have ordinarily been charged and entitled to claim; and,

(c) The cumulative total of each employee's share of the lodging cost does not exceed the total amount of the actual charge as reflected on the paid lodging receipt.

Option 2 is the most recognized procedure, and with Options 1 & 2 they keep the related travel expenses associated with the employee performing the travel. Option 2 can be submitted as a reimbursement claim for each employee or, alternatively, as an assignment claim to a single employee having actually paid the entire lodging bill.

(3) One employee pays the entire lodging amount and seeks reimbursement for the total bill, provided:

(a) The hotel lodging receipt is submitted with the employee's travel voucher and the pro rata share for each employee is detailed on the hotel billing statement; and,

(b) The amount of the lodging expense does not exceed the cumulative total of the single occupancy room rate each employee would have ordinarily been charged and entitled to claim.

Under Option 3 the full authorized lodging amount would be claimed under one employee's lodging. The others sharing the room would document no lodging claimed and cross-reference the claims. This option provides a method of reimbursement without requiring an additional claim as with the assignment method in Option 2.

For post auditing purposes, each companion travel voucher should bear cross reference to any and all other related travel claims by number, when available

g. Use of Other Rented or Leased Lodging Accommodations

Agencies may authorize employees' use of rented or leased nonpublic type lodging (e.g., rent of a room, apartment, house, etc.) for travel when it is advantageous to the state for such lodging arrangements. For example, such arrangements may be advantageous where the cost of conventional lodging (i.e., hotel, motel) is prohibitive or impossible due to travel to remote areas, extraordinarily long travel periods, foreign travel, etc. Before authorizing employees the use of such arranged lodging accommodations, the agency must first request OSF review and approval of its lodging arrangements proposal by submitting a letter of request explaining the

travel conditions and requirements. OSF shall review the agency's request and approve/ disapprove the travel proposal on the merits of the travel requirements presented.

When non-conventional lodging accommodations are approved and authorized as indicated above, reimbursement of expenses shall be bound by the daily lodging reimbursement rates authorized by the STRA. That is, when an employee obtains a leased or rental nonpublic form of lodging, such as a room, apartment or house on a weekly or monthly basis, the daily expense reimbursement shall be limited to the actual cost not to exceed the STRA applicable standard daily lodging rate authorized for the travel location. The daily lodging expense allowed shall be computed by dividing the total lodging cost plus any necessary incidental expenses to renting of the lodging by the number of days the accommodations were actually used. The resulting daily average cost shall not exceed the standard daily rate for conventional lodging for the area for reimbursement purpose. All costs shall be evidenced by paid receipts from the landlord or vendor.

h. Use of Motor Home, Travel Trailer or Camping Trailer for Lodging

Reimbursement of actual expenses not to exceed the standard daily lodging rate authorized by the STRA may be allowed when an employee uses his or her privately-owned motor home, travel trailer, camping trailer or similar mode of lodging while on official travel for the state. Reimbursement may include such actual charges as parking fees, fees for connection, use and disconnection of utilities (i.e., gas, electric, water, sewage, etc.), bath and shower fees and toilet dumping fees. Any expenses claimed must be documented by paid receipts.

3. Meals Expenses.

A reimbursement in lieu of meal expenses, per day, while in official travel status, in an amount authorized by the provisions of the Internal Revenue Code of 1986, as amended, for deductibility of expenses for travel while away from home without additional documentation within the State of Oklahoma and outside the state is authorized, as identified in the Government Services Administration's (GSA) continental United States (CONUS) rates for the for domestic locations and OCONUS for locations outside of the continental United States. Title 74 O.S., 500.8.

a. CONUS Standard Meals Expense Allowance

Employees are authorized to receive a daily meals expense allowance while performing regular business travel for the state, provided the trip meets the overnight criteria. The allowance is in lieu of reimbursement of the actual cost of

meals, and is intended to cover expenses for breakfast, lunch and dinner, including tips, taxes and any other personal purchases such as snacks, refreshments, over-the-counter medicines, etc. The standard CONUS rate for meals and incidentals (our per diem) is:

\$30.00 per day for travel both within the State of Oklahoma and for travel outside the State of Oklahoma.

In computing the reimbursement allowance, a day shall be a period of twenty four (24) hours, except no reimbursement of expenses shall be allowed for less than overnight travel. (See [Section 330.C.1.b.](#), "Travel Criteria - Meals and Lodging Expenses," for definition of "overnight" travel status.) Reimbursement may be allowed for each one fourth (1/4) day (6 hours) or major fraction thereof (more than three [3] hours) at a rate not to exceed:

\$7.50 per quarter day within both the State of Oklahoma and outside the State of Oklahoma

(Also see [Section 330.C.3.d.](#), "Meals Included in Cost of Registration or 'Package Plan' - Meals Expense Allowance Adjustment.")

b. CONUS High Rate Locations

For travel to certain locations, the rate can be different depending on the point of travel as listed under the (CONUS) rates for the for domestic locations and OCONUS for locations outside of the continental United States. For example, there are two rates for travel within the State of Oklahoma, Oklahoma City which has a meals and incidentals rate of **\$38.00 per day (\$9.50 per quarter)** and the remainder of the state at the standard **\$30.00**. A complete listing of the CONUS locations/rates for the appropriate meals and incidentals (per diem rate) can be obtained from the GSA per diem web site: www.policyworks.gov/perdiem.

The Office of State Finance will follow GSA's definition of "per diem localities with county definitions." Per diem localities with county definitions shall include "all locations within, or entirely surrounded by, the corporate limits of the key city as well as the boundaries of the listed counties, including independent entities located within the boundaries of the key city and the listed counties (unless otherwise listed separately)."

For example, if an employee is in overnight travel status and obtains lodging in Edmond, Oklahoma, the reimbursement rate for the Oklahoma City locality (\$38) will apply (rather than the 'standard' rate \$30), as Edmond is within the same county as the "Oklahoma City locality". For cases where the hotel or motel location is not identified as a city on the CONUS list, then the traveler or approving officer must

provide a certification statement on the travel voucher or the paid lodging receipt similar to:

"I certify the public lodging place named on the lodging receipt is located in the corporate limits or county of the CONUS city of travel.

Signature

NOTE: If only per diem is being claimed such as with provided lodging and no lodging receipt is available, then a certification similar to the following should be provided:

"I certify the official point of travel as listed on this claim is located in the corporate limits or county of the CONUS city of travel.

Signature

c. Per Diem In Lieu Of Subsistence

Under certain travel occurrences, employees may be reimbursed on the basis of "per diem in lieu of subsistence." Title 74 O.S., Sec. 500.9, Subsection B. For example, an employee may claim the authorized "per diem in lieu of subsistence" allowance where overnight travel was involved, but expenses for public lodging were not incurred due to the employee's election to stay with relatives or friends during the travel period. The allowance, however, would not be authorized for trips in which lodging was arranged and paid by another source apart from the employee. In other words, an employee would not be authorized the allowance where lodging was provided through the cost of registration or "package plan" paid by the state or provided complimentary by a grantor or sponsoring foundation. That is, if the employee used furnished lodging during travel, the per diem allowance in lieu of subsistence shall not be allowed.

Statutory language for 'per diem in lieu of subsistence' in the travel act is now problematic. First, no provision exists for the reimbursement of 'per diem in lieu of subsistence' within the Internal Revenue Code of 1986, as amended, consequently, there are no separate 'rates' to which our policy can be directed. Due to the confusion that this language presents, OSF will interpret previous legislative intent and continue the provision for an additional \$10.00 'subsistence' payment, where a traveling employee in overnight status stays with relatives or friends, and lodging reimbursement is not claimed.

Under this per diem allowance in lieu of subsistence procedure, the in-state per diem amount authorized would be either the higher Oklahoma City rate at \$48 (\$38+\$10)

or the standard rate at \$40 (\$30+\$10) elsewhere for travel within the State of Oklahoma. For travel outside the State of Oklahoma, use the authorized meals and incidentals (our per diem) rate for that location and add \$10.00.

d. Meals Included in the Cost of Registration, "Package Plan", or "Agency Direct Payment Contract" - Meals Expense Allowance Adjustment

When meals are provided through the cost of registration paid by the agency or directly by the employee and reimbursed, the employee's daily meals expense allowance shall be adjusted by 1/4 for each meal provided. However, if meals are provided in a package plan paid directly by the agency or through an agency direct payment contract, the allowable per diem reimbursement would be the difference between the full authorized per diem rate less the actual cost of meals provided in the package plan or contract. In no case shall the payment of meals included in a package plan or contract exceed the total daily rate as provided for in the STRA, whether paid for direct by the agency, through reimbursement, or a combination of both. Title 74 O.S., Sec. 500.8. For the method of computation and presentation of the meals expense adjustment on the travel voucher, [see Section 330.C.8.j](#).

If the employee is not allowed reimbursement for meals expense because overnight travel was not involved, no adjustment shall be required, although meals may have been provided (since no travel voucher could be filed). Similarly, if no registration fee is paid, adjustment to the meals expense allowance is not required.

e. Exceptions to the Meals Expense Allowance Adjustment

Exceptions to the requirement for adjustment to the meals expense allowance may be allowed where special circumstances prevented the employee from participating in the meal activity. An exception would not apply where an employee merely chose not to attend the meal activity in preference to some other personal activity.

Exceptions are:

- (1) "Continental breakfasts", snacks or refreshments, such as coffee, tea, soft drinks, etc., provided during meeting breaks.
- (2) Meals provided by a third party that is not covered in the registration fee, package plan, or agency direct pay contract.
- (3) Non-participation due to one of the following:
 - ◆ Special dress requirements.
 - ◆ Diet restrictions
 - ◆ Lack of means of transportation.
 - ◆ Conflicting meetings

A notation to explain non-participation in the official meal activity or explanation of exempt meal, must appear on the travel voucher or elsewhere in the claim packet as support documentation for any exception.

4. Transportation.

a. Transportation Expenses Defined

Transportation expenses for approved state travel include commercial common carrier fares; local transit system and taxi fares; cost of commercial rental cars and other special conveyance; and mileage for use of privately-owned motor vehicle in travel. Reimbursement for authorized use of privately-owned motor vehicles (and rental cars as appropriate) shall be the amount prescribed by the Internal Revenue Code of 1986, as amended, or rules, procedures or other action by the Internal Revenue Service, for use in determining the standard mileage rate allowed for a business expense deduction. The current standard mileage rate is **\$0.345 per mile effective January 1, 2001**, and subject to change normally each January.

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Fees for parking and tolls are transportation related expenses to be itemized on the travel voucher under the category of miscellaneous expenses.

Mileage allowance and other associated expenses in connection with use of privately-owned automobile in travel shall be payable to only one of two or more employees traveling together on the same trip and in the same conveyance, although each may have shared in the operating cost of the vehicle.

b. Methods of Transportation

Transportation means for official travel for the state may include all forms of common carriers (e.g., commercial or commuter airplanes, railroads, ships, buses, etc.); transit system carriers (e.g., helicopter service, subways, street cars; taxicabs, etc.); state-furnished or contract rental cars or airplanes; privately-owned motor vehicles; and any other authorized passenger type conveyance.

Motor vehicles, as used above, refer to passenger type vehicles, such as motorcycles, cars, station wagons, vans, trucks, buses, and motor homes. The term does not include unconventional forms of passenger transportation, such as bicycles, motorized bicycles, small powered marine vessels (boats), motorized farm machinery, tractors, etc.

c. Routing of Travel

All travel performed for the state shall be by a usually direct travel route appropriate to the mode of transportation used. When an employee for his/her own convenience travels by an indirect route or otherwise interrupts travel by direct route, the extra expense shall be borne by the employee. Reimbursement of authorized expenses

shall be based only on such charges as would have been incurred had the usually direct travel route been used. However, travel by other than a usually direct travel route may be allowed when necessitated by circumstances beyond the employee's control such as weather, involuntary flight changes, etc. An explanation for such exception shall be noted on the travel voucher.

d. In-State Travel

Persons performing official travel within the state may be reimbursed for the use of any of the methods of transportation enumerated above. However, if available, agencies are encouraged to provide agency-owned motor vehicles or motor vehicles leased from the State Motor Pool on a full-time basis or for individual trips for employee's use in motor vehicle travel within the state. Reimbursement for the use of common carriers, e.g., bus, rail, etc., while performing in-state travel shall not exceed the normal charge, except in no instance shall reimbursement exceed the coach class airplane fare as determined when air connections are available to the designated points of travel.

Agency heads may authorize the use of privately-owned or contract leased/rented automobiles for motor vehicle travel when such is advantageous to the state. In use of either a privately-owned or contract leased automobile for in-state travel, reimbursement shall be limited to the actual cost not to exceed the per mile rate listed above, based on the official mileage distance between points of travel as referenced in the latest Oklahoma Department of Transportation Statewide Mileage Chart. Excess odometer mileage over the map miles as recorded from the starting and ending points of travel can be claimed as vicinity mileage if such travel was official business travel and based on the most direct route. Vicinity mileage appearing to be excessive based on the nature of official business will be questioned if not justified. The shorter of the distances from the employee's residence (if leaving from home) or office location to the destination point(s) of travel would be considered the starting point of travel. The shorter distance test would also apply for returning to the office or to home if released for business day. When claiming such shorter distance, it must be documented on the claim. Also, see [Section 330.C.1.b.\(1\)](#), "Travel Status Defined."

In addition to the mileage allowance, reimbursement may be allowed for other incidental expenses incurred in the use of motor vehicle for travel, such as parking fees, toll fees, etc.

e. Out-of-State Travel

Persons traveling on official state business outside the State of Oklahoma may utilize appropriate forms of transportation, including but not limited to those listed

above under Methods of Transportation. Except as otherwise provide herein, reimbursement shall not exceed the normal cost for the type of transportation used.

(1) *Commercial Air or Commuter Air Travel.* Regardless of the mode of travel (including privately-owned motor vehicle, rental car, etc.), reimbursement for out-of-state transportation costs shall not exceed that of coach class or commuter airplane fare, as appropriate. Travel by first-class commercial airline may be reimbursed if coach class is not available within a reasonable time and is justified by a statement of the facts from the agency in support of payment.

In cases where an airline extends first class accommodations at coach class rates or the ticket receipt fails to show the class accommodation, the travel voucher must be annotated with information indicating the type (class) of accommodations purchased.

(2) *Privately-Owned or Rental Automobile - Reimbursement / Air Fare vs. Mileage Cost Comparison.* Occasionally, extraordinary circumstances may arise making out-of-state travel by commercial or commuter airplane impractical or unfeasible, such as trips to remote locations, multiple destination points, transport of state-owned materials or equipment whereas travel by plane is not feasible, etc. Under the above conditions no airfare comparison is required, however, explanation of such conditions must be provided with claim. In other instances the choice of not using commercial or commuter air travel may be based on convenience or personal reasons of the employee, and in this case a comparison is required. In either case, out-of-state travel by motor vehicle, privately-owned or contract rental, in lieu of commercial airline must first be approved and authorized by the agency. Such approval and authorization do not, however, negate the requirement that the travel time for reimbursement purposes shall not begin more than 24 hours before or continue more than 24 hours after the date of the object of travel.

Whenever a privately-owned motor vehicle or rental car is approved for use for out-of-state travel, a comparison of costs must be presented for reimbursement of expenses. Mileage distance used in calculating cost for privately-owned motor vehicle and rental car shall not exceed distances set forth in a recognized published national atlas or road map. Such road map or atlas must be referenced on any reimbursement claim cost comparisons. Reimbursement for privately-owned motor vehicle shall be the lesser of the cost of the single coach class air fare or commuter plane fare vs. the map mileage cost. Reimbursement for rental car shall be the lesser of the single coach class air fare or commuter plane fare vs. the actual cost (e.g., rental cost plus fuel expense). Furthermore, if no commercial or commuter flights are available to the destination point, rental car reimbursement is limited to the lesser of the actual cost vs. the map mileage cost.

The comparison may include any required vicinity mileage travel when local ground transportation otherwise would have been needed and is justified. For example, vicinity mileage included in the cost comparison may be justified on the basis that transportation for travel to and from the departure/arrival airport would have been required if travel was performed by commercial airplane. However, estimated costs for hypothetical use of local public transportation (i.e., taxi, bus, subway, etc.) or rental car may not be used in the cost comparison. This would entail approval of payment based on costs that are highly variable and uncertain as to the most economical means available for use (e.g., taxi vs. local transit system vs. rental car). An exception is where local public transportation costs are provided through conference brochures, and etc.

The comparison may also take into account any avoided air travel costs for other persons who are included on the trip.

