

# Oklahoma State Treasury



## FY 2013 Request for Exemption(s) from Electronic Payments Requirement

State Agency Information	
Request Date:	Agency Contact:
Agency Name:	Agency Number:
Address:	Telephone Number:
City:	State/Zip:
Email Address:	

In accordance with H.B. 1086, 62 O.S. 2010, Section 34.64 H, was amended requiring all payments disbursed from the State Treasury to be conveyed solely through an electronic payment mechanism. The State Treasurer is authorized to provide an exemption or exemptions from this provision with cause and to report the number of exempted payments along with a list of causes on the State Treasurer's website.

Agencies may be dealing with a number of situations that currently prevent them from disbursing payments via electronic alternatives. Please request an exemption for each applicable set of circumstances and complete the related attachment. Detail must be provided on the attachments for appropriate consideration of each exemption request.

**NOTE:** Agencies will be required to use this form and return it electronically to [Electronic.Payment.Exemption@treasurer.ok.gov](mailto:Electronic.Payment.Exemption@treasurer.ok.gov). This allows OST to easily compile data for tracking and confirmation purposes. Requests for exemption will not be considered if this form is not used.

Justification for Exemption(s) Request		
<input type="checkbox"/>	System Limitations	Complete Section A
<input type="checkbox"/>	Banking Data Limitations	Complete Section B
<input type="checkbox"/>	International ACH Transactions	Complete Section C
<input type="checkbox"/>	Other	Complete Section D

Note: You will be notified via email once your request for exemption(s) has been processed.

### SECTION A System Limitations

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

Please complete the following **for each system with limitations that prevent the use of an electronic payment option**:

System Limitations #1:

1. Describe the system and its limitations that are preventing your agency from issuing electronic payments:

2. Note when and describe how your agency plans to address these limitations:

3. Estimate the number of warrants issued from this system annually.

System Limitations #2:

1. Describe the system and its limitations that are preventing your agency from issuing electronic payments:

2. Note when and describe how your agency plans to address these limitations:

3. Estimate the approximate number of warrants issued from this system annually:

System Limitations #3:

1. Describe the system and its limitations that are preventing your agency from issuing electronic payments:

2. Note when and describe how your agency plans to address these limitations:

3. Estimate the approximate number of warrants issued from this system annually:

**If additional systems are involved and additional space is needed for explanation, please use the additional information section and reference which above section is being continued.**

**SECTION B  
Banking Data Limitations**

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

Please complete the following for banking data limitations that prevent the use of an electronic payment option:

Limitations:

1. Describe the nature of your banking data limitations:

2. Note when and describe how your agency plans to address these limitations:

3. Estimate the number of warrants that will be issued annually due to incomplete or invalid bank account information:

**SECTION C**  
**International ACH Transactions**

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

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

The Office of the State Treasurer does not process IAT transactions. Experts from the State’s ACH origination bank have advised that the settlement risk remains high with these transactions in numerous countries as they have not yet received the international acceptance necessary to reduce the risk to acceptable levels. The Office of the State Treasurer does continue to monitor settlement risk and may implement IAT processing as volumes and acceptability by county warrants. The Office of the State Treasurer does process U.S. dollar denominated international wire transfers through the State’s operating bank with a high degree of success but also with significantly higher per transaction costs. Agencies with international payments that would require an IAT and do not qualify for the use of a wire transfer may be granted an exemption for this purpose upon providing the following information to the best of their ability:

1. Identify the payee and the country where the foreign bank, branch or office is located for each warrant that will be issued because they would otherwise qualify for use of an IAT and the payment amount does not justify the higher cost associated with an international wire transfer:

2. Estimate the number of warrants issued annually to IAT eligible payees:

**SECTION D**  
**Other**

This section is for issues not addressed in Sections A – C above.

1. Describe the other limitations that are preventing your agency from issuing electronic payments:

2. Note when and describe how your agency plans to address these limitations:

3. Estimate the number of warrants that will be issued annually due to the limitations noted in Section D:

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**ADDITIONAL INFORMATION**

Please include reference to the section this information relates to, if applicable.

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Please make sure that your request is complete, accurate and in sufficient detail to facilitate the State Treasurer's consideration of the request. A confirmation of your request will be returned via email indicating whether an exemption has been approved. **All approved exemptions will expire June 30, 2013.** Additional information may be requested for exemptions that are not approved.