Agenda

Opening Remarks  Ed Ross
Treasury Reminders  Dennis Paiva
Fraud Presentation  Dennis Paiva
Vendor Update  Anna Haydon
Ky Online Gateway  Donald Sweasy
2019 Year End  Barbara Aldridge-Montfort
New Year Updates  Barbara Aldridge-Montfort
KHRIS Payroll  Barbara Aldridge-Montfort

Q & A
Treasury Reminders

Kentucky eMARS Management Administrative & Reporting System
Transmittal forms MUST include contact name and direct phone # of individual able to modify/change the CR

Remove stubs cleanly – avoid torn or folded edges

Assure the MICR (character line at bottom of check) is complete, legible, and not torn
  – Otherwise, not eligible for deposit

Include adding machine tape showing total amount,
  – Assure the accurate total matches CR and Transmittal form
CR Deposits – Checks, Money Orders, Cash

- Verify that written dollar amount and courtesy (number box) match
- One CR may have multiple checks associated with it and include multiple accounting lines
  - It is not necessary to create a CR for each check being deposited
- Be careful to avoid sticky substances on checks
CR Deposits – Checks, Money Orders, Cash

Checks, Money Orders

- Some scanned images are not legible because the print is too light

- Please hand-write the amount on the order or check
CRs – EFTs

- Agency receiving EFT must create CR and have it approved by Treasury to have access to the dollars received.
- Create CR for the amount anticipated from the EFT deposit and get it approved internally.
  - Send email to TreasuryAccounting@ky.gov for anticipated electronic payment. Include the following:
    - Anticipated Date
    - Amount
    - Name of Entity initiating the payment
    - Name of Program/Agency receiving funds
- Reach out to Treasury Accounting Staff (Melissa Duvall) if you need assistance in establishing receipts process via EFT.
Establishing EFT’s Paying You

- Please request the entity/business/individual initiating the payment to include an easily identifiable abbreviation of your agency in the INDIVIDUAL NAME Field (up to 20 char including spaces)
  - Ex. KY-ABC -- Alcoholic Beverage Control
  - Ex. KY-BOArch – Kentucky Board of Architecture

- If entity is able to send addenda information through their EFT, ask for additional information (up to 80 char including spaces)
  - Invoice number
  - Division of your agency
FOR FUNDS NEEDED TO POST TO FY19:

- Submit 0100 Fund and 1100 Fund deposits (CRs) as early as possible
  - Must be posted (CR in final status) by Friday, June 28
  - Please do not wait until last minute to submit your deposits

- All other receipts for FY19 may be deposited to other funds using Period 13 up to Monday, July 8
Does your agency need to reissue payment for a check that became stale-dated/escheated?

Send the following check information to TreasuryStaleReissue@ky.gov

- Bank Account (GA, UA, TA, etc.)
- Check Number
- Amount
- Issued Date
Minimize the risk of a lost check being cashed—Issue a Stop Payment

Send the following check information to Stop.Payments@ky.gov

- Bank Account (GA, UA, TA, etc.)
- Check Number
- Amount
- Issued Date
Wire Payment - Reminders

- MDW document in eMARS
- SAS-62 form to be uploaded/attached to header of MDW
- Send an email to TreasuryAccounting@ky.gov
  - Do NOT include the SAS-62 in email
  - Serves as a control mechanism for our staff
- Cut-off time at 2:00 p.m.
  - If an exception is necessary, please call Treasury Accounting (Dawn Sudduth and/or Jerry Bryan) to review options and coordinate approvals
- Evaluate whether or not a Wire payment is necessary
  - Would an ACH transaction be sufficient for the purpose of the payment?
Payee Name Verification on Checks

- Payee name must match information in eMARS
- Unverified payee names will be rejected for payment
- Payee will have funds debited from their account
  - Payee to work with their bank
  - Request a review of the image presented
  - Re-present the check for payment (better image)

Exception Type: Payee Verification Error
Decision: RTN-See Check
Child: 18495395
Acct#: 936836485
Amt: 4,248.00

DEPARTMENT OF THE TREASURY
Frankfort, Kentucky

FOUR THOUSAND, TWO HUNDRED FORTY EIGHT DOLLARS AND NO CENTS

Order of: 
L湄 COUNTY COURT
LOUISVILLE KY 40245

Description: 2290514

Alvin Ball
State Treasurer
Cybersecurity & Payment Fraud
Relevant Terms

• Phishing / Vishing / Whaling
• Business email compromise (BEC)
• Social engineering
• Webmail interface
• Multi-factor (or 2-step) authentication
• URGENCY
• Phone Call
• Dual-signatory / dual-step authorization
Facts and Figures
Sources: FBI, AFP, and NACHA