Note: A cost comparison will not be required for authorized use of government furnished vehicles. However, a consideration should be given as to whether such travel by state vehicle is the most economical and/or appropriate mode of transportation.

For payment approval, the comparison must be presented with the travel claim, detailing the air coach class cost (e.g., amount, source, and date of the estimate) vs. the actual mileage and lodging costs. Reimbursement shall be based on the lesser of the two costs.

NOTE: *In the interest of containing travel costs for the state, OSF recommends that the cost comparison include the most economical coach class air fare available at the time the trip is approved versus the automobile map mileage cost to and from the point(s) of travel. As further savings measure, it is recommended that the coach class ticket price be obtained from a state contract agency for travel under the most economical arrangement, such as the carrier's 21-day (advance notice) excursion program. Finally, employees and officials responsible for approving travel plans should avoid, if possible, any practices that could eliminate opportunities for obtaining the most economical air fare estimates for use in the cost comparison.*

f. Vicinity Travel

Vicinity travel is defined as the mileage incurred during local motor vehicle travel in and around the points of travel. Vicinity mileage may also include non-highway road miles (e.g., odometer reading less the official map miles between points of travel)

recorded as indicated on the travel voucher. Reimbursement for required local or vicinity travel is authorized as mileage expense at the standard mileage rate. See [Section 330.C.4.a.](#), for reference to the current standard mileage rate; and [Section 330.C.4.d.](#), for additional information on calculating vicinity mileage.

Vicinity mileage shall be entered separately on the travel claim form. Space is provided on the travel voucher for recording of both map and vicinity mileage incurred. Vicinity mileage shall be totaled and included with the map mileage for reimbursement payment purpose.

g. Local Transportation (Title 74, O.S., Sections 500.4 & 500.12)

(1) *Local Transportation Expenses.* Local transportation expenses refer to the usual transportation charges for business travel in and around the local area of the point(s) of travel by normal transit conveyances. For example, reimbursement is authorized for taxicab, shuttle, or limousine fares between an airport or other terminal and the employee's official work location, or place of business or lodging at the object of travel location (Also, see Note following). In addition, reimbursement may be allowed for expenses incurred for local travel to and from a meeting or conference site located separately from the hotel/motel facility, such as at a convention center, or where designated lodging was not provided.

Note: As a means of containing travel costs for the state, agency officials should encourage employees to use available courtesy transportation service furnished by hotels/motels or host sponsor, to the maximum extent possible as the first source of transportation between the place of lodging and airport or other objective of travel point(s).

Taxicab fares for local in-state travel shall be reimbursed only upon justification as to the necessity for such service. Local transportation during out-of-state travel may be reimbursed based on itemization of the costs on the travel voucher.

(2) *Local Transportation Expenses in Connection with Designated Lodging.* Local transportation, including rental car service, used while attending an object of travel conducted or held at a designated (host) hotel must be explained on the travel voucher as to the business necessity for travel beyond the designated hotel facility. In addition, reimbursement for transportation expenses for travel between an optional lodging location and the designated hotel, motel, or other public lodging where the object of travel is conducted shall be allowed but not to exceed the cost of the difference between the optional lodging and the designated lodging. Title 74, O.S., Sec. 500.9.C.

(3) *Personal Use Transportation Expenses.* Normally, reimbursement of local transportation for personal use, such as travel to obtain meals, shall not be allowed. However, where the nature and location of the object of travel is such that suitable meals cannot be obtained there, the expense of daily travel required to obtain meals at the nearest available place may be approved as necessary transportation not incidental to the employee's meals expense allowance. Such travel shall be restricted to the use of taxicabs and other local public conveyances, such as, bus, street car, subway, etc. The necessity for such travel and the nature of the expense incurred shall be explained on the travel voucher.

(4) *Tip Expense in Connection With Local Transportation.* In addition to the usual fare expense, reimbursement may be allowed for reasonable tip expense when local or courtesy transportation service is approved and used in connection with official travel. For reimbursement purposes, reasonable tip expense shall be not more than \$1.⁰⁰ if the reimbursable fare charge is \$5.⁰⁰ or less; or 15 per cent (15 %) of the reimbursable charge when it exceeds \$5.⁰⁰. If the 15% calculated tip amount is less than \$1.⁰⁰ or is not a multiple of 5, the reimbursable tip amount may be rounded to \$1.⁰⁰ or up to the next \$.05, as applicable.

h. Leased or Rented Automobiles

(1) *Vehicles Leased/Rented Within the State.* Reimbursement for automobiles leased or rented from vendors located in the state and used for in-state official travel shall not exceed the standard mileage rate authorized for the use of privately-owned automobile in travel. Title 74, O.S., Sec. 500.5 In other words, reimbursement shall not exceed the STRA standard mileage allowance figured on the actual miles traveled. On the other hand, use of a motor vehicle rented or leased within the state for the purpose of travel outside the state shall be limited to lesser of the single coach class air fare or commuter plane fare from the in-state departure point to/from the out-of-state destination point(s) vs. the actual cost (e.g., rental cost plus fuel expense). Furthermore, if no commercial or commuter flights are available to the destination point, reimbursement is limited to actual cost vs. the map mileage cost based on distances set forth in a recognized published national atlas or road map. Title 74, O.S., Sec. 500.11 Expenses incurred for non-business use of automobiles leased or rented for business purposes shall not be reimbursable.

(2) *Vehicles Leased/Rented Outside of the State.* The actual cost of leasing or renting an automobile outside the state for travel shall be reimbursed subject to the approval of the agency head or his/her designee (subject to the limitations above when not used as local transportation). The approving official's signature on the travel claim form shall attest to the business necessity of the expense. However, OSF recommends that the approving officer strictly review the business necessity of

any rental car expense where the object of travel is conducted or held at a designated hotel location, or the cost or mileage usage appears excessive to the stated purpose of travel. In addition, the cost of a rented/leased vehicle used both for personal and business travel should be prorated for reimbursement of the business portion of expenses. See *'Vehicles Leased/Rented Within the State'* (above) for instructions on cars rented in-state and driven out-of-state.

(3) *Insurance Costs.* As agents for the state, employees are normally covered by the State Risk Management program for losses resulting from property damage and/or injury or death to third parties. However, while operating a leased or rented motor vehicle during official out-of-state business travel, such loss or damage to the rental vehicle (collision damage) and others, are not covered under the State Risk Management program. Therefore, it is recommended that the insurance offered to cover an employee's liability for damage in case of an accident should be acquired through the basic rental contract or at an additional fee, subject to the regulations of the state in which the vehicle was rented. Reimbursement for the additional cost of such liability insurance will be allowed as part of the rental expense. If the vehicle was used for both business and personal purposes, the expense of insurance would need to be prorated for reimbursement of the portion incurred for business travel. The cost of personal accident insurance is a personal expense and as such, is not reimbursable. (Also see [Section 330.C.6.b.\(2\)](#), for trip insurance costs in connection with travel abroad.)

(4) *Adjustment for Personal Use.* Notwithstanding the statutory provision that "... the actual cost of leased or rental automobile to be used on official business shall be reimbursed subject to the approval of the agency head or authorized designee ..." this office may question any rental car expense whenever other than official business purpose appears to be the motive for the rental car usage. For example, an expense claim for an automobile rented or leased on flat-rate terms (i.e., weekly) with unlimited miles, and justified on the basis of business necessity, but which contains extraordinary miles as reflected on the rental receipt suggesting other than official business usage, could be subject to return and questioning as to the business purpose or connection of the extra travel (i.e., miles). If the extra mileage is not of business necessity, costs shall be prorated between personal and business usage.

This policy is not intended to usurp the authority of agency heads, but rather to help discourage the inappropriate practice of personal use of rental car on the pretense of official business, and to avert impertinent travel expenditures, be they from state funds or federal grants. We cite an example of a case where an official recorded over 1500 miles usage on the car he rented while attending a 3-day conference. By our unofficial calculations, the official would have had to have spend the entirety of

his 3 days of travel status driving the rental vehicle in order to record the number of miles indicated on the rental receipt. Consequently, we found a need to question the apparent non-business usage of the rental car for which the official was seeking full reimbursement. In another case, an official filed for reimbursement for rental car expense based on a flat rate with unlimited miles at a cost of over \$300.⁰⁰ What made this expense claim eye-catching was the fact that the meeting was held at a designated hotel and that the cost appeared excessively high based on the usage, e.g., 41 miles recorded as driven. In this case, it is easy to reason that the rental car expense was excessive to the needs of the state, as a lesser expensive mode of travel likely could have been used.

Additionally, agencies are encouraged to remind their employees and officials who travel of the need to be aware of the potential personal and property liability risk they might bring upon the state in their engaging in personal side trips with the rental car hired for official state business.

i. Privately-Owned or Chartered Airplane

Transportation costs for travel by privately-owned or chartered airplane in lieu of privately-owned automobile may be reimbursed in an amount which, when added to reimbursement for meals and lodging expenses for the trip, does not exceed automobile mileage plus meals and lodging expenses had a privately-owned automobile been used for the trip.

Whenever a privately-owned or chartered airplane is used for out-of-state travel in lieu of commercial airline, reimbursement of expenses shall be limited not to exceed the cost of a single coach airplane ticket. If more than one person traveled, reimbursement of each person's pro rata share of the cost of the chartered airplane shall not exceed the cost of a single coach class airplane ticket. See [Section 330.C.4.e.\(2\)](#), "Privately-Owned Automobile - Air fare vs. Mileage," for example method of cost comparison.

j. Travel Incentive Programs

Agencies should encourage their employees who travel often to participate in the various travel incentive programs offered by airlines, hotels, and car rental agencies to help offset the overall travel costs for the state. However, travel incentive programs awards, such as "buddy" ticket fares and two-for-one ticket fares received by employees in connection with official travel or incidental to the purchase of a ticket for official travel, or other services such as car rentals paid for (or reimbursed) by the state, are due the state for official use only.

5. Registration.

a. Registration Travel Expense

Registration charges in connection with attending workshops, conferences, seminars, etc., are travel related expenses regardless of whether the person is in travel status as defined for reimbursement of meals and lodging expenses. Such charges must be itemized as "registration" expense and listed under the miscellaneous category on the travel voucher. In addition, the expense must be supported by a paid receipt or other evidence that the expense was paid. See [Section 330.C.8.d.](#) for information on receipts requirements for reimbursement of expenses.

b. Meals Included in the Cost of Registration (or Package Plan)

When meals are provided in the cost of registration or other costs (e.g., package plan) paid by an employee or by an agency, and the traveler is authorized reimbursement for meals expenses, the meals expense allowance must be adjusted accordingly. See [Section 330.C.3.d.](#) for meals expense allowance adjustment procedure. Adjustment to the meals expense allowance averts the state from making double payment for meals, that is, once through the paid registration fee or other cost, and secondly, through payment of reimbursement for meals expense allowance (per diem). If the employee was not in travel status for the purpose of claiming reimbursement for meals expenses (per diem), no adjustment in the amount of reimbursement for cost of registration or package plan shall be required, although meals were provided.

c. Optional Activities Separate From the Cost of Registration

Optional activities, such as special tours, recognition banquets, etc., are sometimes included as part of the travel objective agenda. The additional cost of such activities may qualify for reimbursement as a miscellaneous expense provided they are business related and essential and necessary to the purpose of travel.

Reimbursement shall not be allowed for activities that are primarily social and provided clearly for the entertainment of participants, such as sightseeing tours, athletic events, etc. Again, proper documentation of the business purpose for participating in such activities will save the travel claim from rejection and delay of payment.

d. Registration Fee/"Package Plan" Paid Directly by the Agency

Agencies are authorized to pay the cost of registration or tuition for employees to attend approved objects of travel (e.g., conferences, seminars, etc.) when such costs are required. Payments for agencies' direct purchase of registration or tuition for employee's travel are submitted through the miscellaneous vendor claims processing procedures. See [Section 328.C.](#)

Agencies may also pay directly the costs of so called "package plans," which may include registration, tuition, food and lodging for employees, or other purchase of which the agency is authorized to make based on a paid receipt. However, the cost of such meals and lodging can not exceed the total daily rate provided in the State Travel reimbursement Act. Title 74, O.S., Sec. 500.8.

In filing their travel vouchers for reimbursement of expenses, employees must include a cross-reference explanation of how any applicable costs for registration or package plan paid by their agency were handled. For example:

"registration fee paid separately by the agency - P.O. No. _____"

In addition, an adjustment to the employee's meals expense allowance must be made for any meals provided and included in the cost of registration or package plan paid directly by the agency. See **Section 330.C.3.d.**, "Meals Included in Cost of Registration - Meals Expense Allowance Adjustment". NOTE: If meals are provided in a package plan, the allowable per diem reimbursement would be the difference between the full authorized per diem rate less the actual cost of meals provided in the package plan. A copy of the travel objective program brochure is required with the employee's travel voucher to substantiate whether or not any meals were provided. If the sponsor did not provide a program brochure to participants, and no meals were involved in the cost paid by the agency, the employee should further annotate his/her travel voucher to reflect that no meals were provided, such as:

"meals not provided in registration paid by agency"

6. Miscellaneous Expenses.

a. General Requirements and Allowance Criteria

Authorized and approved general miscellaneous travel expenses may be reimbursed based on itemization on the travel claim form. These expenses must be listed separately under the "miscellaneous expense" category on the travel voucher.

To qualify as an allowable miscellaneous travel expense, the purchased item or service must be clearly connected with the purpose of travel, and not otherwise required to be grouped in another category of travel expense on the travel voucher. In addition, there must be a clear business reason, explicit or implied, for incurring the expense. For instance, mail service or other communication charges incurred during in-state travel must be explained as to their purpose and necessity.

When the business connection of the expense with the stated purpose of travel is unclear, further explanation may be required to help determine allowance of the expense for reimbursement. If in doubt about its clarity, a statement explaining the expense should be provided along with the original travel voucher submission to minimize the chance of rejection and delay of payment.

Purchases and charges of a personal nature, such as telephone calls to family or friends, reading materials, over-the-counter medicines, non-business use transportation, etc., ordinarily are not allowable business reimbursement expenses.

b. Miscellaneous Travel Expenses Allowed

(1) *General Expenses.* Reimbursement of general miscellaneous travel expenses may include: parking and toll fees; business communications (i.e., telephone, postage, fax, etc.), when approved and authorized; baggage handling (non-personal) for equipment and materials; gas and oil (when government-furnished vehicle or contract rental car is approved and authorized for travel); rent of meeting room (when it's necessary to engage a room at a hotel or other place to transact official state business); necessary laundry and cleaning services (when such expenses are approved for travel extending 7 days or longer or required in emergency situations); registration fees; emergency and other expenses (excluding personal) incidental to the purpose of travel, etc.

(2) *Expenses in Connection With Travel Abroad.* Reimbursement of expenses in connection with travel to and within a foreign country may be authorized and approved, such as:

(a) *Conversion of Currency.* Commission charges for conversion of currency for travel in a foreign country.

(b) *Trip Insurance.* Cost of trip insurance (not provided by the state's Risk Management Program) purchased for use of contractual (rental) or privately owned vehicle during official business travel within a foreign country when such is required.

(Note: Trip insurance covers potential liability for property damage or personal injury or death to third parties. Reimbursement is limited to instances in which the purchase of such insurance is required by the foreign country's laws or is a practical necessity due to the country's legal procedures which, in the event of an accident, could result in detainment of the driver or impoundment of the vehicle. The amount of reimbursement shall be limited to the cost of the minimum amount of insurance required to be carried.)

(c) *Travel Document Costs.* Fees associated with the issuance of passports, visa fees, costs of photographs for passports and visas, costs of certificates of birth, health, and identity, and of affidavits and charges for required inoculations.

- (3) *Expenses Incidental to Travel by Persons With a Disability* (Ref.: Americans With Disabilities Act (ADA) 1990; Rehabilitation Act of 1973, as amended, 29 U.S.C. 701, et seq) Payment may be authorized for extraordinary expenses incurred in connection with travel by persons with a disability as defined by law. For reimbursement, such expenses must be (1) approved and authorized by the agency's controlling board or agency head, and (2) authenticated by the agency on the travel voucher as:
- "REASONABLE ACCOMMODATIONS FOR EMPLOYEE/OFFICIAL WITH DISABILITY AS APPROVED BY: (Authority) "**

The term "employee/official with disability" means an employee who has a disability as defined in and is otherwise generally covered under the Rehabilitation Act of 1973, as amended.

Expenses allowed may include:

- (a) Transportation, lodging and subsistence expenses (as authorized by the STRA) incurred by an attendant approved and authorized to accompany the employee when assistance of an attendant is required.

