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Section 50900—Reconciliation	TOPIC	Benefits Reconciliation
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Overview


Health Benefits Health benefits coverage is provided on a calendar month basis with premiums typically collected through payroll deductions. Each month, agencies must reconcile the premiums collected through payroll during the previous month with the health enrollments in effect during that month. For more information, see CAPP Topic 50430, *Health Insurance*.

Retirement Benefits Eligible employees are enrolled in a suite of retirement and related benefits. These enrollments are managed by the Virginia Retirement System (VRS) and interfaced to Cardinal HCM. Retirement contributions are collected through payroll deductions. Each month, agencies must reconcile the retirement contributions collected through payroll during the previous month with the retirement contributions on a monthly billing file received from VRS. For more information, see CAPP Topic 50425, *Retirement*.

Central Payroll Administration State Payroll Operations (SPO) in the Department of Accounts:

- Administers Cardinal HCM Payroll.
- Runs the automated Health Benefits Reconciliation process, which compares health benefit enrollment records with payroll records, to identify discrepancies.
- Reviews monthly certification of health benefits reconciliation forms and Agency to Agency journals (ATAs) submitted by agencies and evaluates submissions for inclusion in the Comptroller’s Quarterly Report on Statewide Financial Management and Compliance.
- Runs the automated VRS Billing Reconciliation process, which compares VRS monthly retirement contributions with payroll records, to identify discrepancies.

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Overview, Continued

Agency Payroll and Fiscal Administration

Agencies must:

- Review the health benefit reconciliation report and verify exceptions.
 - Submit ATAs (if applicable) to ensure the correct amount of premiums are collected for each employee.
 - Review the VRS billing reconciliation reports and take appropriate corrective actions to ensure that retirement contributions are collected for each employee.
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Automated Health Benefits Reconciliation

Overview

The Automated Health Benefits reconciliation compares the healthcare enrollment to the healthcare deduction amounts processed in Cardinal HCM during the month.


- The process creates financial transactions that require review and correction, as needed.
 - SPO oversees the Healthcare Reconciliation process.
 - Agencies are responsible for ensuring that all employee and employer healthcare premiums and rewards are reconciled monthly and ATAs are submitted to make necessary adjustments.
 - Additional information regarding health benefit processing is available in *CAPP Topic 50430, Health Insurance*.
-

Automated Health Benefits Reconciliation

The sequence of processes run in batch for the automated healthcare reconciliation is as follows:

1. Healthcare Reconciliation (HR067) – flags inconsistencies based on information in enrollment and deductions. This job is typically run the night of the first business day of the month.
2. General Ledger Adjustments (GL669) – writes journal transactions either to credit agencies for overpaid premiums or to charge for underpaid premiums.
3. Health Benefit Recon Exception Report (RHR070) – lists all employees for whom a variance was identified between the expected health premium amounts based on employee elections in Benefits with the actual health premiums collected through Payroll.
 - Lists employees whose Health Premium Reward processed through Payroll but does not match the Health Premium Reward enrollment in Benefits.
 - Runs monthly and identifies differences between the premium due, according to the Health Benefit enrollment in Cardinal HCM Benefits, and the premium collected through the combined employee and agency-paid deductions in Cardinal HCM Payroll.

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Automated Health Benefits Reconciliation, Continued

Automated General Ledger Journal

The automated healthcare journal entries can be identified in Cardinal FIN by using the Other Agency Transaction Report (Main Menu> General Ledger> General Reports> Other Agency Transactions) or in a COA Data Query. The journal will have a Source of 'RCN' and the Journal ID format will be 'HC' plus the next Cardinal system-generated journal number (e.g., HC00000001). The journal will have a journal date that is the first day of the month following the healthcare coverage month (i.e., a journal for October 2022 healthcare coverage reconciliation will have a journal date of 11/01/2022).

The automated ATA either charges or credits each employee's Department default expenditure string set up in the Department Budget table in Cardinal HCM.

Reconciliation Reports


Agency personnel generates and reviews the Health Benefits Recon Exceptions Report (RHR070) (Navigator > Benefits > Reports > Health Benefit Recon Exception), after the monthly Health Benefit Reconciliation process has run. Refer to the "Benefits Enrollment and Maintenance Course" on the Cardinal website for detailed instructions.

The Health Benefits Recon Exceptions Report lists all employees for whom a variance was identified between the expected health premium amounts, based on employee elections in Benefits, with the actual health premiums collected through Payroll. The report also lists employees whose Health Premium Reward was processed through Payroll but does not match the Health Premium Reward enrollment in Benefits.