Percent of Organizations that Experienced Attempted and/or Actual Payments Fraud, 2008-2018

- 2008: 71%
- 2009: 73%
- 2010: 71%
- 2011: 68%
- 2012: 61%
- 2013: 60%
- 2014: 62%
- 2015: 73%
- 2016: 74%
- 2017: 78%
- 2018: 82%
Facts and Figures (continued)
Sources: FBI, AFP, and NACHA

**Percent of Organizations that Experienced Attempted and/or Actual Payments Fraud in 2018**

- **All**: 82%
- **Annual Revenue Less Than $1 Billion**: 69%
- **Annual Revenue At Least $1 Billion**: 87%
- **Annual Revenue At Least $1 Billion and Fewer Than 26 Payment Accounts**: 88%
- **Annual Revenue At Least $1 Billion and More Than 100 Payment Accounts**: 72%

**Percent of Organizations that Experienced Attempted and/or Actual Payments Fraud in 2017**

- **All**: 78%
- **Annual Revenue Less Than $1 Billion**: 73%
- **Annual Revenue At Least $1 Billion**: 80%
- **Annual Revenue At Least $1 Billion and Fewer Than 26 Payment Accounts**: 80%
- **Annual Revenue At Least $1 Billion and More Than 100 Payment Accounts**: 74%
Facts and Figures (continued)
Sources: FBI, AFP, and NACHA

Payments Methods Impacted by Business Email Compromise
(Percent of Organizations)

- Wire transfers: 43%
- ACH credits: 33%
- ACH debits: 21%
- Checks: 20%
- Corporate credit cards (e.g., purchasing and fleet): 10%

Percent of Organizations that Experienced Business Email Compromise (BEC), 2015-2018
- 2015: 64%
- 2016: 74%
- 2017: 77%
- 2018: 80%

These scams have been reported in all 50 states and in 131 countries.¹

Victim complaints filed with the Internet Crime Complaint Center and financial sources indicate fraudulent transfers have been sent to 103 countries.²

Since January 2015, there has been a 1,300 percent increase in identified exposed losses, totaling over $3 billion.³
What do these attempts look like?

• URGENT (most often)
• LEGITIMATE (increasing in appearance of legitimacy)
LEGITIMATE MESSAGE

Your mailbox is almost full.

Current size: 954MB
Maximum size: 1024MB

Please reduce your mailbox size. Delete any items you don't need from your mailbox and empty your Deleted Items folder.

PHISHING MESSAGE

Your mailbox is almost full.

Current size: 1960MB
Maximum size: 2048MB

Please reduce your mailbox size. Delete any items you don't need or Click: HERE to increase the mailbox size.

This message may contain confidential information that you have received the message in. Please do not disclose, copy or distribute in strictly prohibited and may be unlawful. Thank you.

NHSmail is the secure email and directory service for exchanging patient data and other sensitive information. For more information and to find out how you can access it visit: https://www.nhsmail.nhs.uk

Click or tap to follow link.
Email message #1:
My names crystal Derroussi and I was supposed have funds transfured to the checking account i provided when I came in the office I needed the full amount transfured Allison is the one who helped me with the paper work and I need to know how long it’s going to take for the transfur

Email message #2:
I’m messaging this crystal checking on my bank transfer/ depoet info Allison if can get back with me I would appreciate it

CONTAINING: screenshots of Treasury’s website (attempt to appear legitimate) and intended “mule” account
EMAIL #1
From: [email redacted] - Payroll Federal Grants [fulton.kyschools.us@dr.com]
Sent: Wednesday, April 10, 2019 1:14 PM
To: [email redacted]
Subject: **** Qtr 1 2019 Report

Can you just send us the payment via wire transfer instead of mailing out a check again? A wire transfer would be faster and it is most preferable. I can send you our remittance information at your request, thanks!

EMAIL #2
From: [email redacted] - Payroll Federal Grants [fulton.kyschools.us@dr.com]
Sent: Wednesday, April 10, 2019 1:40 PM
To: [email redacted]
Subject: Re: RE: **** Qtr 1 2019 Report

Below is our account information for remittance.

Wells Fargo Bank
Account Name: Fulton County Schools
Account #: 6690296642
Routing #: 121000248
Bank Address: 454 Clintwood Main Street,
Clintwood, VA 24228
Phone Number: (276) 926-4651

Let me know if you need anything else. Thank you!

