

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

State Payroll Operations

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VRS Modernization Changes – Part 4 of a Series

Service Purchase Contracts – (Buyback Agreements)

Service Purchase Contracts (SPC) are currently initiated through the receipt of the VRS Forms 26-C (Post Tax) and 26-E (Pre Tax) Existing Buyback Agreements. This will continue for SPCs signed through the month of October 2012. When the form is received the appropriate deduction (deduction 017 for Post Tax or deduction 043 for Pre Tax) is established based upon a buyback code (e.g. “BV”, “BN”, “BS”) entered on HMCU1. This process will continue to be used when existing employees with active contracts transfer between agencies.

Effective with all new Service Purchase Contracts, signed in November 2012 (effective in December) and after, notification will be provided through myVRS Navigator. Additionally, these contracts will identify a flat dollar amount to be withheld as opposed to a percentage of creditable compensation as is noted in current contracts. Initially these buyback amounts will need to be established manually, directly on HOZDC. In the future, VRS will provide an interface file containing the SPC (buyback) deduction amounts which will automatically update the employee’s masterfile record in CIPPS. DOA will provide notification when the interface process will begin.

To provide for the flat amount format of these new types of SPCs use deduction numbers:

- Deduction 018 – BUYBACK2 – Post Tax Buyback
- Deduction 044 – PREBYBK2 – Pre Tax Buyback

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VRS Modernization Changes – Part 4 of a Series, continued

Data Entry for New Buyback Deductions

The Retirement Plan code entered on HMCU1 must reflect a non-buyback value (e.g., VS, VN, etc.) and the corresponding buyback deduction must be entered on H0ZDC. Please note that, as with all pretax deductions, data entry should not be performed for the utility field. Simply enter the deduction number and deduction amount and upon hitting Enter the utility field will populate accordingly.

NO	NAME	AMT/PCT	GOAL	UTILITY	DED	MTD	DED	YTD
CALC	GN FR	PRTY	START DATE	END DATE	DED	MTD	DED	YTD
18	BUYBACK2	250.00	.00	00000000000000000000				
96	2 00	000	00/00/0000	00/00/0000	.00			.00
44	PREBYBK2	250.00	.00	0000000000022200000				
85	1 09	000	00/00/0000	00/00/0000	.00			5000.00

(Note: After October 2012, Retirement Plan code values that start with “B” (e.g. “BV”, “BN”, “BS”) should only be entered on HMCU1 for employees who transferred from other agencies and have an existing Service Purchase Contract that was signed prior to November 2012.)

Retro Payment Processing

VRS will receive regular employee status updates, to include salary changes, from agencies via an interface or direct entry into myVRS Navigator. Using this information VRS will adjust creditable compensation for the proper month on the employee’s record. For CIPPS agencies these adjusted values will be used to produce a monthly VRS billing file for comparison to CIPPS-collected funds through the new VRS automated reconciliation process. This new process will be used for the October billing cycle. The automated reconciliation will produce a series of reports identifying differences between the “VRS bill” and payroll collections. A future Payroll Bulletin will provide more information on these reports.

Unlike the DHRM monthly billing file for health care, the monthly VRS billing file will recognize the effect that retroactive adjustments have on funds due to VRS. If the full amount due is not collected through payroll, an automated IAT will be produced charging the agency. If the amount collected through payroll is greater than the full amount due as billed by VRS, an automated IAT will be produced crediting the agency. (Note: Agencies must ensure that the applicable member portion is collected from the employee. See section entitled “Insufficient Funds for Member Contribution” later in this bulletin).