The Health Benefits Recon Exceptions Report identifies Cardinal HCM records that have a variance in the agency number, provider code, plan code, or amount fields. The report groups health recon exceptions by Benefit Group ID (a combination of Company & Department ID), Deduction Code, and Benefit Plan. This report summarizes the Expected Premium, Collected Premium, and GL Agency Charge or Credit.

In a separate section, this report lists Premium Reward variances identified by the Healthcare Reconciliation process. If there is no Health Premium Reward Variances section, the health recon did not find any variances for the agency.

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Automated Health Benefits Reconciliation, Continued

Reconciliation Reports, continued To aid in reconciling Premium Rewards, run the Premium Rewards Audit Report (RBN063) (Navigator > Benefits > Reports > Audits > Premium Rewards Audit Report). This report lists employees whose health premium reward enrollment or additional pay amount require updating to align with their current health benefit enrollment.

The Benefit Enrollment Changes Report (RBN287) (Navigator > Benefits > Reports > Benefit Enrollment Changes) lists all employees who enrolled in benefits or made changes to existing benefits within a specific date range.

The Health Plan Participants Report (RBN054) (Navigator > Benefits > Reports > Participation > Health Plan Participants) lists active health plan participants as of a specified date. This report also displays Coverage Begin Date, Coverage End Date, and COBRA Event ID.

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Health Benefits Reconciliation Procedures

Reconciliation Procedures

Review every employee listed on the monthly Health Benefit Recon Exception Report (RHR070) (Navigator > Benefits > Reports > Health Benefit Recon Exception) to ensure the transactions identified per employee processed correctly. The Health Benefits Recon Exceptions Report includes Premium Reward Variances but does not create debit or credit transactions for Reward variances. Review the report to determine if the differences identified through the automated reconciliation process are correct. The brief Possible Action message identifies why the transaction was flagged. Agencies should also identify additional differences that were not included in the automated reconciliation. Keep in mind that healthcare reconciliations are reconciled one month at a time as opposed to YTD. Agency payroll administrators are ultimately responsible if additional adjustments are required but not completed.

The reconciliation package must contain justifications for all credit transactions included on the report and an explanation for Reward variances. If additional credit or debit transactions are required for premiums, the agency must also submit a General Ledger Spreadsheet Journal (ATA) text file. Changes included in the ATA should be supported by a Healthcare Adjustment Worksheet for each plan and include print screens from the Job tab of the Job Data Record and the Benefits Program Participation pages for each employee. The total adjustment amount for each worksheet is summarized on the Healthcare Certification form and should match the total of the ATA.

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Health Benefits Reconciliation Procedures, Continued

Reconciliation Procedures, continued


Run the Recon Exception Report in a CSV format and open in EXCEL. Add a header for “Justification” in column M. Use this column to provide an explanation for each premium credit transaction and each Reward variance. Also use this column to explain any additional transactions on the report that have been submitted in the ATA. Justifications should explain why and when (if transaction is tied to another month).

Example: The agency is due a credit on the February Exception Report for both the employee and employer premiums and the Action Required per the Recon Exception Report is “May be owed a refund”. A review of the premiums paid in January and February reveals that the credit is the result of agency collection of premiums owed for January so no refund is due to the employee/employer and the agency should retain the credit because the agency was charged for the premiums in the January reconciliation. No ATA is required and the justification should say “Jan prem charged to agy; collected in Feb”.

Example: The agency is due a credit on the February Exception Report for both the employee and employer premiums and the Action Required per the Recon Exception Report is “May be owed a refund”. A review of the employee’s job data record and communication with the Benefits Administrator indicates that the employee elected coverage to begin 1/1 but the Benefit Record was not updated until 2/5 and the agency collected past due premiums in February. The agency must submit an ATA to return the employee and employer retro premiums to the HIF and charge the agency. The justification is “EE coverage eff 1/1, retro prem collected in Feb”.

Example: The agency is due a credit on the February Exception Report for both the employee and employer premiums and the Action Required per the Recon Exception Report is “May be owed a refund”. A review of the employee’s job data record and communication with the Benefits Administrator indicates that the employee transferred to another agency on 2/25 but the Benefit Record was updated prematurely and terminated on 2/18. The agency must submit an ATA to return the employee and employer premiums to the HIF and charge the agency. The justification is “EE transfer out 2/25, BN record terminated 2/18”.

Example: The agency is charged on the February Exception Report for the employee premium for the full month of February for an employee on LWOP but the agency received payment directly from the employee for the premiums on 2/28. The agency deposited the employee payment as an expenditure refund to 5011150. No justification or ATA is required; however, it is recommended that a note should be included for future agency reference to indicate that “EE in LWOP; CK for Feb prem deposited 2/28”.

