

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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General Guidelines for FY11 Bonus

DHRM Policy and Guidance

The Department of Human Resource Management distributed a memorandum dated June 15, 2010 entitled Fiscal Year 2010-11 Authorizations and Compensation Activities (link provided below). Within this document DHRM provides an explanation of the policies related to the FY 11 bonus. Additionally DHRM will be providing more information in the form of Frequently Asked Questions posted to its website in the near future.
<http://www.dhrm.virginia.gov/compensation/communication/FiscalYear11AuthandCompensationActivities.pdf>

This bulletin only provides guidance relative to how the bonus is to be processed in CIPPS.

Bonus Payment and Taxing

Bonus payments will be paid in a single payment (check or direct deposit) along with the employee's regular December 1, 2010 pay date earnings. The bonus special pay will be taxed in conjunction with the employee's salary received for that pay date using the employee's tax profile (i.e., marital status, number of exemptions) in accordance with IRS regulations as defined in IRS Publication 15, Section 7, "Supplemental Wages."

Agencies Using PMIS

For those agencies that enter data into PMIS, DHRM will produce a file for use within CIPPS providing the 925 transactions (for Special Pay 25) at the applicable amounts for those eligible employees. The input file should be available approximately November 17, 2010 for loading into CIPPS.

Agencies NOT Using PMIS

Agencies that do not enter data into PMIS should enter Special Pay transactions on HUE01 using the following indicators: tax – 5; check – 0; and deduction – 0.

General Guidelines for FY11 Bonus, (cont.)

Review of DHRM Transactions

It is the responsibility of each agency to verify the appropriateness and accuracy of the transactions loaded/entered and take corrective action where necessary. Temporary pay should not be included in the determination of the bonus amount.

The night the DHRM file is loaded to CIPPS the bonus transactions will appear on the Report 1001, Input Transaction Listing. DHRM will batch the bonus transactions by semi-monthly and monthly pay schedules. Batch number 9999 will be used for those transactions created for employees paid semi-monthly. Batch number 9998 will be used for those transactions created for employees paid on a monthly basis. A subsequent edit will produce the Report 1004, Transactions Balance Report. As with the Report 1001, this report should be reviewed to verify the appropriateness and accuracy of the bonus payment amounts.

Tax Deferral of Bonus Payment

DHRM (memo dated June 15, 2010) and VRS (Member News Fall 2010) issued guidance related to tax deferral of the bonus payment through contribution to the 457 Deferred Compensation Plan. Please note that the Payroll Authorization One-Time Deferral form must be completed and submitted to the Payroll Office ***no later than November 12, 2010*** to allow the deferral of the bonus to apply. On the One-Time Deferral form the employee should indicate the dollar amount they wish contributed to the Plan or “Net” if they want the total after applicable withholding contributed. (Employees not currently enrolled in the 457 Plan must enroll by November 1, 2010.) The contribution of the bonus counts toward the participant’s annual contribution limit.

For deferrals to a 403(b) annuity plan, employees currently enrolled with an annuity provider must provide written authorization to the employing agency of the amount to be deferred authorizing an increase to the current annuity contribution. For example, a form stating “I want \$xxx of my December 1, 2010 bonus to be contributed to my 403(b) plan” with the employee’s signature will suffice. A new Salary Reduction Authorization form DOES NOT need to be completed. Participants are responsible for ensuring any additional contribution does not cause total 2010 contributions to exceed IRS limits.