EMAIL #3
From: [email redacted] - Payroll Federal Grants [fulton.kyschools.us@dr.com]
Sent: Thursday, April 11, 2019 11:16 AM
To: [email redacted]
Subject: Re: RE: **** Qtr 1 2019 Report

Good morning. Just checking if you got our remittance information I sent you yesterday? Thanks!
Fulton County

Physical Address
2780 Moscow Ave
Hickman, KY 42050

Mailing Address
2780 Moscow Ave
Hickman, KY 42050

Phone: (270) 236-3923
Fax: (270) 236-2184
Web: http://www.fulton.kyschools.us
Attached is the transmittal request for Tuesday, 12/11/18. Please let me know if you have any questions.

Thank you,
Message:
Please let me know if the payments have been completed into the Turkish account as instructed in the attached file yesterday.

Please advise as soon as possible.

Thank you,
Legitimate wire request – sent on 12/13/18
Fraudulent wire request – sent on 12/13/18
“Ultimately, **THE BEST DEFENSE AGAINST THE RISE OF SOCIAL ENGINEERING ATTACKS LIES BETWEEN THE KEYBOARD AND THE CHAIR** in targeted companies. Rather than immediately reacting to an urgent wire transfer request ... using familiar language, perhaps CFOs should pick up the phone and call their boss or a colleague for a second opinion.”

- Dante Disparte (in a contributing article to Forbes.com - *Whaling Wars: A $12 Billion Financial Dragnet Targeting CFOs*)
What is being done to combat payment fraud?

- Awareness, awareness, awareness!
- Destigmatize cyber threats
- Train and educate
- Report suspicious emails (Phishing.Reporting@ky.gov)
- Conduct tests
- Strengthen internal controls relating to payments
- Strengthen network and systems security
- Phone call

Source: AFP’s 2019 Payments Fraud and Control Survey Report
Cybersecurity & Payment Fraud

ANY QUESTIONS?
Vendors
On-Going

- Additions and Updates are being completed daily
  - Continue to send Correspondence to eMARS.Vendors@ky.gov

- Updated KHRIS Employee Interface
  - Modifications processed next day after KHRIS update by employee
  - Inactivation's by KHRIS for departed employees
    - If travel reimbursement is needed, please contact CRC
Process Improvement

- Required training for users to create vendors. Please contact CRC if training is needed/required.

- Fraud is on the increase, be responsible with sensitive information:
  - Use #encrypt in the subject lines of emails.
  - Make one-on-one contact with your vendors.
  - If it looks fishy, it’s fishy.
New Functionality

- SAS is beginning to look at system functionality to ensure that banking information is valid
  - Pre-Note Processing
  - JP Morgan Early Warning Services
Questions
Ky Online Gateway (KOG)
We are working with the KOG Team to integrate the eMARS applications with the KY Online Gateway (KOG)

- eMARS Financial
- eMARS Admin
- EBI
- KBUD

KOG has been selected as enterprise tool for single sign-on functionality

User will log on to KOG and once they are logged in will not be required to enter password when accessing applications integrated with KOG
KY Online Gateway

- Implementation date(s) not set at this time
- We will provide more information as it becomes available
- We will need assistance from all agencies to ensure integration is successful
Questions
eMARS Availability

Standard Availability

Monday – Sunday -- 7:00 am through 7:00 pm

Exceptions

eMARS will be unavailable due to encumbrance roll/lapse Thursday, July 4.

Any changes will be posted at the News and Alerts link at:

http://finance.ky.gov/services/statewideacct/Pages/default.aspx
OPS Approval Reminders

OPS rejections slow down approval process

- Review Documents thoroughly prior to submitting for approval
- Ensure all corrections on rejected documents have been completed
- Ensure document has been assembled or re-assembled properly
- Attach all required documentation including the signed and notarized Required Affidavit for Bidders, Offerors and Contractors
- Include Delivery Date for goods or services on requisitions
Users are encouraged to create DOs against Master Agreements
  – Sets price of items

Users should create DO against Master Agreements set to expire on June 30
  – Once the MA has expired neither a DO nor PRC can be created and properly reference the MA
New Year Table Initialization (NYTI)

- Occurred on May 6
- Creates FY20 records for all **ACTIVE** chart of account elements
- Effective dates on FY20 records will be blank

**Clean Up**
- Add Effective dates to FY20 records if applicable
- FY19 records added after May 6 may need to be added to FY20, if applicable
BFY 19 Pending Encumbrances

- Encumbering documents in *Pending* phase will not roll to FY20
  - **ALL** FY19 encumbering documents need to be out of *Pending* phase by COB, **July 3**
    - Complete Approval Process
    - Reject Document back to *Draft* phase