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Health Benefits Reconciliation Procedures, Continued

Health Benefits Adjustments Worksheet


Use this worksheet to document adjustments included on the ATA. Examples include retroactive adjustments (which require an additional premium due or a reduction in premiums due) and coverage termination (which require a reduction in premiums due). Employees listed on the worksheet must be supported by a screen print of the employee’s Job tab on the Job Data record and a screen print of the Benefits Program Participation page. The date of the transaction and the transaction type must validate the credit/charge. Agencies should also identify additional differences that were not identified by the automated reconciliation. Obtain copies and/or an Excel version of the Adjustments Worksheet from the DOA website (www.doa.virginia.gov).

Listing Differences on Adjustments Worksheet

Generally, each employee with an adjustment, whether resulting in a credit or additional charge to the agency, must be listed on the worksheet as specified below.

If...	Then...
employees are listed with the Possible Action message “EE may be owed a refund” for whom agency research indicates the refund is not due,	list the employee on the adjustments worksheet, provide an explanation and a health enrollment screenshot.
employees are listed with the Possible Action message “Addl EE premium required” for which agency research indicates a charge should not have been made,	list the employee on the adjustments worksheet, provide an explanation and a health enrollment screenshot.
employees are not listed on the Health Benefit Recon Exceptions report for which agency research indicates an additional charge or credit is due,	list the employee on the adjustments worksheet, provide an explanation and a health enrollment screenshot.

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Health Benefits Reconciliation Procedures, Continued

Agency ATA Agencies may need to request refunds for credits due to the agency or pay additional charges due to the Health Insurance Fund (HIF). These transactions will be processed as ATAs in Cardinal. Agencies will be required to complete the GL Journal Spreadsheet Upload Excel Template with the coding for both their agency and the HIF.


ATAs must be validated before they are sent to SPO using the Healthcare ATA Checker on the Payroll Operations Forms (Calculation Spreadsheets) website. All errors must be corrected before the ATA is submitted.

The file should be named with the following convention: HC, Business Unit, Month, Year (Example HC26100Feb2016).

Payroll Operations will review the transactions, upload, and post them to Cardinal.

The table on the following page summarizes Cardinal transaction coding for processing agency healthcare ATA's.

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Health Benefits Reconciliation Procedures, Continued

Used when...	To...	Business Unit	Cardinal Account *	Fund	Program	Dept	PC Business Unit (PCBU)	Project
Payroll deductions are greater than Expected Premiums	Credit agency (-)	XXXXX	5011150	XXXXX	XXXXX	XXXXX	See note #	See note #
	Charge HIF	14900	4005100	06200	N/A	60000	14900	Determined by Provider Code**
Payroll deductions are less than Expected Premiums	Charge agency	XXXXX	5011150	XXXXX	XXXXX	XXXXX	See note #	See note #
	Credit HIF (-)	14900	4005100	06200	N/A	60000	14900	Determined by Provider Code**


Project must include PC Business Unit (see second column) and a Project Activity ('STATE' for all agencies except VDOT).

** HIF Project Coding for various Provider Codes:

PCBU	Project	Description	Task
14900	AHI100	COVA Care	10
14900	AHI200	COVA Health Aware	10
14900	AHI300	COVA HDHP	10
14900	AHI810	Kaiser	40
14900	0000115265	Optima	40
14900	AHI820	TriCare	40

* **Employer premiums for employees in Involuntary Separation status are charged to 5011730.**

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Health Benefits Reconciliation Procedures, Continued

Healthcare Certification Form and Submission Requirements

List the sum of all credits or charges per Health Plan that are included in the ATA on the Healthcare Certification Form. The plan amounts should equal the total of the transactions listed on the Healthcare Adjustments Worksheets for each plan. Include the total of the ATA at the bottom. The Fiscal Officer or Fiscal Officer Proxy reviews and approves the package by signing and dating the Certification form. The Healthcare Certification form is available on the DOA SPO Forms website (www.doa.virginia.gov).

The signed Certification form, the Healthcare Adjustments Worksheets, supporting documentation, Excel file created from the RHR070, a signed copy of the RHR070 pdf file, and the ATA are submitted to the Healthcare Reconciliations folder in SPO SharePoint. The Agency # and reconciliation month must always be included in the file name(s). If the package is submitted through email to HealthRecons@doa.virginia.gov, please include the agency number and reconciliation month in the subject line.

Healthcare reconciliation/certifications are due by the end of the last workday of the month following the coverage month. However, the May reconciliation is due mid- June. The exact due date is documented in the FYE Payroll Bulletin.


