
POLICY TRANSMITTAL NO. 05-30
FINANCE DIVISION

DATE: JUNE 29, 2005
DEPARTMENT OF HUMAN SERVICES
OFFICE OF PLANNING, POLICY & RESEARCH

TO: ALL OFFICES
SUBJECT: MANUAL MATERIAL

OAC 340:2-11, Table of Contents; 340:2-11-91; and 2-11-150.

EXPLANATION: **Policy revisions were approved by the Commission and the Governor as required by the Administrative Procedures Act.**

OAC 340:2-11-91 is revised to no longer contain child care payment rules and to revise language to reflect current organizational titles.

OAC 340:2-11-150 is a new Section created to revise child care payment rules as well as revise liquidated damage rules.

Original signed on 5-17-05

Phil Motley, Director
Finance Division

Sharon Neuwald, Co-Interim Administrator
Office of Planning, Policy & Research

WF # 05-02 (DT)

INSTRUCTIONS FOR FILING MANUAL MATERIAL

OAC is the acronym for Oklahoma Administrative Code. If OAC appears before a number on an Appendix or before a Section in text, it means the Appendix or text contains rules or administrative law. Lengthy internal policies and procedures have the same Chapter number as the OAC Chapter to which they pertain following a “DHS” number, such as personnel policy at DHS:2-1 and personnel rules at OAC 340:2-1. The “340” is the Title number that designates DHS as the rulemaking agency; the “2” specifies the Chapter number; and the “1” specifies the Subchapter number.

The chronological order for filing manual material is: (1) OAC 340 by designated Chapter and Subchapter number; (2) if applicable, DHS numbered text for the designated Chapter and Subchapter; and (3) all OAC Appendices with the designated Chapter number. For example, the order for filing personnel policy is OAC 340:2-1, DHS:2-1, and OAC 340:2 Appendices behind all Chapter 2 manual material. Any questions or assistance with filing manual material will be addressed by contacting Policy Management Unit staff at (405) 521-3611.

REMOVE

INSERT

340:2-11, Table of Contents

340:2-11, Table of Contents, pages 1-2, revised 7-01-05

340:2-11-91

340:2-11-91, pages 1-7, revised 7-01-05

340:2-11-150, pages 1-3, issued 7-1-05

SUBCHAPTER 11. FINANCE**PART 1. AGENCY FUNDS [REVOKED]**

Section

- 340:2-11-1. Purpose **[REVOKED]**
- 340:2-11-2. Funds and accounts **[REVOKED]**
- 340:2-11-3. Dispersing funds **[REVOKED]**
- 340:2-11-4. Federal funding of Department programs **[REVOKED]**

PART 3. APPROPRIATION OF FUNDS [REVOKED]

- 340:2-11-25. Appropriation of the Human Services Fund **[REVOKED]**
- 340:2-11-26. Appropriation of juvenile detention improvement fund **[REVOKED]**
- 340:2-11-27. Appropriation of federal funds **[REVOKED]**

PART 5. FISCAL OPERATION [REVOKED]

- 340:2-11-45. Authorization and disbursement of payments **[REVOKED]**
- 340:2-11-46. Assistance payments **[REVOKED]**
- 340:2-11-47. Medical assistance **[REVOKED]**
- 340:2-11-48. Rehabilitation assistance **[REVOKED]**
- 340:2-11-49. Food Stamp Program **[REVOKED]**
- 340:2-11-50. Processing and payment of miscellaneous administration and provider claims **[REVOKED]**
- 340:2-11-51. Department payroll **[REVOKED]**
- 340:2-11-52. Warrants **[REVOKED]**
- 340:2-11-53. Overpayments **[REVOKED]**
- 340:2-11-54. Maintenance and retention of records **[REVOKED]**
- 340:2-11-55. Audit of finance records **[REVOKED]**

PART 7. PREPARATION OF COST ALLOCATION PLAN [REVOKED]

- 340:2-11-75. Cost allocation plan **[REVOKED]**
- 340:2-11-76. Cost allocation responsibilities **[REVOKED]**
- 340:2-11-77. Contents of cost allocation plan **[REVOKED]**
- 340:2-11-78. Submission and approval **[REVOKED]**

