

Department of Accounts

Payroll Bulletin

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the 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) 225-2245 or Email at cathy.mcgill@doa.virginia.gov

State Payroll Operations

Director Cathy C. McGill

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Direct Deposit Security

Help Protect Employees

Direct deposit fraud continues to target agencies in the Commonwealth. With proper security measures in place, agencies can avoid falling victim to fraudsters and phishing scams.

Effective immediately DOA has removed the employee direct deposit form from the public website. Employees will be required to log into Payline to print the form for submission to the agency HR or Payroll office. Do not share this form electronically.

New hires are required to wait to sign up for direct deposit until they are able to create a security record in Payline. Once their first payment has been processed, they will be able to create a security record (the day after certification) and access the form. Please understand that this will result in an increased number of paper checks for your agency based on your number of new hires; however, the security of employees' payments to direct deposit accounts justifies the additional effort.

Changes to Direct Deposit Form

In addition to removing the Employee Direct Deposit form from the public website, significant changes have been made to the form found in Payline. Please pay attention to the following requirements:

- Employees must fill out a separate form for each direct deposit account
- All fields on the form must be completed – the only exception is the Current Account Number field when the employee is requesting a deposit to a new account, not already in use. For example, employee already has direct deposit for net pay and wants to add another account to receive a fixed amount – current account number is not required because it has not yet been established for that deduction.
- Agency Name, Employee Name, Address, Employee Number, Financial Institution Name, Routing Number, New or Change, Account Type, Amount, New Account Number, Employee Signature (must not be an electronic signature) and Date are ALWAYS required
- Voided check or other documentation from the financial institution (top part of a bank statement, Member Information Card, etc.) to confirm routing and account number is required.
- Completion of information in Agency Use box is also required

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Direct Deposit Security, cont.

Security Tips

The following tips are provided, but responsibility for ensuring that direct deposit changes are legitimate rests solely with the employing agency.

- DO NOT share the direct deposit form electronically
 - NEVER accept a direct deposit change received through email or fax UNLESS you confirm directly with the employee, either in person or by phone (using a phone number already in your file). If necessary, turn off the direct deposit for the account completely until confirmation is made. Notify the employee that they will receive a check in the meantime.
 - ALWAYS make sure that the most current version of the Commonwealth DD form is used. The form has been revised as of 08/19 and earlier versions should not be accepted.
 - NEVER accept a direct deposit change that is not completely filled out and signed by the employee. That includes all of the required fields listed previously.
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Victim of a Scam?

In the event it is discovered that a fraudulent change has been made to an employee's direct deposit account, immediately follow these steps:

- 1) Submit Stop Payment request to payroll@doa.virginia.gov – make sure the reason includes “BEC: Incorrect account information, Email fraud”
 - 2) Notify Cathy McGill (cathy.mcgill@doa.virginia.gov) and Carmelita Holmes (carmelita.holmes@doa.virginia.gov) at DOA State Payroll Operations – we will notify the Treasurer's office who will also contact the bank on your behalf
 - 3) Inform your agency Information Security Officer (ISO)
 - 4) Contact the Virginia State Police Hotline at (804) 537-6788 to file an incident report and begin an investigation; then
 - 5) Contact the Virginia Fusion Center at (804) 674-2196 or the VFC's email address: vfc@vsp.virginia.gov for additional instructions
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Requests for Changes to W2s

Internal Control

State Payroll Operations is strengthening the internal controls surrounding requests for changes to W2s. Because W2s contain sensitive information, all requests must be sent in a secure (encrypted) manner. Please do not fax them or redact any information on the original W2.

Required Information

In an effort to standardize the information requested, a new form has been created that must accompany a copy of the original W2 when changes are needed. If changes have already been requested, then include the form with a copy of the W2C received in response to the earlier request. Continue to provide the corrected amount on the W2 copy inside or near the box that must be corrected – do not cross through original amount.