Reconciliations will be considered late unless both the required documentation and a VALID ATA have been received by DOA on or before the established deadline.

Sunset Policy

Agencies forfeit claims to agency healthcare expenditure refunds when healthcare reconciliation/certifications are either not submitted or contain problems that remain unresolved more than two months following the close of the coverage month (one month following the reconciliation/certification due date). Under this policy, late requests for refunds (ATAs) will be deleted. Employee premium refunds are not affected.

Compliance Reporting

Agencies whose health benefits reconciliation/certifications are submitted late, incomplete, contain problems, or require additional adjustments, are subject to reporting in the Comptroller's quarterly Report on Statewide Financial Management and Compliance.

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VRS Retirement Reconciliation


Recommended Reconciliations

Cardinal and *myVRS* Navigator (VNAV) work together to process retirement contributions; therefore, it is recommended that in-house reconciliations be performed at strategic stages of the process to ensure that these systems are in sync. The reconciliations below should be performed at the noted intervals to ensure the data is updated timely for accurate and current payroll deductions. The individual reconciliations do not need to be performed by the same person. Ideally, each reconciliation should be performed by the agency department for the data being reconciled.

The basic instructions for performing the individual reconciliations are further explained in this CAPP Topic. More specific instructions, as well as forms and tools, are provided to aid in the reconciliation process on the “State Payroll Operations Forms” section of the DOA website. The forms are for internal use only and do not need to be submitted to DOA.

Interval	Recommended Deadline	Reconciliation
Monthly	Before close of business on 1 st business day of Snapshot month (so that the VNAV to Cardinal HCM interface will contain all known updates for the month).	Agencies must review and clear transactions on the VRS Cancelled Records report in VNAV. Reconcile creditable compensation for eligible employees from the Cardinal HCM Job Data Record using the V_HR_JOB_QUERY and compare to a preliminary Snapshot in VNAV to ensure records for all employees have been established in VNAV with the correct compensation information. Ensure all Purchase of Prior Service agreements have been properly authorized.
Each Pay Period	Before data freeze, to ensure retirement deductions are calculated using correct additional pay amounts.	Reconcile creditable compensation from the Cardinal HCM Job Data Record using the V_HR_JOB_QUERY to the VRS earnings code on the payroll register. If necessary, process Single Use Payroll Online Tool (SPOT) transactions to adjust amounts.
Monthly	Before 10 th of the Month following the Snapshot Month (as required by VRS).	Confirm the Snapshot in VNAV.
Monthly	After the VRS automated reconciliation process runs, run VRS Billing Exceptions Report (RHR078). The VRS Billing process runs in Cardinal HCM as soon as VRS sends the billing file, after the 10 th of the month following the month being reconciled.	Items on the VRS Billing Exceptions report must be researched and corrected in Cardinal HCM or VNAV, as soon as possible but no later than 31 days after the VRS Billing Reconciliation has run for the applicable month.

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VRS Retirement Reconciliation, Continued

Reconciling Creditable Compensation from Cardinal HCM to VNAV

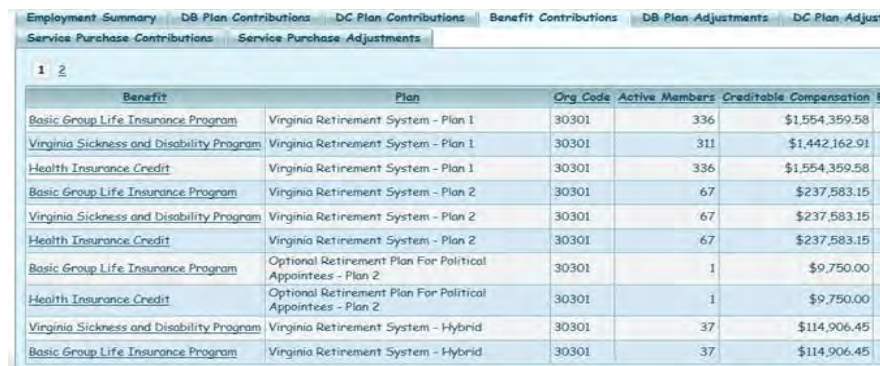
Purpose: To ensure that VNAV has properly identified the creditable compensation for the current month and the employees are reported into the proper retirement plan codes in VNAV and HCM. This ensures the VNAV to Cardinal HCM interface to establish retirement benefits will include all eligible employees.

Timeliness: Should be performed before the close of business on the first business day of each month to ensure the VNAV interface to Cardinal HCM processed on the following day will properly update the retirement enrollments.