PART 8. GENERAL PROVISIONS

- 340:2-11-79. Purpose
- 340:2-11-80. Funds and accounts
- 340:2-11-81. Appropriations
- 340:2-11-82. Agency Budget

340:2-11-83.	Budget Unit
340:2-11-84.	Authorized signatures
340:2-11-85.	Collecting funds
340:2-11-86.	State Treasury Revolving Funds 700 Series
340:2-11-87.	Investments
340:2-11-88.	Cost accounting and revenue enhancement
340:2-11-89.	Authorization and disbursement of payments
340:2-11-90.	Food Stamp issuance
340:2-11-91.	Claims Audit
340:2-11-92.	Warrant control
340:2-11-93.	Cashbook
340:2-11-94.	Financial reporting
340:2-11-95.	Audit of financial records
340:2-11-96.	Maintenance and retention of records
340:2-11-97.	Cost allocation
340:2-11-98.	Information systems
340:2-11-99.	Finance Information Systems Unit Disaster Recovery Plan
340:2-11-100.	State Bureau of Social Security (O.A.S.I)

PART 9. TRAVEL REIMBURSEMENT

340:2-11-115.	Purpose and authority
340:2-11-116.	Definitions
340:2-11-117.	General regulations
340:2-11-118.	Completion of Form ADM-6, Travel Claim
340:2-11-119.	Authorization of travel, classified, unclassified, exempt service
340:2-11-120.	Attendance at previously arranged meetings
340:2-11-121.	Per diem
340:2-11-122.	Per diem in lieu of subsistence
340:2-11-123.	Miscellaneous expenses
340:2-11-124.	Completion of Form ADM-6-B, Actual and Necessary Travel Voucher

PART 11. PLANNING AND RESEARCH [REVOKED]

340:2-11-140.	Planning and Research Unit [REVOKED]
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PART 13. ELECTRONIC BENEFIT DISBURSEMENT

<u>340:2-11-150.</u>	<u>Child care payments</u>
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340:2-11-91. Claims Audit

Oklahoma Department of Human Services (OKDHS), Finance Division pre-audits and prepares for payment all claims paid from administrative funds. These claims are also pre-audited by the Office of State Finance (OSF). Payment warrants are generated by the Office of State Treasurer. Finance Division also pre-audits and processes several claim types where the payment warrants are generated within OKDHS with the approval of OSF.

(1) Major claim classifications.

(A) **Encumbered.** Encumbered claims are submitted for the purchase of goods, wares, and merchandise, or contractual services, and must be charged against an encumbrance document.

(B) **Unencumbered.** Unencumbered claims are submitted for travel reimbursement, refunds, indemnity payments, loans, interest and principal, and other like payments, the nature of which is not payment for the purchase of goods, wares, merchandise, or services.

(2) Types of claims processed.

(A) **Administrative.** Administrative claims processed include those for the acquisition of various goods and services, such as food purchases, rental contracts, repairs and janitorial services, workers' compensation, unemployment compensation, and other miscellaneous goods and services that are encumbered on authorization for purchase (AFP) orders. Many administrative acquisitions are encumbered on contracts.

(B) **Telephone and utilities.** Payment claims are processed for telephone and utility services at OKDHS facilities. These acquisitions are encumbered on authority orders.

(C) **Gasoline.** Claims are processed for purchases of automobile gasoline in state-owned vehicles operated by OKDHS employees.

(D) **Allowances.** Claims are processed that provide spending allowances to clients in OKDHS custody.

(E) **Travel reimbursement.** Upon proper approval, travel reimbursement claims are processed pursuant to the Oklahoma Travel Reimbursement Act. Payments are made to employees, non-employees, and clients.

(F) **Bus transportation.** Payments are made for public transportation of clients on trips approved by OKDHS. Public transportation is typically used to enable clients to obtain medical services and to enable clients in OKDHS custody to visit relatives.

(G) **Foster care.** Payments are made to foster parents for services provided to OKDHS clients.

(i) The services and payments are supported by contracts with the providers and the provider contracts are on file with the Children and Family Services Division (CFSD) and OKDHS Office Support Services Division (OSSD) Contracts and Purchasing Unit. The Contracts and Purchasing Unit approves the contract via issuance of a unique contract number assigned by the Finance Division automated system upon review of the contract.

