

# *Department of Accounts*

## *Payroll Bulletin*

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The Payroll Bulletin is published periodically to provide CIPPS agencies guidance regarding Commonwealth payroll operations. If you have any questions about the bulletin, please call Cathy McGill at (804) 371-7800 or Email at [cathy.mcgill@doa.virginia.gov](mailto:cathy.mcgill@doa.virginia.gov)

State Payroll Operations

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### **Automated Updates from BES to CIPPS for Flexible Reimbursement Accounts for Dependent Care (Deduction 21) and Medical Expense Reimbursement (Deduction 22)**

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#### **Overview**

Beginning May 28, 2008, flexible spending account changes for dependent care and medical expense reimbursement will be automatically updated from BES to CIPPS. Like the BES to CIPPS update for health care, the automated update process is a two-day process. Day one, the information is entered in BES. That data is captured overnight and passed to CIPPS the following night. On the morning of the third day, the update will have been made to CIPPS and will be reflected on the reports as outlined on page 2. Future-dated BES transactions will not be passed to DOA until processing begins for the pay period indicated by the effective date.

As with all automated updates, agencies are ultimately responsible for reviewing and verifying the changes that have been made, especially as it relates to any agency unique processing methods.

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#### **End Date for Flex Accounts**

DOA will no longer enter the “goal amount” when creating the deductions for flexible reimbursement accounts due to the complications in determining that goal amount if changes occur during the year. Effective May 28, 2008, DOA will enter June 24, 200X in the “deduction end date” field for all flex account activity passed through the daily update.

If you choose to continue to manually enter goal amounts, you will be responsible for updating the goal value any time a change occurs - to include new plan years. Additionally, you will need to adjust the utility field appropriately.

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## Automated Updates from BES to CIPPS for Flex Accounts, continued

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### Utility Field change

As more agencies have employees that require local tax to be withheld, DOA is updating the local tax code in the 13<sup>th</sup> position of the utility field for all pre-tax deductions, including health care, flex accounts, pre-tax parking, deferred compensation, etc. **This will have no impact on employees that are solely taxed in Virginia** or other states with no local tax.

For employees with local taxes, putting the 2 in the 13<sup>th</sup> position of the utility field will ensure that pre-tax deductions are exempt from local tax. For employees with a 2 in position 12 of the utility field for state taxes, DOA will do a one time change and enter a 2 in the 13<sup>th</sup> position for local taxes. These changes will occur over several nights starting May 28, 2008. Since some states do not allow certain deductions to be taken “pre-tax”, no change will be made for existing records that have a 1 in the 12<sup>th</sup> position of the utility field. Effective with the mass change, online edits will automatically put “00000000022200100” in the utility field when a **new** standard statewide pre-tax deduction is set up and the utility field contains all zeros at the time you press the enter key. As is currently, the system will not overwrite an existing utility field value if it contains a non-zero value in any of the 18 positions. For agency unique pre-tax deductions, manual entry of the utility field will still be required.

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## New Hire Reporting for Out of State Employees

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### Out of State Employees

DOA reports all new hires entered on H0BNE to the Commonwealth of Virginia. If your agency has employees physically working outside of the state of Virginia, be sure to comply with the federal law that requires employers to provide a report to the State Directory of New Hires of the state in which a newly hired employee physically works. The report should contain the name, address, and Social Security number of the employee, and the name, address and Federal Employer Identification number (FEIN) of the employer (42 USC 653A(b)1)(A)). More information on this requirement is located at: <http://151.196.108.21/ocse/>

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## **PBP – Suggestions for Improvement**

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### **PBP- Suggestions for Improvement**

We would like to thank Jean Turlington with the Payroll Service Bureau for making the suggestion to use the “Deduction end date” for flex accounts. The Payroll Service Bureau has been using the “end date” field for buybacks and it works very nicely so long as the date entered is the end date of the pay period.

We encourage all users to email us with other suggestions for improvement and Payroll Best Practices. Please send your suggestions to Cathy McGill at [cathy.mcgill@doa.virginia.gov](mailto:cathy.mcgill@doa.virginia.gov).