Procedure:

Step 1 – The authorizing agent for salaries should provide a breakdown of total creditable compensation and participant count by retirement plan for the **month** (V_HR_JOB_QUERY, As of Date = MM/01/YYYY, Empl Type=S, HR Status=Active; divide the State Comp Rate by the number of contract months in Elig-Config 8). A sample certification form that can be used to communicate this information is available on the DOA website under State Payroll Operations Forms/Miscellaneous Forms/Creditable Compensation Form.


Step 2 – Create the Snapshot in VNAV for the upcoming month (create for April on first business day of April). The Snapshot should be created prior to the close of business on the first working day of the month. After creating the Snapshot, click on the “Benefit Contributions” tab to review the following information:



Benefit	Plan	Org Code	Active Members	Creditable Compensation
Basic Group Life Insurance Program	Virginia Retirement System - Plan 1	30301	336	\$1,554,359.58
Virginia Sickness and Disability Program	Virginia Retirement System - Plan 1	30301	311	\$1,442,162.91
Health Insurance Credit	Virginia Retirement System - Plan 1	30301	336	\$1,554,359.58
Basic Group Life Insurance Program	Virginia Retirement System - Plan 2	30301	67	\$237,583.15
Virginia Sickness and Disability Program	Virginia Retirement System - Plan 2	30301	67	\$237,583.15
Health Insurance Credit	Virginia Retirement System - Plan 2	30301	67	\$237,583.15
Basic Group Life Insurance Program	Optional Retirement Plan For Political Appointees - Plan 2	30301	1	\$9,750.00
Health Insurance Credit	Optional Retirement Plan For Political Appointees - Plan 2	30301	1	\$9,750.00
Virginia Sickness and Disability Program	Virginia Retirement System - Hybrid	30301	37	\$114,906.45
Basic Group Life Insurance Program	Virginia Retirement System - Hybrid	30301	37	\$114,906.45

Step 3 – Reconcile the information provided in Step 1 to the “Basic Group Life Insurance Program” benefit entries for each retirement plan code. If the items do not match, review the Cancelled Records report in VNAV. Add or correct records in VNAV prior to the close of business on the first working day of the month so that the correct information will be provided to Cardinal HCM in the VNAV interface.

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VRS Retirement Reconciliation, Continued

Reconciling Creditable Compensation from Cardinal HCM to VNAV,
continued

Retroactive adjustments for prior months will be included in the creditable compensation amounts shown. For a listing of employees, their creditable compensation, and contributions, click on the link for each benefit row. Add Plan 1, Plan 2 and Hybrid Plans together to reconcile.

Purpose: To ensure that all Purchase of Prior Service (PPS) agreements have been properly authorized in VNAV prior to the payroll interface.

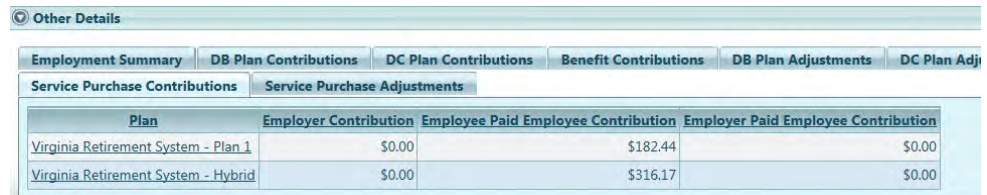
Timing: Should be performed before the close of business on the first working day of each month to ensure that the VNAV interface to Cardinal HCM processed on the following day will include correct update amounts for PPS.

Reconcile approved PPS agreements to a preliminary Snapshot in VNAV

Procedure:

Step 1 – The Benefits Administrator for the agency should be aware of active PPS agreements. Employers must create and certify service in myVRS Navigator for their employees to purchase service.

Step 2 – Create the Snapshot in VNAV for the upcoming month. The Snapshot should be created prior to the close of business on the first working day of the month. After the Snapshot is created, click on the “Service Purchase Contributions” tab.




Plan	Employer Contribution	Employee Paid	Employee Contribution	Employer Paid	Employee Contribution
Virginia Retirement System - Plan 1	\$0.00		\$182.44		\$0.00
Virginia Retirement System - Hybrid	\$0.00		\$316.17		\$0.00

Step 3 – Reconcile the information provided in Step 1 to the items presented on the “Service Purchase Contributions” tab. Also review the “Service Purchase Adjustments” tab to verify any correcting entries. If the items do not match agency records, make the proper renewals or approvals in VNAV for the differences. Add or correct PPS records in VNAV prior to the close of business on the first working day of the month so that the correct information will be provided to Cardinal HCM on the interface. Record the amounts on the Creditable Compensation Certification form.