(ii) Warrants are issued within OKDHS. Payment information is reported daily to OSF in accordance with Section 41.21 of Title 62 of the Oklahoma Statutes.

(H) **Adoption subsidies.** Financial subsidies are paid to parents of certain adopted children.

(i) The services and payments are supported by contracts with the providers and the provider contracts are on file with the Children and Family Services Division (CFSD). The OSSD Contracts and Purchasing Unit approves the contract via issuance of a unique contract number assigned by the Finance Division automated system upon review.

(ii) Warrants are written within OKDHS. Payment information is reported daily to OSF in accordance with Section 41.21 of Title 62 of the Oklahoma Statutes.

(I) **Food stamp job search.** Payments are made to eligible food stamp recipients to assist them in finding gainful employment. These recipients are not eligible for Temporary Assistance for Needy Families. Client recipient expectations and OKDHS payment obligations are specified in client participation agreements on file in county offices. Warrants are issued within OKDHS. Payment information is reported daily to OSF.

(J) **Litigation related.** Payments are made to individual third parties as a result of actual or threatened litigation.

- (i) **Court ordered payments.** Payments are made to individual claimants in accordance with the direct orders of courts of competent jurisdiction.
- (ii) **Settlement agreements.** The resolution of a dispute between OKDHS and a vendor, typically regarding the delivery of goods or services to OKDHS, may result in an individual agreement whereby OKDHS compensates the vendor. Each agreement is documented and approved by the Legal Division.
- (3) **Encumbrances.** State statutes require that all agreements entered into by an agency for the purchase of goods, wares, merchandise, or contractual services are evidenced by written contracts or purchase orders and transmitted to OSF. In the case of Department of Central Services (DCS), Central Purchasing Division issued contracts or purchase orders, requisitions for the written contracts or purchase orders are submitted to the Central Purchasing Division; the contract or purchase order information is subsequently electronically transmitted to OSF.
- (A) **Payment authorization.** The Director of State Finance never authorizes payment of claims for such purchases unless the claim is supported by one of the encumbrance documents. Supporting encumbrance documents are:
- (i) contracts or purchase orders issued by DCS.
 - (ii) institutional or departmental purchase orders or contracts, sometimes called agency-issued orders.
 - (iii) authorizations for purchases, sometimes called AFPs, or authority orders.
 - (iv) agreements on file in OKDHS Contracts and Purchasing Unit, valid for contractual services of a professional nature provided by a governmental agency.
- (B) **Special encumbrances provisions for OKDHS.** Section 41.21(D) of Title 62 of the Oklahoma Statutes authorizes OKDHS to maintain an encumbrance and pre-audit system for settlement of claims relating to public assistance, social service benefits, and medical benefits to or for persons eligible under applicable federal laws and regulations, Oklahoma statutes, and policies established by the Oklahoma Commission for Human Services. Each type of payment made under this procedure is approved by the Director of State Finance. The Director of State Finance is provided a daily report of the dollar amount of claims settled and checks or warrants written, the dollar amount of checks or warrants canceled, and the dollar amount of checks or warrants canceled by statute.

Encumbrance and pre-audit provisions do not exempt OKDHS from the Central Purchasing Act mandates for a current contract between the two parties.

(C) Encumbrance documents.

(i) **Purchase orders.** All contractual services, supplies, equipment, or materials that are acquired through requisitions submitted to DCS, Central Purchasing Division, are encumbered by purchase orders prepared by DCS. These purchase orders are also delivered to OKDHS.

(ii) **OKDHS issued purchase orders.** OKDHS issued purchase orders are submitted directly to OSF on OSF Form 3C. Acquisitions on these orders are exempt from the Central Purchasing Act, or the type of acquisition is exempt from the Act, or written authorization is obtained from DCS, Central Purchasing Division for these orders to be directly submitted to OSF. Payments arising from litigation are encumbered through this mechanism. Professional services provided by other governmental agencies are supported by signed, inter-agency contractual agreements on file in OKDHS Contracts and Purchasing Unit.

