

Department of Accounts

Payroll Bulletin

Calendar Year 2014

May 27, 2014

Volume 2014-09

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the Payroll
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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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Cash Match System Enhancement

Cash Match Synchronized with Deferred Compensation and Annuities

Previously deductions 045, DC MATCH, and 046, AN MATCH, operated independently from the corresponding employee contribution deductions. Manual audits were required to ensure that the employer cash match was not paid without a coinciding contribution to an eligible deferral plan. Agencies stopped the employer cash match for extended periods by changing the appropriate deduction frequency from “09” to “00”. This caused administrative difficulties because agencies had to remember to turn the frequency back to “09” when it was time to resume the employer cash match.

Beginning May 27, deductions 045, DC MATCH, and 046, AN MATCH, have been enhanced to work in tandem with deduction 038, DEF COMP, and deduction 039, PRE TAX, respectively.

Deduction 045, DC MATCH, has been programmed to take the lesser of one half of the amount withheld in deduction 038, DEF COMP, or the amount specified for deduction 045, DC MATCH.

Deduction 046, AN MATCH, has been programmed to take the lesser of one half of the amount withheld in deduction 039, PRE TAX, or the amount specified for deduction 046, AN MATCH.

As a result, deductions 045 and 046 will not process unless a corresponding amount is withheld in deduction 038 or 039, respectively.

Please discontinue the practice of turning the frequency to “00” for deductions 045 and 046 to stop the processing of those deductions unless the employee permanently loses eligibility for the employer cash match. (Examples: Salaried employee becomes a wage employee or Hybrid Retirement Plan employee ceases to contribute the max 4% voluntary contribution.)

Deferred Compensation Processing Reminders

Do Not Double Deduct for Missed Deferred Compensation Deductions!

Do not double-deduct deduction 038, DEF COMP, when an employee terminates mid-month. Deferred compensation is not a monthly deduction. Employees specify an amount to be withheld each period and they cannot defer more than the authorized amount for that pay period without a one-time deferral form submitted in the prior month.

Likewise, they cannot defer an amount for a pay period in which they did not earn wages. Do not catch up missed deductions for periods in which the employee was entirely on LWOP or had insufficient funds for the full deferral. However, if the employee receives a delayed payment (for example, a late VSDP approval) you can withhold the deferral at the time the payment is made for that pay period.

Rounding Calculations for Cash Match

The employer cash match, per VRS guidance, should be rounded up to the nearest one-hundredth when computing half of the contribution made to eligible deferral plans.

For example, if the employee is contributing \$26.67 per pay period to deferred compensation, half of the contribution would be \$13.335 making the employee eligible to receive a rounded cash match contribution of \$13.34.

Report U149 has been enhanced to include this logic. Please review this report and modify the employee deduction amount where necessary.

Report 942 – Employer Cash Match Audit Report

Report 942, Employer Cash Match Audit Report, was used by agencies to monitor those employees who will reach the deferred compensation limit within two pay periods and who will thus need to have the employer cash match turned off . However, with the system enhancement for cash match deductions discussed previously, which prevents the employer cash match from processing when the employee deferral YTD goal is reached, this monitoring is no longer necessary.

Report 942, renamed Supplemental Cash Match to Cease, can still be requested should you wish to be apprised in advance.

VRS Deduction Reminder – Less than 12 Month Employees

Request Mass Trans to Delay Retirement Deductions During Off Contract Months

This is a reminder that retirement contributions should cease during the off-contract months for VRS Plan employees who work less than 12 months. To delay the necessary deductions, contact State Payroll Operations to request a mass transaction to update the “Start Date” to the first day of the pay period when deductions should resume.

If the contract period ends mid-month, be sure to continue the VRS deductions through the end of the month. For example, if the contract period is 8/15 - 5/15, take deductions for the 4/25-5/9 period as well as the 5/10-24 period. The Mass Trans should be requested and processed during the 5/25-6/9 period to stop the deductions until the first pay period in September (8/25-9/9).

Review [Payroll Bulletin 2012-11](#) for more information.

Shift Pay System Enhancement

New Shift Pay Indicators

Previously, regular pay would still process when shift pay transactions were keyed for employees that were on “non-auto” timecard status on HOBID. In these cases, agencies had to key manual overrides on HUA03 paying the employee \$.01 to prevent an overpayment of regular pay.

CIPPS has been enhanced to include two new indicators for shift pay transactions:

4 – Pay second shift premium if SHIFT field on the H0BBN screen equals a 2, 3 or 4. Hours entered are for shift pay only.

5 – Pay third shift premium if SHIFT field on the H0BBN screen equals a 2, 3 or 4. Hours entered are for shift pay only.

Traditionally, agencies keyed a “2” for second shift premium and a “3” for third shift premium on HUA03. To avoid an overpayment in regular pay for a non-auto employee, agencies are advised to key a “4” instead of “2” to invoke the second shift premium and a “5” instead of “3” to invoke the third shift premium.

No changes are necessary to the H0BBN or H0CCH screens.

Agencies that send batch transactions to CIPPS can modify the in-house programs to accommodate the use of these new shift indicators when no regular pay is to be processed. Please contact State Payroll Operations at payroll@doa.virginia.gov if you have questions regarding the use of these new indicators.