(Note: Persons serving as attendant may or may not be a member of the employee's family. In either case, a separate travel voucher must be filed by the person incurring the expense with cross-reference to the subject employee's official travel claim.);

- (b) Cost of specialized transportation for the employee to, from, and/or at the point(s) of travel;
- (c) Cost of specialized services provided by a commercial carrier necessary to accommodate the employee's disability;
- (d) Costs incurred as a direct result of the employee's disability for baggage handling in connection with public transportation or at lodging facilities; and
- (e) Cost of renting and/or transporting a wheelchair.

7. "Actual and Necessary" Travel Reimbursement Procedures.

a. General Guidelines

The STRA, various other laws and certain grants and contracts provide for reimbursement of travel expenses on the basis of "actual and necessary" accountability for certain specified travel. Employees who perform such travel are authorized payment of actual expenses incurred not bound by the standard STRA rates and allowances, such as those pertaining to meals and lodging. Other travel requirements of the Act not pertaining to rates of reimbursement, however, shall

apply for "actual and necessary" travel. For example, the 24-hour rule, coach air fare vs. mileage comparison for privately owned automobile used in travel, mileage in lieu of cost of rental or leased car used for in-state travel, etc., would apply as appropriate expense controls for any travel performed under actual and necessary travel authority, unless specifically exempted. In other words, travel under these provisions are subject to the same customary travel requirements as pertain to regular travel for the state, except pertaining to expense reimbursement limitations.

Following are excerpts of the most prominent STRA provisions relating to "actual and necessary" travel:

(1) *Actual and Necessary Travel - Grant/Contract.*

Title 74 O.S., Sec. 500.9A., provides:

"....Meals, incidentals, lodging, travel and other actual and necessary expenses may be paid if same is provided for in any contract or grant."

Guidelines for expenses reimbursement for travel performed pursuant to this section of law are based on the following interpretation. Agencies that receive funds from outside sources under terms and conditions of a contract or grant agreement entered into under state statutory authority, may expend funds received to pay reimbursement of related travel expenses at the actual cost as provided in the contract or grant agreement. However, if the contract or grant agreement simply provides the availability of funds without stipulation of how they are to be expended or accounted for, the state's standard laws as they apply to other funds under the control of the state shall prevail. Thus, if the contract or grant agreement does not explicitly provide otherwise, reimbursement of travel expenses shall be subject to the standard provisions of the STRA.

(2) *Actual and Necessary Travel - Travel Outside U.S.*

Title 74 O.S., Sec. 500.9, Subsection F., provides:

"....Reimbursement for meals and lodging incurred in official travel in areas outside of the United States to implement the objectives of contracts, grants, agreements or gifts for which funds from these sources are furnished shall be reimbursed from said funds at actual cost not to exceed the amount authorized for United States Government employees in its periodical publication entitled 'Standard Regulations (Government Civilians, Foreign Areas), Department of State, Washington, D.C.'"

Travel claims for payment of expenses filed under provisions of the preceding referenced statutes must bear, on the face or back of the travel voucher, the following applicable certification notations signed by the agency's Fiscal Officer or Contract and Grant Administrator:

"I certify this claim complies with the provisions of Title 74 O.S., Sec. 500.9A (or 500.9, Subsection F.) and payment is authorized under terms or agreement identified as _____"

(Number/Name of contract, grant, gift or other agreement)

(Signature of Certifying Officer)

(3) *Actual and Necessary Travel - Congressional and Federal Meetings.*

Title 74 O.S. Sec. 500.9, Subsection D., provides:

"...State officers and employees who have been required to attend hearings or meetings of any congressional committee or subcommittee or any federal agency, board or commission shall be reimbursed for their actual and necessary travel and lodging expenses; however, the agency head must approve any claims in connection with such expenses."

It is important to note that this provision pertains to persons who have been "required" to attend an hearing or meeting, not just invited. "Required" as used in this section is interpreted to mean "subpoenaed" by the government entity or "at the explicit direction, request or invitation" of the congressional committee or federal agency. In either case, as the law requires, the agency head must approve (sign) the travel claim form for payment of expenses.

(4) *Actual and Necessary Travel - International Development.*

Title 74, O.S. Sec. 2009.1 provides:

"...The Governor, Lieutenant Governor and their staffs shall be reimbursed for actual and necessary travel expenses when incurred in implementing duties relating to international development. Employees of other state agencies designated by the Governor shall be reimbursed for actual and necessary travel expenses as authorized by the Governor, when incurred in implementing duties relating to international development."

For reimbursement purpose, claims for travel expenses by employees of other state agencies performing travel under this authority must be supported by a letter of authorization from the Governor.

(5) *Actual and Necessary Travel - Governor, Lt. Governor.* O.S. 74, Section 500.20, authorizes:

reimbursement for the Governor and Lt. Governor for their actual and necessary travel expenses incurred when on official business for the state. Reimbursement for such travel include the subsistence (meals and lodging) and transportation expenses for the Governors' accompanying spouses when on official business for the state, or when attending an official function at the request of the respective Governor. The

personal staffs of the Governors are not covered by this statute for purpose of "actual and necessary" expense reimbursement.

(6) *Actual and Necessary Travel - Other Provisions.*

The STRA and other applicable laws provide exceptions and/or exemptions to the standard travel procedures on the basis of "actual and necessary" expenses for agencies so named for specific purposes of travel. When such laws are the basis for travel, their reference must be shown on the travel voucher for verification that the travel performed matches the purpose prescribed by the statutory authority. An information space at the bottom of the travel form is provided for this purpose.

Again, these exceptions/exemptions pertain only to specific purposes of travel as specified by the law that applies. If the travel performed does not fit the purpose as the law indicates, reimbursement shall be held to the standard provisions of the STRA and related regulations.

b. Submission Procedures - "Actual and Necessary" Travel Voucher

Claims for payment of travel expenses on the basis of actual and necessary reimbursement are normally filed on an OSF Form 18, Actual and Necessary Travel Voucher (see sample form, [Appendix C7](#)). For verification purpose, the reference cite (such as, statute section, contract number, etc.) of the authority for reimbursement of the trip's actual and necessary travel expenses must be shown on the claim form.

The term "actual and necessary" implies that any expenses claimed must be documented (actual) and essential (necessary) to the purpose of travel. Thus, in filing of the travel voucher, the employee must itemize all expenses for which reimbursement is claimed.

The Actual and Necessary Travel Voucher (OSF Form 18) is designed to require daily meals expenses to be itemized separately (e.g., breakfast, lunch and dinner). However, optional OSF Form 18-1, Record of Lost Receipts and Daily Record For Actual and Necessary Travel Expense, ([See Appendix C18](#)) may be used for the convenience of employees to maintain a daily record of expenses incurred during travel in lieu of itemizing each expense item on the travel voucher (OSF Form 18). Expenses may be recorded on the form daily as they occur and the totals carried forwarded to the appropriate section of the travel voucher. When used in this manner, the daily record form shall be required along with the travel voucher for payment.

A receipt shall be required for any lodging or registration expense, regardless of the amount, and for any single meal or miscellaneous expense of which the cost is

\$25.⁰⁰ or more. Receipts shall also be required for any actual and necessary expense claimed for others as listed on the travel voucher. (Also, see [Section 330.C.8.d.](#), "Receipts - Requirements for Reimbursement of Expenses.")

c. Mixing of Reimbursement Methods

Generally, when travel is performed under the actual and necessary travel rules, that system will be used for the payment of travel expenses. However, an agency may establish a procedure allowing employees to file dual "actual and necessary" and regular reimbursement expense travel claims or a single OSF Form 19, Travel Voucher, ([See Appendix C9](#)) with dual expenses to ease the payment process. That is, travel expenses for a single trip may be filed partly under the regular reimbursement procedures and partly under procedures covering actual and necessary expense reimbursement.

When using this mixed method of travel expense reimbursement as dual claims, each travel claim filed must:

- (1) cross-reference and include a copy of the related claim;
- (2) include invoices and/or a copy of the daily record log (e.g., OSF Form 18-1), if applicable, of all expenses incurred/claimed; and
- (3) include a summary of the trip total expenses claimed with each voucher submitted for payment.

When processing as a single claim, the statutory authority or other provision must be reference for each actual and necessary expense item. This is normally where only a particular expense (e.g., lodging, or meals) is being claimed under actual and necessary, whereby paying the actual cost. Claim filed must:

- (1) include invoices and/or a copy of the daily record log (e.g., OSF Form 18-1), if applicable, of all expenses incurred/claimed as actual and necessary.

8. Other Travel Expense Reimbursement Requirements and Related Instructions.

a. Assignment of Payment of Travel Reimbursement

Employees may elect to assign payment of a portion or all of their travel reimbursement to a second party. For example, an employee may elect to assign the lodging (not to exceed the allowable rate) or registration portion of his travel expense reimbursement directly to a lodging vendor or conference sponsor for convenience of payment. In assigning payment of a portion of a trip's travel expenses, a separate travel voucher shall be required for the assigned payment. Consequently, each voucher must be cross referenced respectively.

b. Reimbursement of Prepaid Travel Expenses in Connection With Canceled Trips
Reimbursement of prepaid expenses, such as for lodging, involving canceled trips, may be allowed only if:

- (1) the travel is canceled for legitimate reasons as documented by the approving authority, and
- (2) the prepaid amount is not returnable/refundable to the employee.

If a portion of the amount (e.g., 90 percent) is returned to the employee, only the remaining 10 percent of the expense amount may be reimbursed.

Claims for such reimbursements shall be filed on OSF Claim Form 15a, Claim Jacket Form, or Notarized Claim Form 3, with appropriate paid receipts. In addition, the payment must be coded Object of Expenditure 5315 (after July 1, 1993), Indemnities (Loss). The claim should also have attached statements from the agency certifying to the employee's loss as a result of condition (1) and from the employee and/or payee certifying to condition (2), as described above.

c. Expenses Incurred Outside of Travel Period

Ordinarily, expenses incurred outside of the period of travel shall not be allowed in connection with the stated purpose of travel. However, incidental pre- or post-travel expenses that are consequential to completion of the purpose of travel may be reimbursed as related trip expenses. (For example: passport application fees, film processing charges, etc.) The facts of the expense's relationship to the purpose of travel should be clearly defined in order for the OSF pre-auditor to complete her/his review for approval.

d. Receipts - Requirements for Reimbursement of Expenses Title 74 O.S. Sections 500.9, 500.9A, 500.13, 500.18 & 500.20

(1) *Expenses for Which Receipts are Required.* When filing claims for travel reimbursement, a receipt shall be required for any miscellaneous expense item in an amount of \$25.⁰⁰ or more, including any sales tax associated with the purchase. Receipts are also required for the following types of expenditure, regardless of the amount:

(a) *Lodging.* The paid lodging receipt issued by the vendor. The receipt must show number of guests charged, single room rate charged, itemized list of all charges billed and acknowledgment or verification of payment.

(b) *Registration/Tuition.* The paid receipt issued by the vendor or agency sponsoring the object of travel. The receipt must show itemized list of all charges and acknowledgment or verification of receipt of payment.

(c) *Common Carrier Passenger's Ticket Receipt.* The passenger's ticket receipt issued by the common carrier agent, e.g., airline, rail, bus, etc. At a minimum, the passenger's ticket receipt should show the passenger's name, number of seats/passes charged, travel class, destination points and amount.

(d) *Hire of Travel Conveyance.* The paid receipt acknowledged by the vendor for the rent or lease of automobile, transport truck, etc. Also, the paid receipt for purchases of fuel e.g., gas, oil, etc., and payment for other purchases used in the operation of rental or leased automobile.

Receipts for leased or rented motor vehicles should show all charges paid and indicate miles driven.

(e) *Meeting Room Rental.* The paid receipt from the vendor for rent of room for business purpose, when authorized.

(f) *Laundry and Cleaning.* The paid receipt from the vendor for the cleaning of clothing, when authorized. Ordinarily, employees are expected to carry sufficient change of clothing to avoid the necessity of additional laundry and cleaning expense during travel. However, during extended travel periods of more than one week (7 calendar days) and for emergency occurrences, an employee may not be able to carry a sufficient change of clothing to represent the state in a professional and presentable manner. In such cases, employees may be reimbursed reasonable and necessary costs for laundry and cleaning of personal clothing used during travel based on paid receipts for the charges. The expense must have incurred during the travel period and used for laundry and cleaning of clothing necessary for completion of the object of travel.

(2) *Criteria for Evidence of Payment.* Reimbursement of travel expenses for which a receipt is required shall be based on evidence that the expense was paid. Evidence of payment may be presented by: "0 balance due" on the vendor's billing statement; amount charged to the employee's credit card (credit card statement or charge card impressed receipt attached to the claim); or similar annotation from the vendor indicating the lodging statement has been paid in full.

If the expense was paid by credit/charge card and the official or employee feels reluctant to release his/her full statement or account number, he/she may submit a sanitized copy of the charge card statement identifying only the expense item being claimed. In cases where payment is by personal check, a copy of the person's bank processed check may serve as the receipt of payment. Obviously, if the receipt shows paid in full from the vendor, that is, "0 balance due," no further evidence of payment would be required.

Special Note - Lodging: *Some major hotels as a convenience to their guests offer an "express check-out" service to customers who charge by credit card. The hotel, in such cases, customarily*

provides a "credit card voucher" to the customer of charges that have been applied. Employees who use such services and are given a copy of the "credit card voucher" of expenses may submit the vouchers as evidence of payment in lieu of a true statement showing "0" balance or their regular charge card statement. This is acceptable to show that the expense has been charged (paid), and thereby qualifies for reimbursement.

(3) *Lost or Unavailable Receipts.* If a receipt for an expense item is lost or it is impossible or impractical to furnish one, a full explanation of the lack of receipt documentation must be documented on the travel voucher. Mere inconvenience shall not serve as a valid reason for not supplying the required receipt. If an original receipt can not be obtained from, for example, the lodging facility, it should be documented on the claim that the lodging facility would not provide an original. (Note: Statements such as "Original not available" are not acceptable.) Although, if it is a case of the claimant wanting to keep the original receipts, a certification must be made by the claimant that the originals will be made available to OSF, State Auditor and Inspector, or any legal entity should the receipts be requested. This certification must be included with the travel claim.

For actual and necessary travel where receipts are required, a signed statement or affidavit of lost or unavailable receipt by the employee may be used to document lost or unavailable receipts. The affidavit should bear the name and SS# of the employee, inclusive dates of travel and an itemized list of expenses for which the required receipts are missing. In addition, the document must be signed and dated by the employee. The OSF Form 18-1 (Appendix C18) can be used for this and documented for a lost receipt.

(4) *Miscellaneous Expenses for Which Receipts are Not Required.* Single miscellaneous expenses (such as business related telephone calls, facsimile charges, etc.) and local transportation costs (such as, shuttle fare to and from airport, business-related taxi fares, etc.) of less than \$25. ⁰⁰ may be claimed for reimbursement based on itemization of the expense on the travel voucher without receipt documentation.

e. Travel Arrangement and Ticket Changes

Reimbursement of charges for exchange of travel tickets or change in transportation schedules for business or emergency reasons may be allowed when authorized and advantageous to the state. Costs associated with changes made for personal convenience or benefit of the employee are not allowed. Any changes must be

essential and necessary based on business requirements and approved by the agency to qualify for expense reimbursement.

f. Sales Tax Non-Exempted for Travel

Sales of tangible personal property and services to state agencies are exempt from state taxation. Sales to individuals who are employees of the state, however, are not exempt from tax unless the sale is billed directly to the appropriate state agency or the purchase is by means of a properly completed government purchase order. This extends to employees who travel for the state and make purchases subject to taxation. Any applicable tax charges paid shall be included in the total cost of the purchased item or service. Reimbursement of the actual cost (including any applicable tax) shall be reimbursed, unless specifically subject to any maximum limits set for such expenses. (Tax Requirement - Source: Business Tax Division of the Oklahoma Tax Commission.)

g. Deceased Person Travel Expense Claim

Payment of travel expenses of a person deceased may be made to the estate of the individual. The travel voucher shall be in the name of the deceased person and the assignment section completed for payment to the "Estate Of (claimant's name)." The "assignment" section and the claim form shall be signed in the customary manner by the decedent's appointed "Power of Attorney" or "executor of estate."

h. Expenses Incurred During Exceptional Travel Periods

(1) *Weekend/Holiday Non-Work Schedule Times.* Travel that transcends a weekend/holiday period must be terminated/re-instituted pursuant to the 24-hour travel rule (see [Section 330.C.1.b.\(2\)\(a\)](#)) for periods wherein work is not performed.