(iii) **Authorization for purchase.** An authorization for purchase document is also known as an AFP or an authority order. Acquisitions are encumbered on OSF Form 3C. When approved and encumbered by the Director of State Finance, these encumbrance documents permit an agency to make types of purchases which are:

- (I) exempt from the Central Purchasing Act;
- (II) not subject to the Competitive Bid Act;
- (III) permitted under grant of authority from DCS; and
- (IV) not subject to competitive bid requirements.

(iv) **DCS orders.** Contracts are entered into by DCS with business and nonprofit entities through the various approved contract methods. If appropriate, encumbrances are established at OSF upon award by DCS. Other methods are fixed rate, sole source, statutory authority, and similar methods. Also, non-budget awards are not encumbered individually at OSF upon award.

(v) **Non-encumbered contracts.** An agreement between OKDHS and a

vendor, whereby the vendor agrees to sell to OKDHS during a fixed period of time an undetermined quantity of goods or services at a fixed unit price is known as a non-encumbered contract. These contracts do not guarantee the vendor a certain dollar volume of business from OKDHS. They are established by OKDHS, Contracts and Purchasing Unit. Encumbrances are established using CP Form 2 requisitioning purchases through the DCS, Central Purchasing Division, or by submitting OSF Form 3C to OSF for exempt purchases at the direction of OKDHS, Contracts and Purchasing Unit.

(vi) **Non-binding encumbered contracts.** Non-binding term contracts are also known as term contracts. They are encumbered based on estimates of the quantity of goods, or volume of services, to be purchased during the contract period. Requests for increases require justification documentation. Encumbrances are submitted directly to OSF using OSF Form 3C.

(4) Requirements.

(A) **Data entry responsibility.** All pertinent data for each claim that meets payment requirements is input to the Finance Information Systems Unit computer either by Data Entry Unit personnel, or the claims processor or reviewer that pre-audited the claim.

(B) **Requirements for OSF submissions.** For each claim submitted to OSF for additional pre-audit, a facsimile of OSF Form 15A, Claim Jacket Form, is computer-generated. Submitted documentation includes supporting invoices and approvals. Submitted documentation may also include OSF Form 3, Notarized Claim Form, OSF Form 9, Imprest Cash Form, or OSF Form 19, Travel Voucher, when appropriate.

(C) **Approvals.** All claims or invoices processed by OKDHS, Finance Division must bear the approval signature of a person authorized to approve the corresponding payments. Family Support Services Division child care payments and invoices for utility and telephone services at locations administered by OKDHS are approved within the Finance Division.

(D) **Items purchased.** Each claim or invoice submitted to Finance Division for payment must clearly identify the goods or services purchased, the prices and extended prices of the items, the total amount to be paid, and the delivery date of the items. The authorizing contract number is also referenced, if appropriate. Prices charged must conform to contracted prices. Acquisitions must conform to all terms of the corresponding contract or agreement. Missing information may cause non-payment or payment delays.

(E) **Vendor information.** Each claim or invoice submitted to Finance Division for payment must bear the applicable vendor name, address, and the address to which payment is mailed. Finance Division must have the applicable vendor name, address, and the address to which payment is to be mailed. Finance Division must have the applicable vendor federal identification number (FIN) on file before a claim is processed for payment. The FIN is disclosed with the submitted vendor invoice or claim, or alternately, it is obtained from the claim-referenced authorization contract if the claim is made pursuant to a written contract.

(F) **Employee reimbursement.** OKDHS employees and officials are reimbursed for miscellaneous emergency purchases as defined in OAC 340:2-13-53.

(i) Each reimbursement request is submitted to Finance Division on a completed Form ADM-12, Claim Form, signed by the employee, approving official, and notarized. In all cases the employee first attempts to have the vendor invoice OKDHS. If this proves to be impossible and the employee must make payment, the declaration statement must appear on the Form ADM-12: "I certify that an emergency existed and that the vendor was unable to invoice the Oklahoma Department of Human Services." Payments for client birth certificates need not have the declaration. Employees are not reimbursed for items purchased during non-emergency situations unless prior authorization is issued by Finance Division.

(ii) Proof of payment is attached to the reimbursement Form ADM-12. Proof of payment is evidenced by:

(I) cash payment on the sales receipt;

(II) the employee's canceled check;

(III) amount charged to the employee's or official's credit card, charge card impressed receipt; or

(IV) an annotation from the vendor indicating that the acquisition has been paid for in full.