All information on the new form must be provided. Failure to provide required information may result in a delay in receiving the W2C. The new form can be found on DOA's website under Payroll Forms: Miscellaneous Forms:

<https://www.doa.virginia.gov/forms.shtml#payrollop>

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Change in Refunding Employee Health Care Premiums for Prior Year

Salary Reduction Agreements and Constructive Receipt

The IRS recently provided the following guidance in response to a question about tax treatment of refunds for prior years made to employees for Section 125, Cafeteria Plan deductions, and Section 132, Qualified Transportation Benefits. Employees who enroll in premium conversion or pre-tax parking elect to have their compensation decreased in exchange for payment of the employee share of health insurance premiums or parking by their employer. When the employee receives a refund in the following year, the employer is not paying it toward insurance or parking, but paying it to the employee as compensation. That amount should be included as taxable wages in the current year by compensating the employee through payroll using one of the general special pay codes such as 001 or 023. **Do not process the reimbursement as a deduction refund; however, if you have not already received a credit from the HIF for the premiums not due, include the transaction on the monthly recon just as you have always done.**

Remember that retirement contributions do not fall in the same category (they are not salary reduction agreements) and are exempt only from FIT and SIT. Refunds to employees for retirement contributions erroneously deducted in a prior year still require correction via W2C.

VRS Hybrid Recons

Reconciliation Report

In addition to the various contribution reconciliation resources available to employers, VRS will be sending a Hybrid Retirement Plan Reconciliation Report to agencies that reflect discrepancies in the defined contribution (DC) contributions confirmed with the Snapshot and contributions posted to the employee's ICMA-RC account. HR and Payroll should work together to review the discrepancies, determine the cause (i.e., discrepancies related to employment changes, etc.) and update the appropriate systems (PMIS, VNAV, etc).

Please note: This report is generally sent out on a quarterly basis and is only sent to agencies with discrepancies.

Health Insurance Premium Holiday

Begin Date on H0ZDC

The premium holiday announced by Governor Northam in May will take place during the month of October 2019. Payroll deductions for eligible employee and employer health insurance premiums will not be taken on the 10/16 or 11/1 pay dates. Department of Accounts will load mass transactions the night of October 1 to add a "Begin Date" of 11/01/2019 to deductions 024, 025 and 026 on H0ZDC. This will stop the deductions from processing during the month of October.

Please note that the "Begin Date" must be removed if adjustments for prior month's collections, refunds, etc are required during October. If a refund for a prior month is needed during October, an override for \$0.00 will also be necessary to prevent the normal premium from processing as well. The "Begin Date" of 11/01/2019 must be re-entered on the H0ZDC screen after certification to prevent premiums from processing for the second half of the month. Employees whose enrollment records are effective October 1 but may not interface from BES into CIPPS until November are still eligible for the premium holiday for premiums that normally would have been due for October. The deduction overrides normally done in November to collect the retroactive premiums for October will be unnecessary.

Health Insurance Premium Holiday, cont.

TRICARE	The mass transactions that will load the “Begin Date” will impact all health care deductions, regardless of Provider Code. On October 2, DOA will manually remove the “Begin Date” for employees in TRICARE since they are not included in the premium holiday. It is recommended that agency review of records for those employees should be conducted on October 3 or 4 to ensure all TRICARE participants have been updated.
BES Daily Interface	PMIS files will continue to interface with CIPPS on a daily basis. Enrollments or changes that come through the interface will require agency intervention to add or replace the “Begin Date” on deductions 024, 025 and 026 on H0ZDC.
Monthly Reconciliation	The normal monthly reconciliation will still process at the end of October; however, it is unlikely that there will be many, if any, auto charges since nothing will be due for the month of October for all plans except TRICARE. Agencies will still need to complete the monthly recon and submit ATAs to receive any credits due as a result of adjustments for prior months that may have been processed during October.

Employee Position Numbers

H0BUO	Effective July 1 a new field was added to the H0BUO screen for employee position number for both wage and salaried positions. Position number has been added to most reports created by CIPPS. The field name that shows on the 1006 is Personnel Const7. Position Number has also been added to the PMIS/CIPPS Data Discrepancies Reports that run at the end of each pay period. The Employee Masterfile Query in PAT also includes position number.
PMIS Agencies	Initial values for PMIS agencies were loaded from the PME480 and PMW480 files dated June 25. Position numbers are updated as changes occur through the daily wage and salary interface files. Agencies not participating in the wage interface are responsible for maintaining position number data as changes occur.
Non-PMIS Agencies	Position number is an optional field for non-PMIS agencies at this time; however, at some point it may become mandatory. Please contact State Payroll Operations if you are interested in populating the position number field in CIPPS. Keep in mind that maintainance will be required to keep the field current once values have been added.