For example, in the case of a trip that carries over from Thursday to Tuesday in which the employee receives personal time off on Saturday/Sunday, travel status for meals and lodging expenses reimbursement must be suspended for the time during which state business (work) was not performed. Travel periods that extend over weekends/holidays and which an employee claims reimbursement of expenses shall be annotated on the travel voucher to show weekend work was required or that weekend stopover was necessary or advantageous to the state (e.g., return of employee home and back to point of travel impractical).

(2) *Travel Outside the U.S.* Travel to and within a foreign country may involve complex travel arrangements beyond the control of the employee in which compliance with the 24-hour travel rule or other applicable travel requirements is impossible. Therefore, there is a 48-hour rule for travel abroad. [Title 74, O.S., Sec. 500.9, Subsection F](#). For other exceptions to the standard travel guidelines under

such circumstances, an explanation of the travel situation must be prepared and submitted along with the employee's travel voucher to substantiate reimbursement of the necessary related expenses. OSF shall require any exceptions to be in writing for review and approval/disapproval on a case-by-case basis.

i. Guideline for Adaptation of the State Standard Travel Forms

The Office of State Finance has prescribed the standard forms to be used for submission of state travel claims. However, an agency may find it necessary to adopt its own version of the prescribed forms for its use because of special internal needs. In such cases, a copy of the proposed form layout must be submitted to OSF for review and prior approval to ensure that all data fields are properly laid out in the standard format for ease of processing and uniform data entry.

j. Reimbursement -vs- Direct Payment of Meals & Lodging (including Package Plans)

Oklahoma Statutes under Title 74, § 500.2, authorizes the direct contracting and direct payment of meals and lodging, but at a rate not to exceed the total daily rate provided in the Travel Reimbursement Act (STRA). In addition, Title 74, § 500.8, authorizes payment of meals, incidentals and lodging as package plans, based upon a receipt, but also at a daily rate not to exceed the total daily rate provided in the STRA.

(1) *Package Plan Procedures* We will accept package plans which include other related travel costs such as transportation and registration costs. However, we require all the costs to be separated out on the travel reimbursement form in order to determine that the daily rates are not exceeded and proper object of expenditure coding is used. If package plans are to be paid directly by the agency, if possible, a breakdown of the costs must still be shown on the miscellaneous claim, however, the appropriate agency direct payment object codes would be used. For direct payment by the agency, such break down should be provided on both the purchase order and claim.

When possible, the agency should obtain a breakdown of the actual costs within the package plan from the sponsor. This will help in determining the allowable amounts to be claimed. As stated earlier, the reimbursement/direct payment amount cannot exceed the STRA daily rate, therefore, such things as number of meals included and lodging rate (standard, high rate, and designated) must be identified. Although, normally the lodging in a package plan would meet the requirements for designated lodging.

There are several different scenarios which we have identified as examples of package plans. They are based on the official's or employee's entitlement to full

calculated per diem for the travel period and the first three scenarios meet the requirements for designated lodging.

(a) *Scenario 1* - The plan includes only meals and lodging and the actual costs by type are known. The cost of meals are less than the daily per diem rate for the period.

Reimbursement or Assignment - the full standard per diem rate and the full cost for lodging could be claimed. The appropriate travel reimbursement object codes must be used. Example for an in-state trip:

- STRA per diem rate for 1½ day trip is \$45.00.
- Plan is for three meals totaling actual cost of \$29.00.
- Normal per diem reimbursement of \$45.00 and actual lodging would be claimed.
- Employee would be responsible for paying the \$29.00 for meals and the actual lodging cost for the plan.

Direct Payment by agency - the full amount would be paid, however, a comparison of the actual costs to the authorized daily rates would be required. The appropriate agency direct travel object code must be used. **NOTE:** Even if the plan is paid directly by the agency, some per diem could still possibly be paid to the employee. Such per diem would normally be calculated as the full authorized rate, less ¼ per diem for each meal provided. However, since the law restricts payment for the trip not to exceed the STRA rate, the package plan policy for per diem calculation would be the standard STRA per diem rate less the actual cost of meals provided in the package plan. Example for an in-state trip:

- STRA per diem rate for 1½ day trip is \$45.00.
- Direct payment could not exceed the \$45.00 for meals.
- Plan is for three meals totaling actual cost of \$29.00.
- Normally per diem reimbursement adjusted for meal provided (e.g., registration) would be \$45.00 less \$22.50 (three ¼ per diem of \$7.50 each) for a net reimbursement of \$22.50
- However, the direct payment of \$29.00 and normal reimbursement of \$22.50 totals \$51.50, exceeding the authorized maximum of \$45.00 by \$6.50.
- Therefore, per diem reimbursement under the package plan policy would only be for \$16.00 (\$45.00 less \$29.00). A notation of this adjustment would be placed on the claim.

(b) *Scenario 2* - The plan includes only meals and lodging and the actual costs by type are known. The cost of meals are greater than the daily per diem rate.

Reimbursement - the full standard per diem rate and the full cost for lodging could be claimed. The employee would be responsible for the cost of meals in excess of the authorized daily rates. The appropriate travel object codes must be used.

Example for an in-state trip:

- STRA per diem rate for 1½ day trip is \$45.00.
- Payment could not exceed the \$45.00 for meals.

- Plan is for three meals totaling an actual cost of \$55.00.
- Employee would be responsible for paying the full \$55.00 and receive only \$45.00 in per diem reimbursement
- The actual lodging cost would be claimed.

Direct Payment by agency or assignment - this should be avoided since the full amount for meals could not be paid by the State. The employee would be responsible for the cost in excess of the authorized daily rates. If used, however, the warrant from the State and a check from the employee would be required.

(c) *Scenario 3* - The plan includes only meals and lodging and the actual costs by type are not known.

Reimbursement or Assignment - the full standard per diem rate could be claimed. The amount remaining after subtracting the per diem amount from the total package plan cost would be put under lodging. Remember, this is based on the lodging qualifying as designated. Appropriate paid receipt would be required and a statement placed on the claim setting forth that the rates claimed are calculated since actual individual costs are not known. Example for an in-state trip:

- Plan is for a total of \$100.00.
- STRA per diem rate for 1½ day trip is \$45.00.
- The remaining amount of \$55.00 would be claimed as lodging.

Direct Payment - the full amount would be paid, however, a breakdown of the calculated costs by type would be required along with the statement as described above.

(d) *Scenario 4* - The plan includes registration, meals, and lodging and the actual costs by type are not known.

Reimbursement or Assignment - the full standard per diem rate and the standard or high rate lodging (as appropriate) would be claimed. The amount remaining after these two amounts are subtracted from the total package plan cost would be put under registration. A paid receipt and the statement described above in Scenario 3 would be required on the claim. Example for an in-state trip:

- Plan is for a total of \$100.00.
- STRA per diem rate for 1½ day trip is \$45.00.
- STRA standard lodging rate is \$55.00.
- The remaining amount of \$5.00 would be claimed as registration.

Direct Payment - the full amount would be paid, however, a breakdown of the calculated costs by type would be required along with the statement as described above in Scenario 3.

(2) *Additional Notes*: If lodging is not designated, amounts claimed for lodging could not exceed the authorized standard or high-rate amounts. Therefore, except

under Scenario 4, the employee/official would be responsible for any amount over the appropriate standard or high-rate lodging rate. Under Scenario 4, the employee/official places amounts in excess of the authorized per diem and lodging under registration.

If other incidental type expenses are included in the plan, such expenses would be claimed as appropriate, if actual individual amounts are known. If such amounts are not known, then they would be placed under miscellaneous expenses as is registration in Scenario 4.

The appropriate travel reimbursement or agency direct object codes must be used.

This replaces all other package plan procedures previously issued.

The per diem adjustment for meals included in regular registration scenarios would remain at the ¼ per diem adjustment.

(3) *Per Diem Reimbursement Under Direct Contract Payment* The actual cost of meals and lodging should always be known. The direct contract payment and reimbursement procedures are the same as the direct payment option in scenario 1 under package plans. That is, based on the package plan policy, any per diem reimbursement would be the standard STRA rate less the actual cost of meals included in the contract. Example for an in-state trip:

- STRA per diem rate for 1½ day trip is **\$45.00**.
- Direct payment could not exceed the **\$45.00** for meals.
- Contract is for three meals totaling actual cost of \$29.00.
- Per diem reimbursement would be for **\$16.00** (**\$45.00** less \$29.00). A notation of this adjustment would be placed on the claim

D. Legislative Travel Per Diem

1. In-State Travel During Session

The amount of per diem in lieu of expenses (meals and lodging) which members of the Legislature can receive for each night spent away from home in the performance of their official duties within the state during regular and extraordinary legislative sessions shall be the amount authorized by the provisions of the Internal Revenue Code of 1986, as amended, for deductibility of expenses for travel while away from home without additional documentation. Title 74, Section 291.1. [The current federal rate for Oklahoma City is \\$103.00 \(\\$38 for M&I and \\$65 for lodging\) per day.](#)

NOTE: There is an exclusion per IRS regulation for those who live within 50 miles. (IRS) 26 CFR, Section 162 [h]

2. In-State Travel When Not In Session

The amount of per diem in lieu of expenses (meals and lodging) which members of the Legislature can receive for attending meetings and other such legislative business when the legislature is not in session is \$25.00 per day. Title 74, O.S., Sec. 456, Subsections B. & C.

3. Out-of-State Travel During Session.

The amount of per diem in lieu of expenses (meals and lodging) which members, officers and employees of the Legislature can receive for each night spent outside the state, including a special rate for the high-rate geographical area, shall be the amount authorized by the provisions of the Internal Revenue Code of 1986, as amended, for deductibility of expenses without additional documentation. Title 74, O.S., Sec. 456, Subsection D. The authorized federal rate for **most areas is \$85.00 (\$30 for M&I and \$55 for lodging).** High-rate areas will be based on the federal rates table.

NOTE: Members and employees of the legislature may, in lieu of the above language, be reimbursed for out of state travel pursuant to the STRA.

E. Travel Claim Direct Deposit

Title 74, O.S., Sec. 500.37 (effective November 1, 1999), allows an employee enrolled in payroll direct deposit the option of receiving travel claim reimbursement via direct deposit. The Office of Personnel Management can provide direct deposit enrollment forms for employees to show if they want the travel direct deposit.

The following will describe general processing procedures for direct deposit travel reimbursement, as well as special handling procedures to be implemented if a problem should result.

1. Travel reimbursement claims will continue to be processed through the normal claims cycle, however, in response to Title 74, O.S., Sec. 500.37, OSF will review payee information on each travel claim to:
 - a. Confirm that the payee is a state employee, and,
 - b. Confirm that the claim has not been assigned to a third party.

If both a and b are confirmed, the travel reimbursement claim will be compared to OPM's Direct Deposit Registry, and the employee's direct deposit banking information will be merged into the claim file.

2. This claim information will be forwarded to the State Treasury (OST) for creation of an ACH/Direct Deposit transaction. Step 1, above, will be performed within existing processing cycles, and no added delay will result.
3. Travel claims paid by ACH/Direct Deposit will be deposited into the employee's bank account two (2) business days after OSF has submitted the payment request to OST. (For example, if OSF processes a travel claim on Monday, the direct deposit will be posted to the

employee's bank account on Wednesday). For each travel payment paid by direct deposit, a non-negotiable, 'notice of deposit' will be printed and distributed along with the agency's warrants.

4. Cancellation of these transactions is not possible since, unlike the payroll process, the originating bank will not warehouse these items prior to distribution through the ACH network.
5. If a state agency needs to "**recall**" an ACH travel item, they should notify OST as follows:

Fax Number: 405-522-1838

Contact Personnel:

405-521-6070

405-522-4243

A recall must be initiated within five business days of the effective date of the ACH transaction; 'effective date' in this context refers to the date the funds were deposited into the employee's account. Note: issuance of a 'recall' does not guarantee the funds will be recovered.

6. ACH transactions may also be "**returned**" for various reasons, such as a closed account.
7. In either a 'recall' or 'return' situation, OST will deposit any funds recovered into the state agency's clearing account; if the state agency does not have a clearing account, OST will deposit these funds into the clearing account maintained by OSF for the processing of refunded payroll ACH/Direct Deposit transactions. OSF will then make arrangements to pay the employee or the state agency.
8. Caution: if you do not have a fund into which recall/return amounts can be deposited, consideration should be made to adjust (increase/decrease) future travel claim payments submitted by the affected employee; appropriate documentation should be attached to subsequent claims to justify the amounts requested.
 - a. For an increase adjustment, the required procedure is to submit a supplemental travel claim for the additional amount, cross-referenced to and with a copy of the prior claim which was underpaid.
 - b. For a decrease adjustment, the required procedure is to submit an offset to a subsequent travel claim submitted for the employee and a notation describing the basis for the offset; include a copy of the prior claim which as overpaid.
9. General questions concerning a travel reimbursement paid by ACH/Direct Deposit should be referred to the OSF Transaction Processing department, 405-521-6178.

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331 TRAVEL USE LOG - FLIGHT SERVICE

The OSF Form LOG - Travel Use Log - Flight Service ([Appendix 19](#)) must be completed for all flights using an aircraft owned, leased, chartered, or operated by the state. Title 74, O.S., Section 500.6A. Instructions for completing the form are as follows:

A. Page One Of The Form

1. AGENCY NAME - This is the operating agency of the aircraft whether owned, leased, chartered, or otherwise operated by the state.
2. PASSENGER (PRINT) - REQUIRED This is the name of each passenger on the plane. (Signature required on page two.)
3. DEPT/AGENCY - REQUIRED This is the name of the state entity for which each passenger represents.
4. TRIP ITINERARY - REQUIRED This is a general itinerary while the detailed listing of the location, date, and time of each departure and arrival is shown elsewhere on the form.
5. RETURN TIME - This is informational since detailed return time is shown elsewhere on the form.
6. LEG - REQUIRED There are six possible "legs" of a flight provided on the form showing departure and arrival information.
7. AIRPORT - REQUIRED This will be used to identify the locations of all departures and arrivals. It is based on a 3-letter code identifying the airports.
8. DATE - REQUIRED This is the date of each departure and arrival during the trip.
9. TIME - REQUIRED This is the time of each departure and arrival during the trip.
10. PASSENGER (1, 2, ETC) - REQUIRED This will be used to show the passengers traveling on each leg of the trip. It is represented by listing them by number based on the passenger list above. It may be shown as "1 - 10", or "1, 3, & 4." It should suffice the law requiring information for when a person or persons boards or disembarks from the aircraft during the trip.
11. CREW UNLESS NOTED - REQUIRED The crew would be considered boarded on the aircraft unless noted otherwise. Similar requirement as the previous item.
12. MILES - This will show the miles for each leg of the trip. Used to calculate the required total mileage (below).
13. PURPOSE OF FLIGHT - REQUIRED This will show the nature of each leg of the trip, e.g., the name of one of the following events: speech or other presentation; attendance at a meeting or other gathering; or for the performance of a service. Repeat for each leg of the trip if different.
14. SPONSOR - REQUIRED This would be the name of the group sponsoring the purpose of the flight (above). Repeat for each leg of the trip if different.
15. TRIP CHARGES: As below
 - a. FORWARD TO FINANCE FOR BILLING - Informational, use as appropriate.
 - b. TOTAL TRIP MILEAGE - REQUIRED Calculated from the miles listed above.