- Documents left in Pending phase will be rejected back to draft by the Office of the Controller

- Refer to spreadsheet of pending documents by department located at:
  
  http://finance.ky.gov/services/statewideacct/Pages/yearendsupport.aspx
2019/2020 Encumbrance Roll

- Scheduled to begin COB, Wednesday, July 3, 2019
  - eMARS will be unavailable Thursday, July 4, 2019
- All **non-capital** encumbrances *greater than* $1,000 will be established in FY20 on a Modification document
  - User ID ENCROLL
- All **non-capital** encumbrances *less than* or *equal to* $1,000 will lapse, thus closing the award
  - CBDL Documents
  - User ID ENCROLL

- Clean Up
  - Unnecessary encumbrances (*2302 Outstanding Encumbrance Report*)
  - Pending encumbrances by COB July 3
Payments against Encumbrances

- Payments against 2019 encumbrances must be in *FINAL* status by COB, Wednesday, July 3.
  - Payments against lapsed PON2 documents
    - PRC with “Memo” reference to PON2
    - Change Cited Authority to *Year-End Lapse*
  - Payments against all other lapsed awards
    - PRC with “Memo” reference to award
    - Change Cited Authority to *Year-End Lapse*

**NOTE:** Users should make their best effort to get 2019 encumbrances paid or liquidated by COB July 3.
Payment Reminders

- Payment documents submitted but **NOT** approved by COB June 30 will infer **FY20** upon final approval
- Payment documents approved on or after July 1 with the fiscal period (BFY, FY, Period) blank will infer **FY20** upon final approval
- **July 3** – Last day to pay against FY19 encumbering awards
- **July 8** – Last day to pay FY19 expenditures
Coding Period 13

- Entire Fiscal Period 13 (BFY=2019; FY=2019; Period 13) must be coded
- Period 13 (BFY=2019, FY=2019, Period=13) can be coded on the Header Section or on the Accounting Line of the payment document
  - Fiscal Period (BFY, FY, Period) from Header will infer on all blank Accounting Lines
  - Fiscal Period (BFY, FY, Period) coded on an Accounting Line will override period coded on Header
  - Period 13 must be coded on the Header of PRCI documents
  - Period 13 must be coded on the Header of PRCC documents

Applies to non-capital funds
Payment documents in *Pending* phase (submitted but not fully approved) affect cash and budget balances

- **ALL FY19, non-capital**, payment documents need to be out of *Pending* phase by COB, **July 8**
  - Complete Approval Process
  - Reject Document back to *Draft* phase

Documents left in Pending phase will be rejected back to draft by the Office of the Controller

Spreadsheet listing pending documents by department

http://finance.ky.gov/services/statewideacct/Pages/yearendsupport.aspx
Follow Through

- Review the AD/EFT Exception report to ensure FY19 payments have been disbursed
  - AD/EFT report is posted daily at: [http://finance.ky.gov/services/statewideacct/Pages/reportingandarchives.aspx](http://finance.ky.gov/services/statewideacct/Pages/reportingandarchives.aspx)
  - FY19 payments on the AD/EFT Exception report after soft close (July 8) will be closed by the Office of the Controller – **Vendor will NOT receive payment**
Moving/Correcting Expenditures

- A JV2E document should be used to correct expenditures that have incorrectly posted to the wrong Fiscal Period
  - Reduce expenditures (negative amount) in appropriate Fiscal Period and Increase expenditures (positive amount) in the other
  - Remember to code entire fiscal period on each Accounting Line (BFY, FY, Period)
  - Period 13 Soft Close – COB July 8
  - Period 13 Hard Close – COB July 11
  - JV2E’s will require Finance approval after soft close, July 8
Personnel expenditures for the last payroll Period cannot be JVed from FY20 to FY19.
All Allotments must be in the black by the end of the Fiscal Year

During closeout, agencies should utilize the budget screens in eMARS as eMARS Reporting reports are a day behind and do not include pending amounts

- BQ3LV1 (Appropriation)
- BQ3LV2 (Allotment)
- BQ3LV3 (Object Allotments)
Fixed Assets

- Physical Inventory of Fixed Assets was due May 31, 2019

- Fixed Asset Cleanup
  - Fixed Asset shells $5,000 and above must be processed by August 19, 2019
  - Questions contact:
    Jessica Pinkston
    502-564-8769
    Jessica.Pinkston@ky.gov
SAS Closing Package/SEFA

- Closing Package Due August 19, 2019
- Accounts Receivable Liquidate & Unliquidated Debt Due August 19, 2019
- SEFA Due August 26, 2019
Key Dates