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VRS Modernization Changes – Part 4 of a Series, continued

**Retro
Payment
Processing,
cont.**

Because the new reconciliation process takes into account retroactive adjustments as they are reflected in myVRS Navigator, it is no longer necessary to reflect the corresponding dates in the payroll action (manual pay set) used to collect the funds. Effective with October processing and going forward, if a retroactive adjustment is required, the collection of (or refunds of) the funds can be achieved by *any* one of the following methods:

- A. Override the SP 099 CONTBASE amount using HUE01 – all of the affected retirement deductions associated will also be adjusted; or
 - B. Override each individual VRS-related deduction using HUD01; or
 - C. Key a manual payset using HTODA or HTM00 for each VRS-related deduction to adjust the amounts
-

Insufficient Funds for Member Contribution

**Insufficient
Funds for
Member
Portion of
Retirement**

In the event that an employee's pay is insufficient to collect the full member-portion of retirement within that month, the employee is not to be credited with a month of service. The employing agency is responsible for accessing the employee's record and initiating the required entries to remove that month of service credit in myVRS Navigator. This action needs to be completed no later than the 10th of the following month. All retirement (employee and employer), retiree credit, and long-term disability funds would need to be refunded through CIPPS. Group Insurance, however, would still be charged to the employing agency for the full month.

The automated VRS Reconciliation will charge the agency via an IAT for the shortage if timely action is not taken to update myVRS Navigator. If this occurs, the agency must still remove the month of service credit for the employee in myVRS Navigator and the funds will be credited back to the agency via an IAT in the following month. Alternatively, if the agency can collect the shortage from the employee in the month after the shortage *through payroll*, myVRS Navigator does not need to be updated and the agency will be credited back via IAT through the reconciliation process. There is a two month window for active employee retroactive collections due to insufficient funds. After that time the service credit cannot be provided.

In the case of a termination a personal check to reimburse the agency for the shortage is permitted within the month after the service month. Beyond that the service credit must be removed from VNAV and any retirement/retiree credit deductions refunded.

Under no circumstances is the agency permitted to permanently absorb the employee-paid member-portion of retirement. All variances identified on the VRS Automated Reconciliation reports should generally be rectified within the following month either through an adjustment to the employee record in myVRS Navigator or an appropriate payroll action.

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VRS Modernization Working Examples

VRS Modernization Working Examples

To aid in understanding how to process VRS-related deductions with the new rules a series of “working examples” have been developed and posted to DOA’s website. Using the link below, a matrix of various examples will be displayed. Simply click on the description that best fits the scenario being processed and you will be linked to an example of how to process it in CIPPS.

http://www.doa.virginia.gov/Payroll/Payroll_Bulletins/VRSModernizationWorkingExamples.cfm

Review Online Pending File

HIK01, H1K02, and H1K03

The CIPPS pending file holds future-dated, recycled, and other transactions waiting to be processed through an edit or payrun. There are three screens associated with the online pending file:

H1K01 - shows employee number, entry date, sequence number, and trans code

H1K02 - shows by employee name and number the entry date, sequence number, and trans code

H1k03 - shows by employee name and number the entry date, sequence number, trans code and the entire transaction

Please use these screens to review your pending file. Transactions on the pending file for prior periods should be evaluated and removed using Batch File Maintenance if appropriate. However, remember that manual paysets which are also visible on these screens **should never be deleted**. A second manual payset to reverse the effect of the original manual payset must be processed to negate the effect of the original transactions.

Employer’s Statement of Wage Earnings

Included Compensation

The Workers’ Compensation Commission has confirmed that all forms of compensation for time missed are to be included in gross earnings on the VWC Form 71, Wage Chart. This includes any Virginia Sickness and Disability and/or Workers’ Compensation benefits received in the 52 weeks prior to the date of the injury or illness.

Agency Profile Updates

Timely Notification of Personnel Changes

DOA maintains a database of the payroll operation profiles of each agency to facilitate communications and assistance. Included in this database are contact names, phone numbers (voice and fax), E-mail addresses and report distribution information.

Verification reports showing the contact information we currently have in our database will be distributed this month. Please review the reports and provide any changes to Cathy McGill via email at cathy.mcgill@doa.virginia.gov or FAX to (804) 225-3499.

These reports are distributed semi-annually; however, if your agency undergoes personnel changes within your organization (Fiscal Officer, Human Resource Officer, Benefits Administrator, and Payroll Officer) during 2011 please notify Payroll Operations at the time of the change.