- c. A/C HOURLY RATE - As applicable for obtaining Total Trip Charges.
 - d. FLIGHT TIME - REQUIRED Same as Total Flight Time under Flight Time Accountability. Should normally agree with the TAC/Hobbs Meter Total time.
 - e. PILOT DOWN TIME - REQUIRED Pilot waiting time.
 - f. PILOT FEE - As applicable for obtaining Total Trip Charges.
 - g. PILOT EXPENSES - As applicable for obtaining Total Trip Charges.
 - h. FUEL GALLONS/COST - REQUIRED
 - i. LANDING FEE - REQUIRED
 - j. HANGAR FEE - REQUIRED
 - k. MISC - As applicable for obtaining Total Trip Charges.
 - l. TOTAL TRIP CHARGE - REQUIRED
16. FLIGHT TIME ACCOUNTABILITY - As below
- a. TRANSPORTATION - Informational, use as appropriate.
 - b. MAINTENANCE - Informational, use as appropriate.
 - c. 10 - 5 - Informational, use as appropriate.
 - d. TRAINING - Informational, use as appropriate.
 - e. OTHER - Informational, use as appropriate.
 - f. TOTAL FLIGHT TIME - See Flight Time under Trip Charges.
17. TAC/HOBBS METER - As below
- a. ENDING - REQUIRED Meter reading when trip ended.
 - b. BEGINNING - REQUIRED Meter reading when trip began.
 - c. TOTAL - See Flight Time under Trip Charges.
18. FLIGHT CONDITIONS - As below
- a. DAY HRS - Informational, use as appropriate.
 - b. DAY LNDGS - REQUIRED Number of daylight landings.
 - c. NIGHT HRS - Informational, use as appropriate.
 - d. NIGHT LNDGS - REQUIRED Number of night landings.
 - e. X-COUNTRY - Informational, use as appropriate.
 - f. IFR (SIM) - Informational, use as appropriate.
 - g. IFR (ACT) - Informational, use as appropriate.
 - h. APPROACHES - Informational, use as appropriate.
 - i. DISCREPANCY - Informational, use as appropriate.
19. DATE OF FLIGHT - Summary of Dates above under 'Leg' of the trip.
20. AIRCRAFT REGISTRATION # - REQUIRED
21. CREW - As below
- a. PILOT - REQUIRED Name of the pilot. (Signature required on page two.)
 - b. COPILOT - REQUIRED as applicable. Name of the copilot. (Signature required on page two.)
 - c. OTHER - REQUIRED as applicable. Name of any other crew. (Signature required on page two.)

B. Page Two Of The Log Form

1. CERTIFICATION - SIGNATURE - REQUIRED The signature of each passenger (before the flight) including pilot if the passenger, are required. There is also a general YES or NO answer for a series questions. If the answer is yes to any of the questions, the "Yes" should be circled, otherwise, the "No" should be circled. NOTE - A yes to any of the questions would represent an improper use of the state aircraft, and therefore, not authorized.
2. CREW CERTIFICATION - REQUIRED (Completion of trip) The signature of each crew member constitute certification that the information provided on the form is true and correct to the best of the information and belief of such crew member.

C. Annual Reporting

Summaries of the Travel Use Log shall be compiled by the state entity and filed with the Governor, Office of State Finance, Speaker of the House of Representatives, and the President Pro Tempore of the Senate annually. The summaries shall contain the following information:

1. a chronological listing of the date and time of flights,
2. a listing of each location from which the aircraft takes off or at which the aircraft lands during each trip,
3. a listing of the name of each passenger,
4. total flight time, and
5. total cost of trip based on the number of hours of flight time at a standard hourly rate which shall be approximately the cost of chartering a comparable aircraft.

335 PURCHASE CARD EXPENSES

The State of Oklahoma purchase card (p/card) program establishes the use, by designated State employees, of commercial purchase cards to facilitate the acquisition of lower dollar goods and services needed for conducting official State business. State entities are encouraged to use the p/card in lieu of vendor purchase orders and authority orders. It is intended that p/cards be issued to selected State employees when the use of the p/card will enhance agency effectiveness or economy of operation. Cards are issued in the name of the State but also bear the name of the cardholder and the cardholder's unique account number. Liability for payment to the p/card provider rests with the State. Employees involved in the program are subject to State ethics laws and directives.

For information on implementation or use, contact the State P/Card Administrator, Department of Central Services.

A. Reimbursement to OSF

The Office of State Finance (OSF) remits a "central payment" to the p/card bank for the total expenses of all participating agencies each month. Agencies then reimburse OSF for their respective p/card expenses. The recommended payment procedure is a 15B Interagency claim which eliminates the handling of warrants.

Agencies shall use the following Deposit Register information for processing the 15B Interagency claim:

Fund:	701
Agency:	467
Receipt:	88191 (Interagency Payments - Purchase Cards)

Each State Agency P/Card Administrator receives monthly a separate memo statement from the p/card bank reflecting the amount due from their respective agency. The agency shall use this memo statement as the basis for payment to OSF. Payments to OSF should be made within 21 days after the end of the billing cycle, but no later than the end of the next billing cycle. Further, payment to OSF shall be made in full, even though memo statements may include transactions which are disputed by the state agency. (See the Department of Central Services 'Purchase Card Procedures' for information on disputed transactions.)

The monthly billing period will be from the 28th through the 27th, therefore, the billing cycle covering the end of June into July will be considered subsequent fiscal year expenses for funding purposes (e.g., June 28 - July 27, 2001, will be funded as an FY 2002 expense.).

All of the standard processing requirements will apply, as follows:

1. Encumbrances - State agencies shall establish an encumbrance (either an authorization for payment or contract) with the Office of State Finance (OSF), rather than the p/card bank. Change orders to amend this encumbrance may be processed as necessary.

2. Object Codes - As with any purchase, state agencies shall establish internal procedures to ensure that each p/card transaction is defined to a valid object code(s). A generic object code(s) for all p/card purchases shall not be used.
3. Invoice Attached - Claims filed representing payment to OSF for p/card transactions shall include a copy of the state agency's memo statement (with summary balance) from the p/card bank as the invoice. An invoice number shall be added to this document as AAAYYYMMDD where AAA is the three digit agency number, YYYY is the calendar year, MM is the numeric month and DD is the date. Inclusion of this invoice number (in this format) will ensure proper credit is given your agency when payments are posted to the OSF accounts receivable system.

Detail purchase information shall not be provided with these claim payments to OSF. These claims will be considered similar to those processed under alternate claim procedures (Title 62 O. S., Section 41.21), thus, subject to statistical random sampling post audits. Therefore, agencies must have supporting documentation (i.e., purchase receipts, receiving documents, return receipts, transaction logs) organized and attached to their claims and available for review by OSF audit staff. Alternate System agencies must also have this information organized and available with the claims for review during regularly scheduled audits. The agency's Records Disposition Schedule with respect to p/card transaction records should be established as follows:

Disposition:

Retain in office and destroy records when they become seven (7) years, provided all audits have been completed and all applicable audit reports have been accepted and resolved by all federal and state agencies and provided no legal actions are pending. If legal action is pending, destroy two (2) years after exhaustion of all legal remedies provided records meet all stipulated retention requirements.

Note: This is the same disposition OSF has for the official claim documents.

B. Revenue Sharing

There is a revenue sharing program associated with p/card purchases. Revenue will be calculated annually (calendar year) for each participating agency based on the total dollar value of agency transactions and average agency transaction value. Payment can be expected in February of the following year and will be paid as described below.

1. Agencies participating in OSF central pay. The p/card bank will remit to OSF a single annual payment and a report detailing the amount earned by each agency. OSF will then distribute each agency's respective share.

2. Organizations not participating in OSF central pay. The p/card bank will remit an annual payment directly to these organizations.

C. **1099 Reporting**

Information to meet IRS Form 1099 reporting requirements will not be supported directly by the State's p/card program. State agencies should ensure appropriate review and documentation of reportable transactions and subsequent submission to OSF for inclusion within the central Form 1099 reporting system.

337 IMPREST CASH (PETTY CASH CLAIM)

An Imprest Cash Claim (OSF Form 9, [Appendix C3](#) or OSF Form 9B, [Appendix C4](#)) is to be used to replenish the petty cash fund of a state agency. See Chapter 600 for detailed instructions and procedures governing the operation of petty cash funds.

The 9B form is an intra agency imprest cash claim for making payments without issuing a warrant. It is similar to the "15B" claim process for vendor payments, yet this is for replenishment payments to an agency's own imprest cash fund. There is an "OFFICIAL DEPOSITORY" section on the claim form. This claim type is restricted however, to only those payments where the imprest cash fund is maintained as a 7XX fund (as an "intra agency" transaction will only transfer to a fund, and not an agency special account). The agency number shown for the depository agency must be the same as the paying agency, with the exception of those agencies authorized to operate with multiple agency numbers. For ICS Direct claims processing, the ICS system will pre-fill the agency number.

These payments will be reflected on the regular 'Miscellaneous Inter-Intra Agency Transfer' report. These transactions are on the report under the imprest cash "C" claim type entries.

The claim form should be completed as follows:

- A. Make the claim payable to the name of your agency. Include the words "Petty Cash in the claimant name.
- B. Enter the FAAC code(s), including sub-activity code(s), CFDA number(s) if appropriate, and the summary of object of expenditure code(s) to be charged to each account.
- C. (9B Claim s only) Enter the 7XX petty cash fund number, agency number, receipt code(s), CFDA number(s) (if appropriate), and amount(s) under the official depository section on the claim.
- D. Enter the date of each voucher or receipt for cash expended.
- E. Enter the name of the payee to whom payment was made.
- F. Enter a brief description and the 4 digit object of expenditure code of the purchase made.
- G. Enter the petty cash check number and/or receipt number.
- H. Enter the amount of each expenditure made from the fund.,
- I. The claim must be signed by the custodian of the fund and approved by the designated agency approving officer.

A Notarized Claim Form (OSF Form 3) must be used and coded object of expenditure 6219, *Original Payments to Petty Cash Funds or Increases in Amount*, to establish a petty cash fund, to replace losses, and to increase the amount of a petty cash fund when the increase is authorized by statutory authority, agreement with the Director of State Finance, or as an agreed upon seasonal requirement. A petty cash fund cannot be replenished by an assignment of a Notarized Claim Form (OSF Form 3).

340 **PAYROLL FUND TRANSFERS**

Agencies are required to transfer cash and available budget into the Payroll Fund using OSF Form PFT (Appendix C20) prior to payroll processing, Title 62, O.S. Section 7.6. The Request For Payroll Fund Transfer (PFT) will be submitted to OSF-Transaction Processing via electronic media with an accompanying hard copy of the PFT form. The PFT transfer is to be included as the first record on the payroll claim record submission. Contact Carol Sims at 405/521-6160 for a current version of the authorized record layout for the PFT form.

Manual PFT transfers will be accepted on a limited basis. They should only be used when correcting previous mis-funded payrolls/PFTs and when adjusted for payroll warrant cancellations. Manual PFTs must include a justification to why the correction is needed and it should reference the payroll claim number, PFT number and date, which is being corrected. When adjusting for payroll warrant cancellations, note this on the manual PFT and be sure the claim number and original PFT number are included.

The payroll fund number 905 is constant; the account number will change with each fiscal year. For the fiscal year (FY) ending June 30, 2002, the payroll fund account number is 00 0200. The sub-activity number for the payroll fund will remain constant at 00001. The sub-activity number for the source funds will be assigned and/or authorized by the Office of State Finance Budget Analyst for each state agency.

The payroll fund is *not* included in agency budget work programs. Expenditures are recorded against the Payroll Fund; however, a monthly report is provided that summarizes the transfer activity of the just completed month and fiscal year-to-date.

Procedures to close the Payroll Fund at fiscal year end are to transfer the available cash and available budget back to the original source funds. If necessary, cash and available budget can then be transferred from prior year source funds to the current FY payroll fund for the payment of prior FY payroll expense payable in the then current fiscal year.

When transferring cash and available budget back to the source funds, complete the PFT form. The **DEBIT** entry will be to the source fund or funds and the **CREDIT** entry will be to the prior FY 905 fund. The balance in the 905 current year payroll fund must be zero at each fiscal year end or OSF will move the balance June 30th which may not be back to the source fund the agency desired.

When transferring necessary cash and available budget from prior year source funds to a current fiscal year payroll account, for prior fiscal year payroll obligations, complete the PFT form. The **DEBIT** entry will be to 905-current year and the **CREDIT** will be to the appropriate prior year source funds. In addition the following statement must be put on the face of the PFT:

"This transfer is for the payment of prior Fiscal Year payroll expense to be paid in the Fiscal Year beginning July 01, 20FF", where FF equals the last two digits of the current fiscal year.

Any request to transfer cash and available budget to a current year account from a prior year account will be rejected if the above statement is not written on the face of the PFT form.

For an otherwise valid PFT/payroll, OSF payroll processing will accept a facsimile (FAX) document to initiate the payroll fund transfer procedure. The procedure for faxing a payroll fund transfer is : (1) transmit to, 405/521-3383, a fax of a signed OSF Form PFT Record Type X & Y as defined below; and (2) follow up the fax transmission with the submission of the original payroll fund transfer to OSF- Transaction Processing. If the original hard copy is not received by OSF- Transaction Processing within 5 business days of the fax, then OSF may halt future acceptance of faxes from the agency.

When completing an OSF Form PFT enter a unique transfer number (submitted in sequential order) and the agency name and number in the spaces provided. While any fund can be debited or credited as necessary to record the proper funding of payroll, any FAAC and sub-activity combination can appear only once on each PFT. Each PFT must be associated with a payroll claim(s) for a like funding amount. Any PFT correcting a previous transfer must be made on a separate form PFT. It is important to remember that while the 905 Payroll Fund may be debited or credited, the 905 Fund must appear only once on each PFT form. The total of all debits and the total of all credits must be equal. The bottom of the PFT form provides spaces for the agency approving officer's signature and title and the date. If a manual PFT represents a correction to a PFT, put "Corrected Copy" at the top of the PFT form.

The following PFT instructions are for the record layout.

A. RECORD TYPE X - PAYROLL FUND TRANSFER - 905 FUND

1. Record Type

Enter record type X to record activity in the 905 payroll fund.

When using this record type the following events should be considered:

- a. This record type will cause either a **DEBIT** or a **CREDIT** transaction to occur;
- b. This record type must be in balance with the sum of Record Type Y; and,
- c. This record type will be edited in conjunction with related Y records.

2. Transfer Number

Enter your agency's transfer number. Transfer numbers must *not* be duplicated within a fiscal year.

3. Fund

Enter fund number 905.

4. Agency Code

Enter the agency's unique three (3) digit agency code which has been assigned by the Office of State Finance.

5. Account

Enter budget account number. For fiscal year ending June 30, 2002, enter 00 0200. The middle two positions will change each fiscal year to equal the then current fiscal year.

6. **Sub-activity**

The sub-activity number for the payroll fund will always be 00001.

7. **Transfer Amount - PIC S9 (11)**

Enter dollar amount for the payroll fund transfer. This may be either a **DEBIT** or **CREDIT** entry to the 905 payroll fund. The sign (either + or -) attached to the transfer amount will determine either a debit or credit.

B. RECORD TYPE Y - PAYROLL FUND TRANSFER - SOURCE FUNDS

1. **Record Type**

Enter record type Y to record activity to the 905 payroll fund from authorized source funds. When using this record type the following events should be considered:

- a. This record type will cause either a **DEBIT** or a **CREDIT** transaction to occur;
- b. This record type must be in balance with the sum of the Record Type X; and,
- c. This record type will be edited in conjunction with related X records.

2. **Transfer Number**

Enter your agency's transfer number. Transfer numbers must *not* be duplicated within a fiscal year.

3. **Source Fund**

Enter agency's authorized payroll source fund number.

4. **Agency Code**

Enter the agency's unique three (3) digit agency code which has been assigned by the Office of State Finance.

5. **Account**

Enter budget account number.

6. **Sub-activity**

Enter budget Activity/Sub-activity code. Agency personnel may contact their Office of State Finance Budget Analyst for assistance.

7. **Transfer Amount - PIC S9 (11)**

Enter dollar amount for the payroll fund transfer. This may be either a **DEBIT** or **CREDIT** entry to the source fund. The sign (either + or -) attached to the transfer amount will determine either a debit or credit.

350 PAYROLL CLAIM DETAIL INSTRUCTIONS

The Office of State Finance payroll form, OSF Form No. 41 consists of a Funding Sheet (Record Type "C") and Employee Detail Listing (Record Type S). The Employee Detail Listing will be maintained electronically at OSF. Each agency is responsible for the maintenance of the printed record in-house. The payroll withholding funds, state share and employee withholding, are *calendar* year funds. They are identified in this manual and on the payroll as 39C and 99C, where "C" identifies the applicable *calendar* year; e.g., 392 and 992 are the appropriate designations for calendar year 2002. (Contact Carol Sims at 405/521-6160 for a current version of the authorized record layout for Record Types C & S)

OSF payroll processing will accept a facsimile (FAX) funding sheet document to initiate the payroll claim procedure. The procedure for faxing a payroll claim is to transmit to, 405-521-3383, a fax of a signed OSF Form 41 Record Type C Payroll Funding Sheet; then immediately follow up the fax transmission with the submission of the original payroll claim to OSF.

OSF payroll processing will initiate the payroll claim processing procedure upon receipt of the fax document. The fax document will be attached to the original payroll claim once it is received.

OSF will not process the next fax payroll claim request for those agencies who do not follow up the fax document with the original payroll claim document.