Purpose: To ensure that retirement deductions are accounted for prior to confirmation for the pay period.

Timing: Should be performed prior to the data freeze deadline each pay period.

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VRS Retirement Reconciliation, Continued

Reconcile VRS Additional Pay to Payroll Registers

Procedure:

Step 1 – The authorizing agent for salaries should provide a breakdown of total creditable compensation and participant count by retirement plan for the **month**. A sample certification form that can be used to communicate this information is available on the DOA website under State Payroll Operations Forms/Miscellaneous Forms/Creditable Compensation Form.

Step 2 – Request a COVA Payroll Summary report. Refer to the total for VRS earnings in the Other Earnings Summary. Alternatively, the V_PY_ERN_EXTRACT can be run for the check date in progress to obtain detail by employee if needed.


Step 3 – Divide the amount in Step 1 by “2” to get the semi-monthly amount used per pay period. Compare to the total for the VRS additional pay earnings code. Identify the source of any differences, make a note of valid exceptions for use in the monthly reconciliation and make any necessary corrections.

Step 4 – Reconcile the expected PPS amounts to the appropriate deduction codes to ensure that all PPS payments are properly made. Refer to job aid, PY381, General and Benefits Deductions Codes. PPS deductions are general deductions.

Step 5 – Reconcile employee contribution amounts. Begin with the semi-monthly amount determined in Step 3 above and remove the creditable compensation for any employee on LWOP for the current month. Also remove the creditable compensation for any employee in a plan that does not contribute 5% member contributions. Multiply the remaining amount by 5%. The total of the appropriate VRS retirement deduction (before tax) plus the total of the Hybrid Mandatory retirement deduction (before tax) should reconcile to this amount. Identify the source of any differences, make a note of valid exceptions for use in the monthly reconciliation and make any necessary corrections. Refer to job aid, PY381, General and Benefits Deductions Codes. VRS And Hybrid retirement deductions are benefit deductions.

Step 6 – Using the certification form provided in Step 1, reconcile the dollar amount of Hybrid Voluntary contributions provided to the total of deduction HYBVDC. Voluntary contribution amounts should only change at the beginning of a quarter based upon employee elections. Fluctuations in this amount during the quarter should only occur due to a participating employee terminating or on LWOP.

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VRS Retirement Reconciliation, Continued

Confirm the Snapshot in VNAV by the 10th of the following Month

Purpose: To maintain compliance with the established VNAV deadline and procedure.

Timing: By the 10th of the following month of the Snapshot month. NOTE: The initial creation and review of the Snapshot must be done prior to the close of business on the first business day of the Snapshot month to ensure valid interface values in the VNAV to Cardinal HCM interface. Invalid values can lead to incorrect payroll deductions and ultimately penalties and fees to the agency.


Throughout the month the following actions should be taken:

- 1** –The initial Snapshot should have been created and verified prior to the close of business on the first business day of the month of the Snapshot to ensure that the VNAV to Cardinal HCM interface occurs properly.
- 2** – Changes made on or after the first business day of the month that affect the creditable comp for the current month, or a prior month, will continue to interface from VNAV weekly. Benefit Administrators should review the Benefits Program Participation page, Retirement Plans enrollment page and the additional pay page in HCM to ensure that the benefit is set up correctly before the data freeze. Changes received after data freeze will not process until the following period. Payroll must be notified immediately if a SPOT is needed to calculate retirement for the current period.
- 3** – Changes made on or after the first business day of the month that affect PPS agreements for the current month or a prior month should be provided to payroll as soon as possible. A VNAV screenshot documenting the change may be used by payroll to manually change Cardinal HCM prior to certification of the first pay period to ensure contributions are taken in a timely manner.

Confirmation – As soon as the information in VNAV has been verified, the Snapshot should be officially confirmed according to the instructions on the VRS website. The Snapshot Confirmation is the agency’s certification that the VRS enrollments, creditable compensation, and PPS agreements are correct as presented in VNAV. This creates a “bill” to the agency based on the information confirmed.

After all Cardinal payroll employers have confirmed their Snapshots, a file is sent to Cardinal HCM to process the automated VRS Billing Reconciliation described in the next section. The automated VRS Billing Reconciliation compares the amounts billed per VNAV to the amounts collected in payroll during the previous month.

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VRS Retirement Reconciliation, Continued


Automated VRS Billing Reconciliation

Each month, Cardinal HCM runs the automated VRS Billing Reconciliation after receiving the Snapshot billing file from VRS. Snapshot confirmations are due no later than the tenth of each month.

