



Volume No. 1 - Policies & Procedures	TOPIC NO.	50605 – Cardinal
Section No. 50600—Balance Adjustments	TOPIC	Balance Adjustments
	DATE	June 2023

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Overview

Introduction

Month, Quarter and Year to Date balances are maintained for three balance types by agency for each employee in HCM. Balances are updated each time a payroll is confirmed. Circumstances sometimes require adjustments to the accumulated balances (e.g., earnings, deductions, taxable wages) stored in the Cardinal HCM Balance records. Adjustments to these balances are submitted by the agency on a Balance Adjustments Request form and processed manually by State Payroll Operations. Whenever possible, adjustments should be run through the payroll process and balance adjustments should only be used when payroll processing is not an option. Balance adjustments are primarily used for:


- Earnings adjustments that cannot be processed through payroll.
- Deduction Adjustments that cannot be processed through payroll.
- Taxable Wage Adjustments that cannot be processed through payroll (adjustments to federal and state withholding taxes are not processed through balance adjustments).
- Adjustments to balances for special accumulators that cannot be processed through payroll.

Balance adjustments affect only accumulated totals. Balance adjustments must be completed prior to W2 processing for the calendar year. Adjustments made during the calendar year do not impact payroll calculations except for FICA taxes which self-adjust in payroll for active employees based on the balance in YTD FICA taxable wages. Balance adjustments ensure accuracy of W-2 reporting but do not affect general ledger expenditures. Journal entries may be required to correct general ledger reporting.

Examples

Following are some examples of when balance adjustments may be needed:

Adjustments for...	HCM Balances for...
Over-payments where the agency receives a personal check from the employee for part of the overage.	Taxable wages are overstated.
Corrections for FICA taxable wages	Taxable wages are overstated or understated.
Corrections for state withholding taxable wages	Taxable wages may be understated in one state and overstated for another.
Changes required for earnings or deductions maximums.	Earnings or deductions may not process unless adjustments are made.

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Balance Adjustments

Balance Types There are three types of balances maintained for multiple years in HCM:

- Calendar Year – January through December, based on check dates; used for 941 and W2 reporting
- Plan Year – based on the pay periods included in the applicable benefit plan year (Flexible Spending Accounts)
- Fiscal Year – July through June, based on check dates


In most cases, only the Calendar Year balances will be adjusted. However, there are some situations that require adjustments to Plan Year. For instance, flexible spending account deductions due for a prior plan year that are processed in the new plan year require only a Plan Year balance adjustment to ensure that the deductions for the current plan year continue to be taken correctly.

Balance Periods Agencies should audit payroll totals after each confirmation and are required to submit quarterly certifications affirming that the taxable balances for each employee are reflected correctly. Adjustments should be submitted as soon as possible to ensure accurate reporting for each quarter; however, with few exceptions, adjustments are entered for the period in which they are received (i.e., balance adjustment for February taxable wages received in April will be made for the month of April). Once W2s have been submitted to the IRS subsequent balance adjustments needed for that calendar year will be handled through W2-C requests and will not be updated in HCM balance records.

Note: FICA taxable wages that are increased will result in withholding of additional FICA taxes from active employees in the current pay cycle. Additional adjustments may be necessary if FICA taxable wages for inactive employees are increased.

Balance Adjustment Forms

The Balance Adjustments Request Form is available in the HCM Forms section of the Payroll Operations Forms webpage on the DOA website. Instructions for completion of the form are available as a separate tab in the workbook. When providing a reason for the adjustment, be as detailed as possible and include the date of the original transaction and a complete explanation for what happened and why the adjustment is required. Include a copy of the balance page that corresponds with the adjustment you are requesting. Use care when choosing the drop-down boxes and make sure that all balances that must be updated are included on the form. The completed form should be submitted to the appropriate SPO SharePoint folder in an EXCEL format. Incomplete forms will be returned.

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Balance Adjustments, Continued

Earnings Balances

Earnings balances can be monitored using online screens or a data query.

The online screens for balances and balance adjustments that have been entered are accessed for an individual employee using the following path. Make sure that you choose the correct balance type and year for your inquiry.

Menu > Payroll for North America > Periodic Payroll Events USA > Balance Reviews > Earnings

A data query is also available and can be used to review balances for one or all employees.

Earnings Balances Query (RPY531) V_PY_ERN_BALANCES - This query provides earnings balance information by selected plan year at the Company or employee level for MTD, QTD and YTD.

Menu > Reporting Tools > Query > Query Viewer > V_PY_ERN_BALANCES

Deduction Balances

Deduction balances can be monitored using online screens or a data query.

The online screens for balances and balance adjustments that have been entered are accessed for an individual employee using the following path. Make sure that you choose the correct balance type and year for your inquiry.


Menu > Payroll for North America > Periodic Payroll Events USA > Balance Reviews > Deductions

A data query is also available and can be used to review balances for one or all employees.

PY Deductions Balances Extract Query (RPY532)
V_PY_DED_BALANCES - This query provides deductions balance information by calendar or fiscal year at the Company or employee level for MTD, QTD and YTD.

Menu > Reporting Tools > Query > Query Viewer > V_PY_DED_BALANCES

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Balance Adjustments, Continued

Taxable Wages/Taxes Balances

Taxable Wages/Taxes balances can be monitored using online screens or a data query.

The online screens for balances and balance adjustments that have been entered are accessed for an individual employee using the following path. Make sure that you choose the correct balance type and year for your inquiry.

Menu > Payroll for North America > Periodic Payroll Events USA > Balance Reviews > Taxes

A data query is also available and can be used to review balances for one or all employees.

Payroll Tax Balances Query (RPY530) V _PY_TAX_BALANCES - This query provides tax balance information by calendar or fiscal year at the Company or employee level for MTD, QTD and YTD

Menu > Reporting Tools > Query > Query Viewer > V _PY_TAX_BALANCES


Note: In almost all circumstances, taxes can only be adjusted through Update Paysheet Requests submitted to State Payroll Operations. Contact SPO if you need additional information.

Tracking the Process

The following report can be run at any time to review all balance adjustments made for an agency.

COVA Balance Adjustment Report (RPY452) - This report lists employees for whom adjustments to Month-to-Date (MTD), Quarter-to-Date (QTD), and year-to-Date (YTD) balances were made directly to the balance table.

Menu > Payroll for North America > Periodic Payroll Events USA > Balance Adjustments > COVA Balance Adjustment Report

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Internal Control


Internal Control

Before submitting a balance adjustment, ensure proper documentation (i.e., memorandums, authorizations) has been received and approved by appropriate parties. This is critical to verification and certification of the payroll entries. Once the balance adjustment has been entered, verify the results to ensure the entries made the expected changes.

Records Retention

Time Period

All source documents are retained for 5 years or until audited, whichever is later.

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Contacts

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Subject Cross References

References CAPP – Cardinal Topic 50110, *CIPPS Navigation*
CAPP – Cardinal Topic 50320, *Termination*
CAPP – Cardinal Topic 50605, *Tax and Deduction Overrides*
CAPP – Cardinal Topic 50810 *Pre Certification Activities*

CIPPS to Cardinal Transition

Cardinal HCM Project The Cardinal HCM (Human Capital Management) Project will replace CIPPS in conjunction with the replacement of the Personnel Management Information System (PMIS). This project leverages the Commonwealth’s investment in the Oracle PeopleSoft application and allows for full integration to the Cardinal Financial application.