(iii) Each request for reimbursement exceeding \$100 is accompanied by a justification memorandum signed by the appropriate division administrator.

(5) **Warrant generation.** Applicable data elements for each claim are input to the

Finance Information Systems Unit computer. The Finance Information Systems Unit generates numbered claims jackets for each claim destined to be processed through OSF. The claims and supporting documentation are microfilmed, bundled, and delivered to OSF with a magnetic tape containing the applicable data entry information. Payment warrants are delivered to OKDHS, Finance Division, Electronic Benefits and Disbursements Unit from the Office of State Treasurer. Warrants generated within OKDHS are delivered to the Electronic Benefits and Disbursements Unit.

(6) **Lapsed funds.** Legislative mandates typically require that the OKDHS annual appropriation lapses 30 months from the effective date of the appropriation. Therefore, all claims against appropriated funds, including vendor claims for goods or services, must be submitted and processed within 30 months of the effective appropriation date of the fiscal appropriation to which the goods or services are to be charged.

340:2-11-150. Child care payments

(a) **Payments.** Payments are made on behalf of Oklahoma Department of Human Services (OKDHS) clients to providers of child care services per OAC 340:40-13-5. The services and payments are supported by provider contracts on file with the Family Support Services Division (FSSD).

(b) **Overpayments.** Provider overpayments that occur as a result of agency or provider error are described in OAC 340:40-15-1. Any overpayment over \$500 when the child was not in care may result in felony fraud charges against the provider. ■ 1

(c) **Collection of overpayments.** Finance Division recoups all funds associated with overpayments in equal installments, not less than 10% of the overpayment, per month until the overpayment is satisfied, except when the viability of the child care facility is in question.

(1) Child care facilities whose continued viability is at risk due to collection of the overpayment is reviewed by the Finance Division for other repayment plans.

(2) Repayment plans do not exceed 12 months.

(3) A child care provider whose contract is subsequently cancelled due to an Office of Inspector General (OIG) investigation has all available funds withheld to satisfy any remaining overpayments.

(d) Liquidated damages.

(1) OKDHS can impose liquidated damages if certain rules in the contract are violated. Specifically, the child care provider:

(A) is in possession of a client's Access Oklahoma electronic benefit transfer (EBT) card;

(B) swipes the EBT card through the point of service (POS) device; or

(C) knows the client's EBT personal identification number (PIN).

(2) The percentage of liquidated damages increases with each violation that is assessed per Section 2-718 of Title 12A of the Oklahoma Statutes.

(3) When OIG determines an EBT card was in the possession of or swiped through the POS device by a child care provider, the:

(A) first violation results in liquidated damages of 10% of the total payment(s) during the month the violation occurred; ■ 2

(B) second violation results in liquidated damages of 20% of the total payment(s) during the month the violation occurred; ■ 2

(C) third violation results in liquidated damages of 30% of the total payment(s) during the month the violation occurred; and recommendation to FSSD for cancellation of the provider's contract. ■ 2

(e) **Collection of liquidated damages.** Finance Division recoups all funds associated with liquidated damages as described in (1) and (2) of this subsection.

(1) The full amount of liquidated damages is applied against the first available payment and any sequent payments until the amount is collected.

(2) If the contract is subsequently cancelled due to an OIG investigation, all available funds are withheld to satisfy any remaining overpayments.

INSTRUCTIONS TO STAFF

1. (a) When the Office of Inspector General (OIG) becomes aware the provider was paid for care not given, OIG is responsible for:

(1) documenting a full overpayment within the audit report;

(2) submitting the audit report to Finance Division;

(3) submitting the audit report to Family Support Services Division (FSSD) with a recommendation for cancellation of the child care provider's contract if appropriate; and

(4) if overpayment is in excess of \$500, may recommend to the district attorney for review of felony fraud charges against the provider.

(b) Finance Division is responsible for recouping the overpayment in accordance with rules.

2. (a) OIG is responsible for:

(1) warning the provider to cease the practice;

(2) reporting the violation(s) to Finance Division; and

(3) notifying FSSD of the contract violation(s).

(b) Finance Division is responsible for assessing and applying liquidated damages in accordance with rules.