The VRS automated reconciliation business process includes two reports for reconciling activity for employee and employer defined benefit retirement contributions as well as agency-paid premiums for Group Term Life Insurance, Retiree Health Credit and VSDP/Long Term Disability. Each of these reports is principally grouped by VRS Organization Code within each Business Unit.

Report	Description
RHR078 – VRS Billing Exceptions	<p>Within each VRS Organization Code, this report groups exceptions into Benefit Sections identified by plan type description. Those sections are Employee Retirement DB, Hybrid Retirement, Group Term Life, Retiree Health Credit, VSDP LTD, and General Deductions.</p> <p>IT IS EXTREMELY IMPORTANT TO RESOLVE EXCEPTIONS ON THIS REPORT IMMEDIATELY!</p> <p>The automated transactions result in a charge to the agency for the employee’s portion. The Code of Virginia prohibits employers from paying the employee portion. Charges made to the agency on the employee’s behalf should be collected on the next available payroll.</p>
RHR079 – VRS Billing Summary	By VRS Organization Code, this report summarizes total amounts on the VRS billing file, total amounts collected in Cardinal HCM, and the differences. The report also shows Business Unit totals and Grand Totals.

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VRS Retirement Reconciliation, Continued

Comparing Retirement Plans on the Contributions Snapshot to Cardinal HCM


When any deduction code and benefit plan derived from the retirement plan code on the VRS billing file differs from Cardinal HCM, the employee may appear on this report multiple times, depending on the affected benefit type. One row will show the deduction code, benefit plan, and amounts from the bill with no matching Cardinal HCM amount. A related row will show the deduction code, benefit plan, and amounts charged in Cardinal HCM.

- If the employee is in the hybrid retirement program in VNAV or in Cardinal HCM, the employee's unmatched variances appear in the Employee Retirement DB section and in the Hybrid Retirement section.
- If the employee is in an ORP plan in one system and not the other, only the non-ORP retirement defined benefit plan and amounts appear on this report. Otherwise, employees in an ORP plan only appear on the report when a variance is found for Group Term Life or Retiree Health credit.

Cardinal HCM Activity not on the Contributions Snapshot

Transactions, such as a void check or retroactive adjustments, processed in the month after an employee terminates appear in the appropriate sections of this report. In these instances, the employee only appears on the report showing the Cardinal HCM deduction code, benefit plan, and amounts processed in Cardinal HCM.

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Employee Retirement DB Billing Exceptions

The Employee Retirement DB section lists each employee having a discrepancy between defined benefit contribution amounts confirmed on the monthly Contributions Snapshot for the Retirement Defined Benefits and the amounts charged in Cardinal HCM. This section applies to employees enrolled in the VRS retirement plan. If the deduction code and benefit plan derived from the VRS billing file differs from Cardinal HCM, the employee will have multiple entries on the report. One row will show the deduction code, benefit plan, and amounts from the bill with no matching Cardinal HCM amount. The other row will show the deduction code, benefit plan, and amounts charged in Cardinal HCM. If the employee is in the hybrid retirement program in VNAV or in Cardinal HCM, the employee’s unmatched variances will appear in this section and in the Hybrid Retirement section.


Hybrid Retirement Billing Exceptions

The Hybrid Retirement section lists each employee having a discrepancy between defined benefit contribution amounts confirmed on the monthly Contributions Snapshot for Retirement Defined Benefits and the amounts charged in Cardinal HCM. This is the portion of the hybrid retirement plan going directly to VRS.

If the deduction code and benefit plan derived from the VRS billing file differs from Cardinal HCM, the employee will have multiple entries on the report. One row will show the deduction code, benefit plan, and amounts from the bill with no matching Cardinal HCM amount. The other row will show the deduction code, benefit plan, and amounts charged in Cardinal HCM. If the employee is in the hybrid retirement program in VNAV or in Cardinal HCM, the employee’s unmatched variances will appear in this section and in the Employee Retirement section.

This section is unique as it reconciles a single VRS billing file transaction with both the VRS Retirement and the Hybrid Retirement benefit **plan** types in Cardinal HCM. The employer contribution amount from the VRS billing file is reconciled with the employer amount charged in Cardinal HCM to the appropriate 7V Hybrid Retirement deduction, HBDBER or HJDBER. At the same time, the employee contribution amount from the VRS billing file is reconciled with the employee amount collected in Cardinal HCM for the appropriate 70 employee retirement DB deduction, HVRMDB or HJRMDB.

Note: For employees listed in this section, corrections are likely necessary to the defined contributions portions as well. The employer contributions under plan type 7V reflect the calculated employer match for the hybrid mandatory defined benefit Retirement plan (plan type 70) minus the employer match processed for the hybrid voluntary defined contribution Savings plan (plan type 4W).