Complete the Payroll Funding Sheet (Type C Record) form heading using the agency name and unique three digit agency number and assign an agency claim number in numerical order. (Claim numbers must not be duplicated within a fiscal year.) The Payroll Funding Sheet also requires the name of the town and county where the agency is located and the beginning and ending date of the pay period covered by the claim. In addition, on the main payroll for the period the word "MAIN" should be placed in the upper right hand corner of the form. This is used for tracking whereby OSF can attempt to ensure that all main payrolls have been processed for each month/period.

The body of the Payroll Funding Sheet has 3 distinct sections: summary of items comprising total payroll claim expenses; approval and certification; and summary of employee withholdings. The money fields are totals brought forward from the Employee Detail Listing (Record Type S), and space is provided for an approval by the official board, OSF Payroll Processing and certification by an authorized agent of the Office of Personnel Management.

The final lines of the Payroll Funding Sheet provide space for the approving officer to attest to the given certification by signature and title and subscribed by a notary public.

If sending the Payroll Funding Sheet by FAX, complete the box in the upper right corner, and omit any other cover sheet that might be used. The Payroll Funding Sheet (Record Type C) instructions for the tape layout follow in paragraph A. below.

The detail listing requires three lines for each employee on the listing. Entries may be single-spaced with a double space between records. If an item, code, or dollar amount does not pertain to the employee's payroll

entry, it should be *left blank*. A description and related instructions for the specific items on the Payroll Detail Listing (Record Type S) are given below in paragraph B.

A. RECORD TYPE C - CLAIM RECORD

Detail instructions for the following data elements are included in the discussion of the Payroll Claim Detail Listing Instructions "S" Record. (S1), designates section one; (S2), designates section two, of the "S" Record instruction, and so on.

1. **Record Type**

Enter record type C to record the detail total for this claim.

When using this record type, the following events should be considered:

- a. This record type will record the totals for this claim; and,
- b. This record type will be edited.

2. **Claim Number**

Enter your agency's claim number. Claim numbers must not be duplicated within a fiscal year.

3. **Fund**

Enter Payroll Fund Number 905.

4. **Agency Code (S1)**

5. **Account Number**

Enter account number 00XX00. "XX" designates the current fiscal year.

6. **Quantity of Detail Records with This Claim**

Enter the total number of records included in this claim's detail.

7. **Quantity of Warrants to be Issued**

Enter the total number of warrants to be issued.

For data elements number 8 through 19 enter the sum of the column total from the detail listing.

8. **Gross Pay Total Amount**

9. **1142 - Excess Benefit Allowance**

10. **1221 - Unemployment Compensation Tax**

11. **1323 - State Share Retirement - OPERS**

12. **1324 - State Share Retirement - OLERS**

13. **1327 - State Share Retirement - Judicial**
 14. **1328 - State Match State Annuity Plan**
 15. **1311 - State Share FICA**
 16. **1312 - State Share MQFE**
 17. **1132 - State Plan - Annuity**
 18. **1133 - Education Plan - Annuity**
 19. **1211 - Adjusted Benefit Allowance**
 20. **1135 - State Plan Cafeteria**
 21. **1137 - Group Plan Cafeteria (SOONERFLEX)**
 22. **1139 - Other Plan Cafeteria**
 23. **Total Claim Cost**
Enter the total amount of payroll expense, Adjusted Gross Pay plus any adjustments and applicable state shares, to be funded.
 24. **Earned Income Credit**
For data elements number 24 through 39 enter the sum of the column total from the detail listing.
 25. **Adjusted Gross Pay Total Amount**
 26. **Other Retirement Tax Deferred Total**
 27. **Additional Gross Subject**
 28. **Federal Income Tax Withholding Total**
 29. **State Income Tax Withholding Total**
 30. **State Employee Share Group Insurance Withholding Total**
 31. **OPERS - Employee Share Retirement Total**
 32. **OLERS - Employee Share Retirement Total**
 33. **JUDICIAL - Employee Share Retirement Total**
 34. **Other State Employee Share Withholding - Retirement Total**
-

- 35. **Other State Employee Share Withholding - Life and Health Total**
- 36. **United States Savings Bonds Withholding Total**
- 37. **Credit Union Withholding Total**
- 38. **Employee Share FICA Withholding Total**
Employee Share FICA Withholding is accumulated by FICA code.
- 39. **Employee Share MQFE Withholding Total**
Employee Share FICA Withholding is accumulated by FICA code.
- 40. **Miscellaneous Withholding**
- 41. **Cafeteria Plan Taxable Withholding Total**
- 42. **College Savings Plan**
- 43. **Net Pay**
- 44. **Agency Payroll Flag**
For OPM - Agency Payroll System's Use **ONLY**

B. RECORD TYPE S - PAYROLL CLAIM DETAIL LISTING INSTRUCTIONS

The itemized detail listing instructions are presented below in the order of the column heading on the Detail Listing Record Type S (electronic record only - no form).

- 1. **Agency Code**
The agency's unique three (3) digit agency code.
- 2. **Employee Social Security Number**
If a Social Security Number (SSI) is omitted, the claim will be rejected. If an incorrect SSI is reported on a payroll, OSF-Accounting must be notified by the agency, in writing, as soon as the error is discovered. For error corrections, both the correct and the incorrect numbers are to be reported. Failure to correct an erroneous SSI can cause a payroll claim to reject.
- 3. **Employee First Name**
- 4. **Employee Middle Initial**
- 5. **Employee Last Name**
- 6. **Division Number**

Division number use is optional. A code may be used to identify an employee's duty assignment or division. The code cannot exceed seven (7) alphanumeric positions.

7. Employee Occupation Code

The employee's four (4) position numeric or alphanumeric occupation code as assigned by the Office of Personnel Management (OPM).

8. Employee Status Code (EC)

Requires one of the following alpha characters:

E - Designates a seasonal employee. Unless otherwise specifically authorized by statutes, agencies may employ persons in seasonal positions only during the period of May 1 - October 31.

R - Designates a regular employee pay status not otherwise defined in this listing.

S - Designates a full-time student employed by a state agency including higher education. (A student must be enrolled in more than 6 hours and working no more than 20 hours a week.)

T - Designates a temporary employee. For payroll purposes, a temporary employee is a person employed with the anticipation that the period of employment will be less than 1,000 hours worked in any twelve month period, Title 74, O.S. Section 840.8, Subsection 8. (A student is not a temporary employee at an Institution of Higher Education if they are taking the FICA exemption under our 218 Agreement.)

X - Designates a regular employee pay status for a position which is exempt by statute from Full Time Equivalency (FTE) reporting.

9. Hours

Regardless of the number of working days in a particular month, use 173 hours for employees who have worked full-time during the month. The FTE report is prepared from this data and 173 hours equals one FTE employee-month. If an employee has leave-without-pay during the pay period, voluntary or involuntary, any hours worked are to be calculated as follows:

a. Work days in month X 8 = Possible Work Hours for Month

b. Hours Actually Worked

----- X Monthly Pay Rate = Pay For Month

Possible Work Hours

for month

c. Hours Actually Worked

----- X 173 = Hours for Payroll Detail

Possible Work Hours
for month

Involuntary leave-without-pay includes agency-directed furloughs and disciplinary suspensions. Hours worked, as shown on the payroll, are to be rounded to the *nearest full hour*, rounding up at .5 or greater to the next full hour. For expenditure code 1131, Termination Pay, enter the number of hours of accrued annual leave for which the terminated employee is to be paid. Again, round the hour entry to the nearest full hour, rounding up at .5 or greater to the next full hour. The maximum number of hours authorized by Title 74 O.S. Section 840.7a, Paragraph 2, is **480**.

Hours calculation for a biweekly pay period should always be actual hours worked.

10. **Merit System Code (MS)**

Required for Merit System agencies only. Merit System agencies enter "C" for Classified Service, "E" for Exempt positions, and "U" for Unclassified Service. Definitions are as published by the Office of Personnel Management (OPM) in the Merit Rules for Employment.

11. **Statutory Salary Code (STAT CODE)**

The applicable statutory salary code for each record. Statutory salary codes are three digit codes assigned by the Office of State Finance Budget Division, to identify certain salary-specified positions.

12. **Retirement Code (RC)**

The retirement code is two positions within the OSF payroll system as follows:

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Retirement Plan

- | | |
|----|--|
| IG | A member of Oklahoma Public Employees Retirement System (OPERS) other than listed below. |
| XC | Correctional Officers and Pardon & Parole Officers contribution plan Title 74, O.S. Section 919.1 (c). |

ELECTED OFFICIAL RETIREMENT PLANS

Retirement Plan

- | | |
|----|---|
| 4F | The 4 1/2 % employee contribution plan, Title 74, O.S. Section 913.4. |
| 6N | The 6% employee contribution plan, Title 74, O.S. Section 913.4. |

70	The 7 1/2% employee contribution plan, Title 74, O.S. Section 913.4.
28	The 8 1/2% employee contribution plan, Title 74, O.S. Section 913.4
9S	The 9% employee contribution plan, Title 74, O.S. Section 913.4.
13	The 10% employee contribution plan, Title 74 O.S. Section 913.4.

JUDICIAL RETIREMENT PLANS

Retirement Plan

XJ	A member of the Uniform Retirement System for Justices and Judges (URSJJ) with an employee contribution based on 5% of total gross salary and also a member of the OPERS with a 4 1/2% employee contributions, Title 20 O.S. Sections 1102 and 1103.
XK	A member of URSJJ with an employee contribution based on 5% of total gross salary, Title 20, O.S. Section 1103.
XL	A member of URSJJ with an employee contribution based on 8% of total gross salary and also a member of OPERS with a 4 1/2% employee contribution, Title 20, O.S. Section 1103.
XM	A member of URSJJ with an employee contribution based on 8% of total gross salary Title 20, O.S. Section 1103.

LAW ENFORCEMENT OFFICERS PLAN

Retirement Plan

XG	A member of the Oklahoma Law Enforcement Retirement System (OLERS) - State share contribution of 10% and employee contribution of 8%. Title 47, O.S. Section 2-304.
DG	A member of the Oklahoma Law Enforcement Retirement System (OLERS) - State share only, Title 47, O.S. Section 2-304.

OTHER PLANS

Retirement Plan

XP	A member of an authorized retirement, pension, or deferred annuity plan other than as described by one of the preceding Retirement
----	--

Codes. Such plans include the Employment Security Commission Retirement Plan, The Teachers' Retirement System, and the Wildlife Conservation Commission Retirement Plan.

XU Same as "P" above. Used to distinguish between basic "P" and optional "U" coverage.

13. **Unemployment Compensation Code (UC)**

Contact the Oklahoma Employment Securities Commission for specific information pertaining to covered and non-covered employment and reimbursement in lieu of payroll unemployment tax. Use one of the three following Unemployment Compensation Codes for each employee:

C - Covered employment of an employee of any state agency or instrumentality when payment is made by payroll unemployment compensation tax.

N - Non-covered employment of an employee of any state agency or instrumentality. This code includes retirees.

Z - Covered employment of an employee of state agency and instrumentality when payment is based on the actual benefits paid, not payroll unemployment compensation tax.

14. **FICA Code (FC)**

Leave blank except for those persons not subject to the usual FICA (Social Security) taxes. The nine exceptions and respective codes are:

C - Payments to deceased student employees (Higher Education only)

D - Payments to employees after their death. (tracking for 1099 reporting.)

G - Payment to deceased federal employees.

E - State employees exempt from FICA, i.e., State highway Patrol Officers (Troopers) employed on or before March 31, 1986 and full-time students working part-time for the institution of higher education at which they attend.

F - Medicare Qualified Federal Employees (MQFE) for whom only the Medicare portion of the FICA tax is applicable. (This should include State Highway Patrol Officers (Troopers) employed after March 31 1986.)

R - Retirement benefits not subject to FICA tax (Higher Education only).

Payments to nonresident aliens that are entitled to reduced rates or exemptions from federal and state tax withholding under an applicable tax treaty between their country and the United States as follows: (tracking for 1042 reporting)

A - Payments to nonresident aliens with taxable scholarships and on F, J, or M Visa.

B - Payments to nonresident aliens on F, J, or M Visa.

I - Payments to nonresident aliens on other than F, J, or M Visa.

15. **Pay Period**

The four (4) position alphanumeric code identifying the pay period covered by the payroll. For Monthly Pay Type, enter M01...M12; for Biweekly Pay Type, enter B01...B26. Enter a P as the fourth position for the Prior Fiscal Year; or, enter an S as the fourth position for Supplemental Payroll. (A Supplemental Payroll is any payroll processed after the first payroll has been processed by the Office of State Finance during a pay period.) For example, if pay period is for July services, enter M01. If paid in July for June service, enter M12P. The first Biweekly payroll processed which includes July 1 must be coded B01.

Authorized Monthly and Biweekly pay period date schedules are issued annually . Any requested changes in pay periods must be approved by OSF.

16. **Object Code**

The appropriate object of expenditure code for each pay record. Authorized Payroll. Detail expenditure Codes are:

1111	Salaries - Regular Full-time
1112	Salaries - Legislature
1113	Salaries - Part-time, Seasonal, Temporary, Etc.
1114	Higher Education - Professional Teaching Salaries
1115	Higher Education - Professional Non-Teaching Salaries
1116	Higher Education - Nonprofessional Salaries
1117	Other Teaching Salaries
1121	Longevity Payment
1122	Longevity Pay - Higher Education
1123	Individual Incentive Award
1124	Data Processing Signing Incentive Payments
1125	Unit Incentive Award
1127	Overtime Wages
1128	Holiday Pay
1129	Shift Differential and Salary Adjustments
1131	Termination Pay
1144	Signing Incentive Plan Payments - Non Data Processing
1145	Continuous Service Incentive Plan Payments

27. **Budget Activity/Sub-activity Code**

The Budget Activity/Sub-Activity Code is seven (7) positions in length. This code is established in each agency's budget work program and represents the activity portion (two positions) of the budget account number and the sub-activity (five positions) number. Agency personnel may contact their Office of State Finance Budget Analyst for assistance.

18. **Unemployment Compensation Tax**

The Unemployment Compensation Tax for each covered employee. The tax rate, a percentage of a maximum amount, will be published annually by the Office of State Finance. The total amount due is an employer obligation but is calculated on each employee's calendar year earnings from that employer. The amount calculated for each employee must be rounded to the nearest cent, rounding up for each fraction equal to or greater than 1/2 cent. For purposes of calculating Unemployment Compensation Tax, each state agency is considered a separate employer by the Oklahoma Employment Security Commission. Thus, employment by another state agency is not a factor in the calculation of the amount due from a given agency.

Unemployment Tax:

Gross Pay (amount on detail)	
+ Annuity	
+ State/C, Group/C, Educa./C	

= Gross Pay Subject to Unemployment Tax	
x 1%	

= Unemployment Tax (Maximum \$101.00 per year for CY 01)	

19. **State Share of Retirement (OPERS)**

For those employees who are members of OPERS, this is the employer's share of the contribution. The following procedures have been developed to assist agencies in the calculation of retirement on longevity:

- a. Divide the longevity payments by twelve for monthly pay periods; or, by twenty-six for biweekly pay periods.
- b. Add the amount in step a to the monthly or biweekly pay for the anniversary month.
- c. Compute OPERS retirement contributions on the amount in step b. This amount is 3% of covered regular monthly wages up to \$2,083.33 and 3½% on wages over \$2,083.33. For biweekly pay the wage amount is \$961.54.
- d. Subtract OPERS contributions already paid on the regular monthly or biweekly salary during the anniversary month from the amount in step c.
- e. Multiply the amount calculated in step d times twelve for monthly pay periods; or, by twenty-six for biweekly pay periods. This will be the amount of OPERS contributions to be paid on the longevity payment.

Payment of Accrued Annual Leave upon termination , Individual and Unit Incentive Award , Data Processing Signing Incentive Payments, Signing Incentive Plan Payments - Non Data Processing, Continuous Service Incentive Plan Payments and, Overtime are not subject to OPERS retirement contribution, Title 20, O.S. Sec. 1102 and 1103 and/or Title 74, O.S. Sec. 913.4 and 920.

20. **Oklahoma Law Enforcement Retirement System - State Share Retirement - OLERS**

For those employees who are members of OLERS, this is the employer's share of the contribution. Payment of Individual and Unit Incentive Awards , Data Processing Signing Incentive Payments, Signing Incentive Plan Payments - Non Data Processing, Continuous Service Incentive Plan Payments and, Overtime are not subject to OLERS retirement contribution.

21. **Judicial Retirement System - State Share Retirement**

For those employees who are members of the Judicial Retirement System , this is the employer's share of the contribution. Payment of Individual and Unit Incentive Awards , Data Processing Signing Incentive Payments, Signing Incentive Plan Payments - Non Data Processing, Continuous Service Incentive Plan Payments and, Overtime are not subject to OLERS retirement contribution.