- Period 12 Soft Close – Sunday, June 30
- Period 12 Hard Close – Friday, July 5
- Encumbrance Roll – Thursday, July 4
- Period 13 Soft Close – Monday, July 8
- Period 13 Hard Close – Thursday, July 11
Questions
New Year
New Year Procurements

- RQS for new year (FY20) may be submitted to OPS
  - Document comments should state, “Delivery is not desired prior to July 1, 2019”

- PSCs/MOAs for the new year (FY20) may be submitted to OPS
  - Documents requiring a July 1, 2019 effective date should be submitted by Wednesday, June 5
To Encumber or Not to Encumber

- Encumbrances reserve budget for future spending
  - PR05 Event Type – Encumbrance/Accounting

- Encumber only when necessary
  - Ensure encumbrance is fully liquidated with final payment

- Never Encumber more than one FY at a time

- Use PR07 Event Type (non-accounting) for DO
New Year Procurements

Agency may begin entering New-Year Procurements using the following criteria

- Use a non-accounting event type (PR01, PR07) until the agency’s allotments are loaded
  - Awards may be modified to an accounting event type (PR05, PR06) once the agency’s allotments are loaded for 2020

- Two year contracts should included two commodity lines, one for each year
  - Encumber only one year at a time

- When allowable, document must include entire Fiscal Period on the Header (FY=2020, BFY=2020, **Period = 1**)
Payments Against Awards

Ensure you select the correct Commodity line to reference
   — Refer to the extended descriptions

Do not manipulate the quantity to achieve the correct total due
   — Quantity should match the invoice
   — Quantity should be a whole number

Contact your procurement office or OPS if the vendor invoice amounts do not match amounts shown on the award.
Allotments

- The deadline for agencies to submit their allotments to the Office of the State Budget Director is June 11, 2019
- Agencies may check the status of their 2020 FY allotments at:
  
  http://finance.ky.gov/services/statewideacct/Pages/yearendsupport.aspx
ALL agency cash overrides **MUST** be reviewed annually and submitted on a SAS14 to the Office of the State Budget Director.
Questions
KHRIS Payroll
Deferred Payroll

- May 16 – May 31 Payroll (PP11) posting on June 10, 2019
  - Accounting lines for health insurance (E123) will be removed from the documents

- E123 accounting lines from May 16 – May 31 payroll will be included on documents with the same document ID with a “P” on the end
  - These documents will be processed on July 1, 2019 as FY 2020 expenditures

- June 1 – June 15 payroll (PP12) will post on July 1 as an FY 2020 expense

- You may **NOT** JV these expenditures from FY 2020 to FY 2019; they must remain in FY 2020
Personal Service Contracts

- Prior to the beginning of each fiscal year – personal service contract information must be updated in KHRIS

- Contract information that is not updated correctly could cause rejects in eMARS and could result in improper posting of the PRC documents

- FY 2020 contract updates must be completed in KHRIS just prior to first pay period in FY2020

- Good communication between accounting staff and human resources staff is essential
New Biennial PON2’s

FY 2020 is the second year of the biennium. Usually, contracts will need to be updated in KHRIS to reflect the proper commodity and accounting lines. This will require an update to the functional area in KHRIS to reference the change (see slide 72).

### Commodity

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<th>CL Description</th>
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<tbody>
<tr>
<td>1</td>
<td>FY2019 Consulting</td>
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<tr>
<td>2</td>
<td>FY2020 Consulting</td>
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### Accounting

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<th>Line Amount</th>
<th>Line Open Amount</th>
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<tbody>
<tr>
<td>1</td>
<td>$10,000.00</td>
<td>$10,000.00</td>
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From 1 to 1 Total: 1
The following are the screens in KHRIS that have to be updated:

- On the HR Master Record (PA20), 0105 Communication screen for the employee
- On the Display Position (PO13D), 1018 Cost Distribution screen for the employee’s position
The following are the screens in KHRIS that have to be updated:

- On the HR Master Record (PA20), 0105 Communication screen for the employee

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<table>
<thead>
<tr>
<th>System ID</th>
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<tbody>
<tr>
<td>1900003376</td>
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</tbody>
</table>

- On the Display Position (PO13D), 1018 Cost Distribution screen for the employee’s position

<table>
<thead>
<tr>
<th>Master cost center</th>
<th>Kentucky Fish and Wi</th>
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</thead>
<tbody>
<tr>
<td>S066000000</td>
<td>Kentucky Fish and Wi</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Pct.</th>
<th>Name of aux. account</th>
<th>Functional Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kentucky Fish and Wi</td>
<td>100.00</td>
<td></td>
<td>K200132810101</td>
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