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Hybrid Defined Contribution Exceptions

It is important to note that the automated VRS reconciliation does not display or automatically debit or credit the agency for differences that may exist in the defined contributions records. VRS performs a periodic reconciliation of amounts expected and received in the defined contributions records. Agencies are provided with a detailed worksheet itemizing the differences. Adjustments must be made via SPOT as needed.

Group Term Life Billing Exceptions

This section lists each employee having a discrepancy between the amount confirmed on the monthly Contributions Snapshot for Employer Group Life and the amount charged in Cardinal HCM.

Retiree Health Credit Billing Exceptions

This section lists each employee having a discrepancy between the amount confirmed on the monthly Contributions Snapshot for the retiree Health Insurance Credit (HIC) and the amount charged in Cardinal HCM.

VSDP LTD Billing Exceptions

This section lists each employee having a discrepancy between the amount confirmed on the monthly Contributions Snapshot for the Virginia Sickness & Disability Program (VSDP), Long Term Disability (LTD), and the amounts charged in Cardinal HCM.

General Deduction Billing Exceptions


This section lists each employee having a discrepancy between the amount confirmed on the monthly Contributions Snapshot for the Buyback (PPS) Agreements and the amounts collected in Cardinal HCM.

RHR079 – VRS Billing Summary

The VRS Billing Summary Report (RHR079) summarizes the automated VRS Billing Reconciliation activity. Within each VRS Organization code, the VRS bill amount is shown for each plan type along with the GL expense account to which the variance is posted, the amount collected in Cardinal HCM, and the amount of the automated GL Adjustment entry. The calculated amount in VNAV can vary slightly from Cardinal HCM calculations; therefore, VRS has provided a 0.05 cent tolerance for rounding. This non-billed rounding amount is also displayed.

The VRS Billing Summary report is grouped with employee-paid totals reconciled on the left and employer-paid totals reconciled on the right. The report also includes Plan Type Totals, Business Unit Totals, and Grand Totals.

The billed totals and the Cardinal HCM totals on the Billing Summary include all transactions from the automated reconciliation process. Only the GL adjustment totals will match the GL adjustment totals on the VRS Billing Exceptions report.

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General Ledger Coding for VRS Charges As explained in the previous section, the automated VRS Billing Reconciliation creates automated transactions that will credit or charge the agency using the employee’s department coding; if unavailable, the recon uses Dept 99999.

The automated VRS Billing Reconciliation includes retroactive adjustments for previous months as corrections are made. If an item generates a charge to the agency in one month, the money may be collected in Cardinal HCM the following month causing an offsetting credit to the agency.

Likewise, when the agency is credited with funds because of incorrect reporting in VNAV, correcting the item in VNAV will cause a retroactive charge to the agency on the next available Snapshot. The previous credits should be offset by the retroactive charge generated.

Unresolved situations that remain from month to month will leave a balance. Therefore, it is imperative to reconcile the amount posted to prevent the agency from being charged for mandatory employee contributions and to ensure that all discrepancies have been resolved.

A VRS Automated Reconciliation Spreadsheet which can be used to reconcile this account is available on the DOA Payroll Operations Forms website under the Calculation Spreadsheets section.

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Internal Control

Internal Control

Agencies must ensure all employee premium reward and agency premiums due are calculated and collected timely.

The agency must ensure that retirement, retiree credit, group insurance, long-term disability, and other corresponding retirement plan deductions are established properly in Cardinal HCM and VNAV. Ensure that a timely review of the monthly reconciliation reports is completed, and any automated amounts are accurate or any corrective actions are completed. Maintain employee enrollment information and any supporting documentation for audit purposes.

Records Retention

Time Period


All applicable forms affecting employee healthcare plan eligibility and the related payroll deductions must be maintained at the agency for four years or until audited, whichever is later.

Retain payroll reports for five years or until audited, whichever is later.

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Subject Cross References

References

CAPP – Topic No. 20410, *Intra-Agency Transactions*
CAPP – Topic No. 20405, *Inter-Agency Transactions*
CAPP – Topic No. 50415, *Savings Plans*
CAPP – Topic No. 50425, *Retirement*
CAPP – Topic No. 50430, *Health Insurance*

Suggested Forms and Job Aids

The following forms can be found on the Cardinal Website, under Statewide Toolbox – Forms:

Journal Entry

GL Journal Spreadsheet Upload Excel Template

GL Journal Spreadsheet Upload XLA Macro File

The following training aids can be found on the Cardinal Website, under Statewide Toolbox – Job Aids:

Uploading Spreadsheet Journals

Agency to Agency (ATA) Transactions Information Sheet