22. **State Match State Plan Annuity**

23. **State Share FICA**

The employer's share of the FICA tax. Each FICA/MQFE calculation is a product based on the sum of the adjusted gross pay plus Deferred Annuities.

FICA Is Calculated On:

Gross Pay (amount on payroll detail)
 + Annuities
 + Additional Gross Subject to FICA

 = GROSS PAY SUBJECT TO FICA
 X Current FICA Rate

The FICA/MQFE tax is calculated on a calendar year to date basis. When an employee's calendar year to date salary equals the maximum salary subject to FICA/MQFE, the state share and the employee's contribution is stopped. All earnings paid through the Office of State Finance are combined to calculate the accumulated earnings of the employee regardless of the paying agency. Agencies will be advised of the FICA/MQFE rate(s) as they become available to the Office of State Finance. MQFE is the Medicare portion of the FICA

tax. MQFE participants include certain federal employees on the state payroll at Oklahoma State University, Langston University and certain state Troopers.

24. **MQFE - State Share FICA**

Follow FICA instructions from **item 23**, preceding. Remember, MQFE/FICA is only the Medicare portion of FICA.

25. **State Plan - Annuity**

The employee authorized deduction for the Oklahoma Employee's Deferred Compensation Plan. Reduce the amount in the employee's Gross Pay column by the amount in the Annuity Column. The amount in the Annuity Column is not subject to Federal or State income tax withholding, but it is subject to FICA, Unemployment Compensation taxes and Retirement Contribution.

26. **Excess Benefit Allowance**

27. **Education Plan - Annuity**

The employee authorized deduction for the deferred compensation plans authorized for teachers and certain other employees in the field of education. Reduce the amount in the employee's Gross Pay column by the amount in the Annuity column. The amount in the Annuity column is not subject to Federal or State income tax withholding but is subject to FICA, Unemployment Compensation taxes and Retirement contributions.

28. **State Share Group Insurance**

For those employees who are members of the Employees Group Insurance Program, this is the employer's share of the contribution based on the current rate established by the program. This amount must match the related Insurance Code Table.

29. **Earned Income Credit (EIC)**

When claimed by an eligible employee, enter the authorized earned income credit calculated in accordance with the Internal Revenue Service Circular E (Publication 15). The amount of EIC entered is not a part of the employee's gross earnings, and is not subject to state and federal income tax withholding, FICA, Unemployment or Retirement contributions. This amount is treated as a negative deduction (therefore added) in the gross to net calculation.

30. **State Plan - Cafeteria (State/C)**

To be used by those agencies other than Higher Education who have employees participating in Employee Benefits Council's (EBC) SoonerFlex Plan options - Dependent Care and Medical Reimbursement.

31. **Group Insurance Plan - Cafeteria (Group/C)**

Employee premiums for the Employees Insurance Program, dependent health care coverage, and optional employee life insurance are eligible for flexible benefit treatment.

Dependent life insurance is not eligible for flexible benefit treatment.

The flexible benefit plan will be handled as follows:

- a. The employer share will continue to be reported in one place on the payroll form (Adjusted Benefit Allowance).
- b. The employee share will be reported in two places. The tax sheltered portion will be reported in the Group/C. Any portion not eligible for flexible-benefit treatment will be reported in GP/ST. Emp. Ins. The sum of these two fields must match the amount affiliated with the insurance code (INS. C.). As previously mentioned, dependent life is not eligible. Also, certain midyear plan changes will not be eligible. (EBC will provide instructions for midyear plan changes.)
- c. Gross pay as reported on the payroll form should be reduced by any amount reported in the State/C, Group/C, or Other/C column.

32. Other Plan - Cafeteria (Other/C)

This column is to record authorized plans other than EBC's SoonerFlex Plan. Agencies who may utilize this are Higher Education, Oklahoma Employment Security Commission and the District Courts. Informational reporting is required for this field, see instructions for item 54 for appropriate codes. Incomplete reporting of this field will cause payroll claim to reject.

The total amount of the salary reduction will be placed in the Other/C column of the payroll detail. This amount is exempt from federal and state income tax, and FICA tax. Agencies will be responsible for clearing the funds in this column by submitting an OSF Form 14, Claim for Disbursement of Payroll Withholdings ([Appendix C21](#)).

COBRA payments are also eligible if they are for medical (NOT LIFE) insurance on persons who are dependents on the employee's tax return. Employee COBRA payments eligible for flexible benefit treatment will be reported in the Other/C column.

Taxable features of other cafeteria plans should appear in the Other Insurance or Other Retirement columns of the payroll claim. Gross pay will not be reduced for these items since they reduce net pay. If the taxable feature is cash, the Gross Pay column must be increased by this benefit.

Filing of the appropriate IRS Form 5500 series is required by the last day of the seventh month following the plan year end. The Office of State Finance will report to the IRS for each institution offering a plan and EBC's SoonerFlex Plan.

Payroll calculations for IRS Section 125 (Cafeteria) are as follows:

FICA:

Gross Pay (amount on detail)
 + Annuity
 + Additional Gross Subject to FICA

 = Gross Pay Subject to FICA
 x FICA Rate

 = FICA

State and Federal Tax:

Gross Pay (amount on detail)
 - OPERS, OLEERS, Wildlife Retirement

 = Gross Pay Subject to Income Taxes
 x Applicable state and federal tax rate

 = State and Federal Tax

Unemployment Tax:

Gross Pay (amount on detail)
 + Annuity
 + State/C, Group/C, Other/C

 = Gross Pay Subject to Unemployment Tax
 x 1%

 = Unemployment Tax (Maximum \$101.⁰⁰ per year)

The unemployment taxes referenced in the cafeteria plan law are the FUTA unemployment taxes which the state does not pay; therefore, participation amounts in the cafeteria plan will have to be added back to properly calculate the Unemployment Tax.

Retirement Contributions:

Gross Pay (amount on detail)
 + Annuity
 + State/C, Group/C, Other/C

 = Gross Pay Subject to Retirement
 x Rate for OPERS, OLEERS, WILDLIFE, JUDICIAL, etc.

 = Employer and Employee Contributions

Deferred Compensation Limits (State Employee Plan):
 (Note: Limits changes each year beginning with 2002)

- a. Gross Pay before any adjustments for cafeteria plans or deferred compensations.
- b. Less employee OPERS, OLERS, Wildlife contributions and cafeteria plan participation (State/C, Group/C and Other/C).
- c. Equals adjusted gross pay for determination of deferred compensation limits.
- d. Deferred compensation would be limited to 25% of the taxable income amount obtained in "C" or \$708.33 per month, whichever is less.
- e. Agencies should consult with their providers regarding the effect, if any, on limits related to education annuities (Education Plan Annuity).

Workers' Compensation

Workers' Compensation premiums may be affected by participation amounts in the cafeteria plans. While these premiums are not a part of the direct payroll process, payroll does feed the reporting systems which agencies use to report covered wages to the State Insurance Fund. The premiums are calculated on the total of gross pay and annuities for each individual.

33. **Additional Gross Subject to FICA**

Enter employee noncash income subject to FICA tax. Examples of noncash income subject to FICA include imputed income from the use of a state-owned vehicle for commuting and Group Term Life premium contributions by employers for benefit payments of \$50,000 or more. This field is also used to adjust previous payroll payments erroneously exempted from FICA tax. Informational reporting is required for this field, see instructions for item 54 for appropriate codes. Incomplete reporting of this field will cause payroll claim to reject.

34. **Gross Pay**

An employee's gross pay equals the employee's salary for the payroll period less the employee's tax deferred annuity and cafeteria plans. Neither Earned Income Credit nor Additional Gross Subject to FICA are reported as Gross Pay.

35. **Federal Income Tax Withholding**

Enter the required withholding tax. Use the employee's W-4 information and IRS Circular E as the basis for the withholding tax calculation. Withholding taxes are not a discretionary matter. Employee W-4s should be reviewed periodically by the agency and copies of W-4s with excess exemptions as established in the IRS Circular E, are to be provided to the Office of State Finance. The Office of State Finance will forward the appropriate information to the IRS.

36. **State Income Tax Withholding**

Enter the required withholding tax. Use the State Income Tax Withholding Tables published by the Income Tax Division of the Oklahoma Tax Commission.

Use the following equation to calculate both the Federal and State Income Tax to be withheld:

STATE AND FEDERAL TAX CALCULATION

Gross Pay (amount on detail)

- OPERS, OLSERS, Wildlife Retirement

= Gross Pay Subject to Income Taxes

X Applicable state and federal tax rate

= State and Federal Tax

37. State Employee Share Group Insurance Withholding

Enter the amount of the employee's contribution to the Employee Group Insurance Program. For those employees participating in the EBC SoonerFlex Program, this column will include only the premium for dependent life and certain midyear changes.

38. OPERS - Employee Share Retirement

Enter the amount of the employee's contribution to the Oklahoma Public Employees' Retirement System. Do not enter contributions to other retirement systems.

39. OLSERS - Employee Share Retirement

Enter the amount of the employee's contribution to the Oklahoma Law Enforcement Retirement System. Do not enter contributions to other retirement systems.

40. Judicial - Employee Share Retirement

Enter the amount of the employee's contribution to the Uniform Retirement System for Justices and Judges. Do not enter contributions to other retirement systems.

41. Other State Employee Share Withholding - Retirement

Enter the amount of the employee's contribution to authorized retirement systems other than the OPERS, OLSERS, and Judicial Systems. Included in this column are supplemental retirement plans authorized by OPM in accordance with Title 62, O.S., Section 7.10.

42. Supplemental Insurance Withholding - Life and Health

Enter the amount of the employee's contribution for insurance programs other than the Employees Group Insurance Program. Included in this column are supplemental life and health insurance plans authorized by OPM in accordance with Title 62, O.S. Section 7.10.

43. United States Savings Bonds Withholding

Enter the amount authorized by the employee for the purchase of U.S. Savings Bonds.

44. **Credit Union Withholding**

Enter the amount authorized by the employee to be paid to an authorized credit union. Contact OPM for an official listing of authorized credit unions in accordance with Title 62, O.S., Section 7.10.

45. **Employee Share FICA Withholding**

Enter the employee's share of FICA. It may be computed by using the same calculation used for the employer's share. See [item 23](#), preceding, for detail instructions.

46. **Employee Share MQFE Withholding**

Enter the employee's share of MQFE/FICA. It may be computed by using the same calculation used for the employer's share. See [item 24](#), preceding, for detail instructions.

47. **Miscellaneous Withholding**

Enter voluntary deductions of membership dues for approved employee membership organizations and involuntary deductions such as garnishments of liens.

Note: Each agency is responsible for maintaining accountability for the withholding recorded in the miscellaneous column.

48. **Cafeteria Plan Taxable Plan**

Enter the employee's share of the taxable feature of the SoonerFlex Plan. Informational reporting is required for this field, see instructions for [item 54](#), following, for appropriate codes. Incomplete reporting of this field will cause payroll claim to reject.

49. **College Savings Plan** [\(Not currently available\)](#)

50. **Other Retirement Tax Deferred**

Enter the employee contribution which is tax sheltered under 414 (h) of the IRS Code.

51. **Net Pay**

Enter the amount of the employee's net pay for the pay period. The net pay is the sum of the amounts entered as Earned Income Credit (EIC) and as Gross Pay less amounts deducted from the employee's salary.

52. **Claim Number**

Enter your agency's claim number. Claim numbers must not be duplicated within a fiscal year.

53. **Pay Date (YYMMDD)**

Agencies conforming to the Office of State Finance's published pay periods for both monthly and biweekly may leave this field blank. Those agencies with pay periods different from

published pay periods must include pay date for each record. This field will be edited. See annually issued notices for published pay periods.

54. **Trailer Codes**

These are the applicable “trailer codes” and the associated dollar amounts. Each employee record may have up to twelve codes to identify additional gross subject to FICA, State Cafeteria or taxable Cafeteria amounts. The list of available trailer codes is issued annually.

55. **Agency Payroll Line Number**

OPM Agency Payroll System’s Use **ONLY**

56. **Street Address**

57. **City**

58. **State**

59. **Zip Code**

60. **(Zip) + 4**

61. **Home Country (Other than USA)**

62. **Income Code**

Used for IRS Form 1042S Reporting.

63. **Exemption Code**

Used for IRS Form 1042S Reporting.

64. **Country Code**

Used for IRS Form 1042S Reporting.

65. **Withholding Allowance** (Not currently available)

66. **Tax Rate** (Not currently available)

360 PAYROLL WITHHOLDING AND STATE SHARE FUND ACCOUNTS**A. Payroll Withholding Fund**

The Payroll Withholding Fund is a calendar year identified fund in the 99X series (e.g., 991 for calendar 2001, 992 for calendar 2002, etc.). The accounts within the fund consist of the net pay account, the various voluntary and involuntary withholding accounts, and the Earned Income Credit Payment Accounts. The net pay account is the amount paid to the employee as salary. The Earned Income Credit Payment Accounts are liability accounts charged against the Federal Income Tax Withholding Accounts. Most payroll fund accounts are cleared by OSF. Each agency has the responsibility for maintaining the payer/payee records for the accounts cleared by the agency. All agency-cleared withholding accounts are indicated by an asterisk in the following list of accounts.

ACCOUNT

<u>NUMBER</u>	<u>NAME</u>
00XX08	Earned Income Credit (EIC)
00XX90**	FICA, Employees' Share
000091	State Employees' Share Oklahoma Public Employees Retirement System (OPERS) includes Elected Officials
008091	State Employees' Share Uniform Retirement System for Justices & Judges (Judicial)
009091	State Employees' Share Law Enforcement Retirement System (OLERS)
000094*	U.S. Savings Bonds
00XX95**	MQFE (FICA), Employees' Share
000096*	Other Insurance
000097*	Other Retirement
000099	Net Payroll Amounts
000190*	Credit Union
000191*	Miscellaneous, includes Garnishments and Tax Levies
000192	State Employees' Share Insurance
000193	State Income Tax
000194*#	Teachers' and Full-time Educational Field Employees' Tax Sheltered Annuities
000294#	Oklahoma Public Employees Deferred Compensation Plan (Annuity)
00XX98**	Federal Income Tax Withholding
000441#	State Plan Cafeteria
000442#	Group Plan Cafeteria
000443*#	Other Plan Cafeteria
000444	Taxable Cafeteria
000445*#	Other Retirement Tax Deferred

* Denotes withholding accounts cleared by the agency.

** The first X represents the calendar quarter and the second X represents either the first or second half of the month (i.e., 001108, 001208, 002108, 002208, etc.; 001190, 001290, 002190, 002290, etc. ; and 001195, 001295, 002195, 002295, etc. ; and 001198, 001298, 002198, 002298, etc.).

Denotes amounts that are not withholdings, but are adjustments to Gross Pay.

All agency-cleared withholding accounts must be reconciled at each calendar year end. OSF will clear the withholding accounts during April of the year following. Any money left in the withholding accounts will be transferred to an account controlled by OSF and held there for three years while

agencies attempts to find the proper recipient of the withholdings. Any balance remaining at the end of the three years will be transferred to the then current year General Revenue Fund.

B. State Share Fund

The State Share Fund is a calendar year identified fund in the 39X series (e.g., 391 for calendar 2001, 392 for calendar 2002, etc.). The accounts within the fund identify the state, or employer's share of payments made through the payroll system. All State Share Fund accounts are cleared by OSF. For information purposes, the state share accounts are listed below:

00XX33*	FICA - Employer's Share
00XX34*	MQFE (FICA) - Employer's Share
000364	OPERS - Employer's Share
000365	State Share Judicial
000366	State Match State Plan Annuity
000368	Adjusted Benefits Allowance
000372	Unemployment Tax
000381	OLERS - Employer's Share

* The first X represents the calendar quarter and the second X represents either the first or second half of the month (i.e., 001133, 001233, 002133, 002233, etc. and 001134, 001234, 002134, 002234, etc.).

C. Payroll Withholding and State Share Funds - General

Transfers to the Payroll Withholding and State Share Funds are not revenues to the funds nor are payments from the funds expenditures of the state. Expenditures are recorded to the payroll funds as the payroll is processed. Payments from the funds are disbursements of money previously recorded as an expenditure. Cash assets in the voluntary withholding accounts in the payroll withholding fund are the property of the employee from whom the money was withheld or, if a binding obligation exists, the property of the person or company to which the money is payable. Involuntary withholding accounts are generally binding obligations. Use an OSF Form 14, Claim Form for Disbursement of Payroll Withholdings ([Appendix C21](#)), to clear payroll withholding.