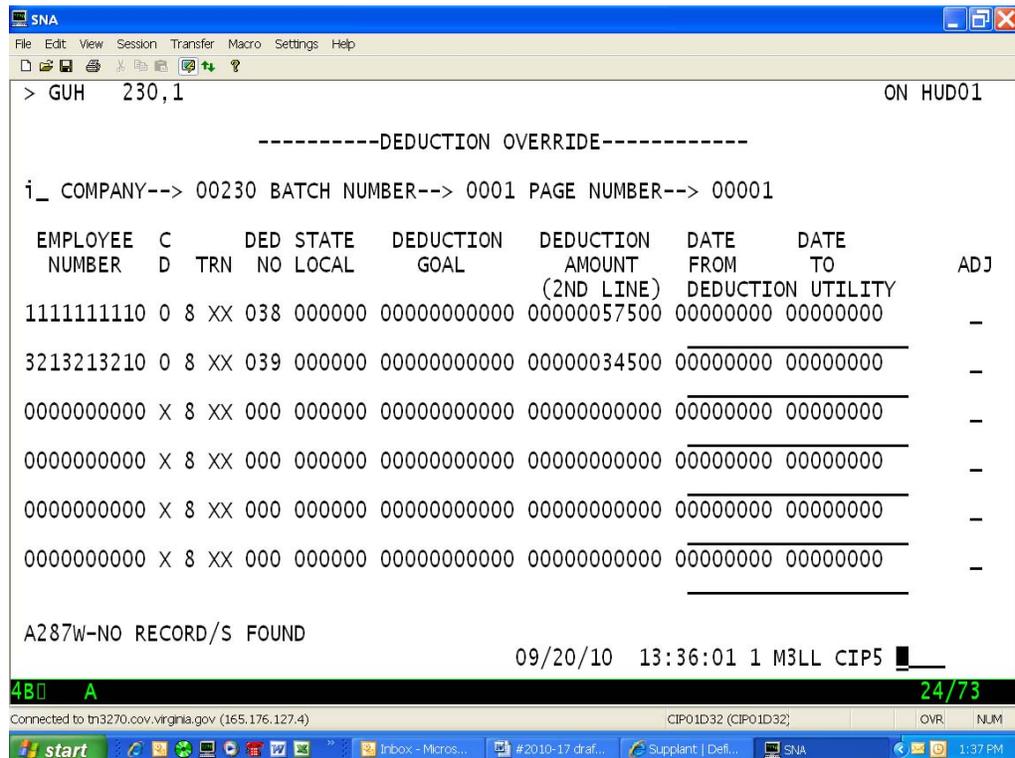
This is a one-time exception to the established FBMC change process. However, to facilitate review and posting of the December 1, 2010 annuity payroll, FBMC requests that each agency provide a listing of those employees affected. Please include the employee name, SSN, and amount of the bonus contribution to their plan. Fax (850-514-5803) or email (lgilmore@fbmc.com) the listing to Leslie Gilmore.

New enrollees MUST complete a Salary Reduction Authorization form in accordance with established procedures.

General Guidelines for FY11 Bonus, (cont.)

Tax Deferral of Bonus Payment (cont.)

Once the appropriate documentation has been received by the payroll office, the agency will need to enter a deduction override on HUD01. When entering deduction override amounts for a one-time increase to the deferral, be sure to leave the adjustment indicator blank as the one-time deferral temporarily replaces any previously existing deferral amount. (See screen print below.)



REMEMBER: The employer-paid cash match is NOT to be paid on deferral amounts from the bonus payment but should be maintained on the normal pay period deferrals.

Allocation of Bonus Payment to VPEP/VEST

Inquiries have been received regarding the ability to allocate the bonus payment to existing VPEP or VEST accounts. The Virginia College Savings Plan has stated that such allocations can be made; however, these allocations should be paid by personal check to VCSP or one-time Bank Debit (ACH), not through payroll deduction. Employees interested in such an allocation should visit VCSP's website at www.Virginia529.com or contact VCSP at 1-888-567-0540.

PAT (Payroll Auditing Tool) Training on the Web

Payroll Auditing Tool

The Payroll Auditing Tool is a set of predefined report summaries and data comparisons that provide agencies with pre- and post-audit payroll tools. For many years the PAT was available to line agencies through software that had to be downloaded and installed on individual computers. Additionally, specific files downloaded from FINDS had to be supplied to PAT to produce the desired reports. Compatibility issues with the software as well as the need to store data files from FINDS made this version less desirable for many line agencies.

Now PAT is a web-based program accessible through Payline. There are no requirements to download software or store data files. All the information is stored on the same secured servers that maintain Payline data. Thus far 167 agencies have decided to begin using PAT for their pre- and post-certification documentation and internal control enhancement.

If your agency is interested in using PAT, you can view a previously recorded PAT webinar found on DOA'S website on the Payroll Operations page. Prior to viewing the webinar it is suggested that you obtain a copy of the CAPP Topic 70735 available at the link below:

http://www.doa.virginia.gov/Admin_Services/CAPP/CAPP_Topics/70735.pdf

After reviewing the webinar and the CAPP Topic, if your agency is interested in using PAT simply complete the Payline Security Form found on our website at <http://www.doa.virginia.gov/Payroll/Forms/PaylineSecurityForm.pdf> and fax it to DOA.

If you have any questions regarding PAT, please contact Shannon directly at (804) 225-3065 or by email at shannon.gulasky@doa.virginia.gov.