361 DISBURSEMENT OF PAYROLL WITHHOLDINGS CLAIM FORM - INSTRUCTIONS**A. Data Entry**

Enter the fund, 99X for agency-cleared accounts (e.g., 991 for calendar 2001, 992 for calendar 2002, etc.); the agency number; the account number (see **Section 360**, preceding); the claim number (see **Section 320**, preceding); the object of expenditure code, 6311 - 6314 (as appropriate) for agency-cleared accounts; and the amount.

B. EIN/SSI Entries

An Employer Identification Number (EIN, sometimes referred to as "FIN" or "FEI"), or Social Security Number (SSI) must be entered for all: Type 1, Supplemental Insurance and a 2% Fee is to be assessed; Type 2, Supplemental Retirement and a 1% Fee is to be assessed; Type 3, Fee-excluded authorized payroll disbursement; and, Type 4, A refund of an over withholding (requires claimant's signature). Type 3 disbursements for payments to other government entities and payments to financial institutions for purchase of U.S. Savings Bonds do not require EIN or SSI to be entered on the OSF Form 14.

C. Disbursement Types

Check one of the four disbursement types. Disbursements to pay premiums for supplemental insurance and for supplemental retirement (Types 1 and 2) must be payable to an approved billing unit and must be for an approved plan or policy. Type 4, refunds of over-withholdings, must be payable to the employee from whom the money was withheld and the employee must sign, in the space provided, as claimant.

D. Supporting Documents

The agency preparing the claims is responsible for the retention of the documents supporting the payments made on the OSF Form 14. Supporting documents include, but are not limited to, invoices, individual payroll deduction authorizations, and tax levy and garnishment notices. Individual payroll deduction information is confidential and access is to be limited. The retention schedule for original claim information is 7 years, unless required for active audit or legal action.

E. OSF Claim 14 Disbursements

For disbursements Type 1 (Supplemental Insurance with a 2% fee assessed) and Type 2 (Supplemental Retirement with a 1% fee assessed), complete the section of the form pertaining to payroll period, payroll claim number and show the number of covered employees. The information entered is summarized for all agencies and used to calculate the fee assessed supplemental insurance and retirement payroll deducted payments. All applicable payrolls during a disbursement cycle may be listed. The disbursement cycle shall be as agreed upon between the vendor and the paying agency; the most convenient cycle is monthly and under no circumstances should the cycle be more frequent than biweekly. It is important that each covered employee be counted, but only for periods during which a deduction was made, and an employee should not be counted more than once during a pay period. Statewide calculations of employee participation levels are utilized by the

Office of Personnel Management to determine the eligibility of supplemental insurance providers, per Title 62, O.S., Section 7.10.

F. Certifying Signature

Except for Type 4 (A refund of an over withholding requires claimant's signature) disbursements, only the Agency's Approving Officer's signature is required on an OSF Form 14.

In approving the claim, the Approving Officer is certifying that the obligation is due and owing, that the payment is in accordance with the purchasing laws of the State of Oklahoma, and that the payment is in accordance with the laws pertaining to voluntary payroll deductions (Title 62, O.S. , Section 7.10) and the rules promulgated by the Office of Personnel Management thereto.

370 FICA (SOCIAL SECURITY) INSTRUCTIONS**A. General**

OSF will provide each agency, by memorandum, the employee and employer FICA rates and maximum amounts as they become available. For federal tax purposes, the State of Oklahoma is the common employer of all persons paid on payrolls processed through OSF. Thus, compensation paid by all agencies must be considered when determining the maximum FICA withholding and employer share amounts. OSF will reject payrolls with over and under paid FICA amounts.

B. Corrections to FICA Withholdings

FICA withholding/employer share errors can occur in several ways. One of the most common is the submission of an incorrect Social Security Number. Eligibility coding errors can also occur. Errors detected during the calendar year in which they occurred, and before the first of January of the following year, can normally be corrected by OSF. Current year Social Security Number corrections can be accomplished by sending a letter to OSF. The letter must provide all pertinent information to include agency(ies), name(s), and both the correct and incorrect Social Security Number. If FICA tax has been withheld on a qualified, exempt alien or a full-time student employed by an institution of higher education, a refund request must be submitted to OSF. If the refund claimed is against current year FICA withholdings, an OSF Form 14 must be submitted to OSF. If prior year withholdings are involved, an IRS Form 843 must be submitted along with the OSF Form 14 to OSF.

C. FICA Refund Claim

The OSF Form 14, Disbursement of Payroll Withholdings, must be used for payment of FICA refunds. See [Section 360](#), preceding, for general instructions. The following special instructions are also applicable:

1. Show the claimant's name just as it appears on the payroll.
2. Enter the payroll pay period(s), claim number(s), and warrant number(s) on which the overpayment(s) was(were) made.
3. File all FICA refund claims against Fund 99X and use object of expenditure code 6313. OSF will add the claim number and account number.
4. Enter the following added certification on the face of the claim:

“By the act of approving this claim I, _____(Name)_____ certify that I have not claimed and shall not claim a credit or refund for the excess social security contributions for the year 19___, which were deducted by _____(Agency)_____.”

380 CORRECTIONS TO STATE INSURANCE AND RETIREMENT PAYMENTS

Requests for reimbursement of overpayment of employee withholdings for State Insurance shall be made through the agency payroll officer to the Employees Benefits Council (EBC). The EBC will reimburse the employee and will confirm the reimbursement with OSF, using Form F08-029A/1. OSF will adjust the agency's funds for the employer's share of the contribution.

Requests for reimbursement of overpayment of employee withholdings for State Retirement (OPERS) shall be made through the agency payroll officer to the Oklahoma Public Employees' Retirement Board. The Board will reimburse the employee and will confirm the reimbursement with OSF, using Form 515-120-79R. OSF will adjust the agency's funds for the employer's share of the contribution.

385 ESTATE CLAIMS - PAYMENTS TO EMPLOYEES AFTER THEIR DEATH

Title 40, O.S., Section 165.3a, authorizes the accrued payroll due to a deceased employee, to be paid to the decedent's surviving spouse, or if no surviving spouse, to the decedent's dependent children, or their guardians or the conservators of their estate, in equal shares, in an amount not to exceed \$3,000.⁰⁰.

Additionally, Title 74, O.S. , Section 840-2.18, Subsection H. 2., authorizes the proportionate share of any longevity payment which has accrued as of the date of death of an employee, to be paid to the decedent's surviving spouse, or if there is no surviving spouse, to the decedent's estate.

Any payment due to the spouse or dependent children under these two state laws must be paid as follows:

1. Payroll must be issued to the decedent and under the decedent's social security number.
2. All applicable employment taxes (exempt from federal & state income taxes) and withholdings must be withheld. Use the following FICA codes as appropriate : D-Regular employee, C-Student, and G-Federal employee. If paying in the year following the death, do not withhold FICA or MQFE (i.e., Employee dies in December and payroll not paid until January).
3. Use the standard payroll object codes (i.e., Regular, Annual Leave, Overtime, Longevity, etc.)
4. For wage payments subject to Title 40, O.S. , Section 165.3a, from the calculated net, an amount not to exceed \$3000.⁰⁰ must be withheld as a miscellaneous deduction. This may result in a zero net warrant. **NOTE: OPM Agency Payroll users must leave a \$1 net.** If multiple payrolls are involved, the accumulated amount deducted must not exceed \$3000. ⁰⁰. If the decedent was on EFT, the EFT status must be terminated before these payrolls are submitted to OSF.
5. For prorated longevity payments subject to Title 74, O.S. , Section 840-2.18, Subsection H. 2., the entire calculated net must be withheld as a miscellaneous deduction. This will result in a zero net warrant. **NOTE: OPM Agency Payroll users must leave a \$1 net.** If the decedent was on EFT, the EFT status must be terminated before these payrolls are submitted to OSF.
6. The decedent's agency must submit a payroll withholding claim to OSF to clear the amount withheld in the Miscellaneous Account 000191, using object code 6311.
7. The payee on the withholding claim will be either the decedent's surviving spouse or dependent children, as appropriate.
8. Such withholding payment to the surviving spouse or dependent children will not be subject to any tax withholdings or reporting.
9. Payments made to a deceased employee will be reported as follows:

1. Gross subject to FICA/MQFE and the withholdings on a Form W-2.
2. The Gross wages amount on a Form 1099 MISC.

387 PAYMENTS TO BOARD AND COMMISSION MEMBERS AND EMPLOYEE EXPENSE

ALLOWANCES

A. Payments to Board and Commission Members

Payments to board and commission members which are of a compensatory nature are subject to tax reporting and the withholding of applicable income and employment taxes. The label given to the payment is immaterial, thus, "compensation", "meeting payment" and "per diem" are all considered wages. This does not include per diem payments which are made pursuant to the State Travel Reimbursement Act.

Such payments must be paid through the payroll process and follow the standard procedures with the following exceptions:

1. Show hours as "0".
2. Use object of expenditure code 1140 - Compensation-Board and Commission Members

B. Expense Allowances

Expense allowance payments made by certain state agencies to their employees must be specifically authorized by statute. An example is the allowance paid to certain employees for the cleaning and maintenance of uniforms. Expense allowances fall into two different plans as they relate to tax withholding and reporting, accountable and non-accountable.

1. Under an accountable plan, expenses are substantiated to the employer and either paid as a reimbursement or if through an allowance, the excess amounts are returned to the employer; for our purpose, the reimbursement method will be used. Such reimbursements are not required to be reported to the IRS and are exempt from withholding of income and employment taxes. A receipt, paid bill or similar evidence sufficient to support the expenditure for any single expense item of \$25.⁰⁰ or more must also be provided. The following statement must be completed and submitted with each expense allowance reimbursement made to an officer or employee.

I hereby affirm that the amount of \$_____ was incurred by me for (e.g., uniform cleaning) as authorized by Title _____, Section _____ of the Oklahoma Statutes. The expense represents \$_____ of the total \$_____ authorized monthly/annually. Said expense was incurred in connection with my official state activities.

Date

Name

Social Security Number

The agency can choose to retain said documentation on-site at the agency (and simply record the appropriate statutory cite on the claim) if such payments are submitted as a multiple payee claim, in which case the volume of certification attachments may not be feasible for submission to OSF. Said documentation must be made available for inspection upon request of OSF or the IRS.

2. A non-accountable expense allowance is one in which payments are made to employees without any requirement that they substantiated the expense or return any excess amounts. Non-accountable expense allowances are W-2 reportable and subject to the withholding of applicable income and employment taxes. Therefore, such allowances must be paid through the payroll process and follow the standard procedures with the following exceptions:
 - a.. Show hours as "0".
 - b.. Use object of expenditure code 1143 - Employee Expense Allowances-Reportable

390 FRINGE BENEFIT REPORTING**A. Compliance**

The taxable components of fringe benefits will be reported to the appropriate state and federal officials as required by law. Income and payroll taxes will be withheld as necessary. Current state and federal laws require reporting the following benefits. (For additional information, see applicable IRS regulations.): Report for the benefits listed below in accordance with applicable codes listed for Trailer Codes of the OSF Form 41 record type "S". Fringe Benefits are reported for taxing purposes in the Additional Gross Subject to FICA Column of the OSF Form 41 record type "S".

B. Group Term Life Insurance

1. The cost of group term life insurance in excess of \$50,000.⁰⁰ is taxable/reportable income.
2. The cost is calculated using standard tables developed by the IRS.

The amount of the benefit for each employee must be reported to OSF on the payroll. The amounts listed will be reported as a part of gross wages ([also see E below](#)).

C. Using State Vehicles to Commute

The personal use of employer property by an employee can cause income to be imputed to the employee. Because Oklahoma law and the Oklahoma Constitution clearly prohibit the use of State property for personal profit or benefit, many of the more onerous reporting requirements of the IRS are not applicable. However, Title 47, O.S. Section 156.1, as amended, while forbidding the personal use of state-owned motor vehicles, permits the use of the vehicles for commuting when the employee is subject to emergency calls at home and the employee's status has been so designated with the Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives.

1. Pursuant to federal law, the IRS has ruled that use of an employer-provided vehicle to commute between an employee's home and official duty station constitutes a noncash taxable benefit to the employee even when the use of the vehicle is for the benefit of the employer. Excepted are prominently-marked law enforcement vehicles when used by armed law officers and certain limited-use commercial vehicles. The imputed income is subject to FICA taxes and may be subject to income tax withholding. The imputed income computation method is dependent on the employee status.
2. Control employees must compute their personal use income based on either the annual lease value and the fair market value of the vehicle provided, or the cents-per-mile valuation rule. The tables and rules are available from the IRS. The IRS has defined governmental "control" employees as elected officials and as officials appointed by the Governor and confirmed by the Legislature. Contact OSF for further information on these methods.
3. Non-control employees may compute the imputed income at the rate of \$1.50 for each one-way trip between the employee's home and duty station in lieu of using the annual lease value or cents-per-mile methods. Every commuting trip must be counted no matter how many time a day trips are made. If more than one employee commutes in the vehicle, each rider has imputed taxable income.

The amount of the benefit for each employee must be reported on payroll. The amount listed will be reported as a part of gross wages. (Also See F below.)

D. **Maintenance, Car and Housing Allowances**

Applies only to institutions of higher education. If an employee is reimbursed and does not account for expenses or has the right to retain any amount in excess, those payments will be paid on a payroll form and subject to payroll tax withholdings including FICA.

1. Any allowance for housing, in lieu of campus-provided housing, will be paid on a payroll claim form monthly and will be subject to FICA and income taxes.
2. Any allowance for automobiles, in lieu of the Travel Reimbursement Act, will be paid on a payroll claim form monthly and will be subject to FICA and income taxes.
3. Any expenses or entertainment allowance (maintenance) that the employee chooses not to make an accounting for, or is allowed to keep any excess, will be paid on a payroll claim form, and will be subject to FICA and income taxes.
4. Any expenses or entertainment allowance (maintenance) that the employee chooses to make an accounting for, will be paid as a reimbursement monthly. These expenses will be reimbursed on an OSF Form 3 with no attached receipts required. The claim form must contain the date of the purchase, the payee (vendor) and the amount. This type of payment will not be included on the W-2 form.

E. **Moving Expenses**

Moving expenses are considered wages for W-2 purposes, inasmuch as they are paid in connection with the performance of services and are attributable to employment. As explained further below, said moving expenses may or may not be subject to federal and state income tax and FICA tax withholdings depending on the employee's specific tax situation.

1. In preparing to pay the moving expenses of an employee as authorized and in compliance with Title 74 O.S., Sec. 500.51 et seq , the agency should notify the employee that the moving expense amount will be included in wages, and advise the employee to consult with his/her personal tax advisor concerning the deductibility of the expense.
2. If Moving Expenses are Deductible
If the employee notifies the employer agency that the employee is able to deduct moving expenses, the employing agency will not withhold federal and state income tax and FICA tax from wages based on the expense. The employing agency must, however, provided OSF with a letter including the name of the employee, their social security number, and the amount of the moving expenses. OSF will report this amount on the employee's W-2 form as wages.
3. If Moving Expenses are NOT Deductible

If the employee determines that they are unable to deduct the moving expenses, the employing agency will have to withhold federal and state income tax and FICA tax from wages based on the expenses. Taxable moving expenses are to be reported on the payroll under "Additional Gross Subject," and FICA taxed at the time. [Information Code 106](#) , "Moving Expenses," must be on the payroll to identify this reportable amount. This amount is included on the employee's W-2 form as wages.

4. Determining Deductibility

To be eligible for the moving expense deduction on his/her tax return, an employee must be able to itemize the deduction on the IRS Schedule A and meet the distance and time set out by the IRS. See IRS Publication 521, "Moving Expenses," for more details.

See also [Section 319 \(Special Procedures\)](#) for when moving expenses are authorized by the State.

F. **Tax Liability**

Noncash taxable income imputed under the provisions of [paragraphs B and C \(preceding\)](#) must be reported on a payroll claim (OSF Form 41) in the "Additional Gross Subject to FICA" column.

Withholding of the employee's share of FICA is required and the matching state share must also be paid on the payroll. Withholding of income taxes on the imputed income is optional with each agency, but employees must be notified not later than January 31 each year if the agency elects not to withhold income tax. In either event, the income will be included in the gross wages reported on the employee's W-2.

[Go to Chapter 300 Appendix](#)

[Go to Chapter 400](#)

[Go to 2001 Procedures Manual Main Menu](#)

[Go to Comptroller's Home Page](#)