

Department of Accounts

Payroll Bulletin

Calendar Year 2023

November 29, 2023

Volume 2023-09

PAYROLL PROCESSING - CALENDAR YEAR-END 2023

*In This Issue of
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

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Introduction

This Payroll Bulletin addresses payroll for calendar year-end 2023. Please see communication from Cardinal regarding calendar year end leave processing in Absence Management.

All dates noted in this bulletin are final completion dates. Adherence to these dates is imperative to complete all regulatory reporting requirements and avoid unnecessary penalties.

It is important that agencies read the bulletin in its entirety as procedures may have changed. Copy this bulletin and distribute it to all appropriate personnel within your agency.

Issues Requiring Special Attention

- **Update Paysheet** requests to adjust federal or state tax payments must be submitted to SPO **no later than Wednesday, December 20** to allow time for data entry prior to Update Paysheet deadline and processing through payroll.
- **Balance adjustments** that have been identified during the year but have not been submitted should be sent to DOA for processing as soon as possible and **no later than Friday, December 22**. This is especially important for adjustments that increase FICA taxable wages and may result in additional payments due to the IRS. ALL balance adjustments needed to complete reconciliation of calendar year 2023 must be submitted no later than Monday, January 8. Additional taxes may be due and will be processed by DOA (charged to agencies but agencies must process payments for any penalties and interest that result).
- Quarter-end reports can be run as soon as the final payrolls for check dates in 2023 have been confirmed. If stop payments or balance adjustments have been submitted, agencies should wait to run Year-end reports after the CYE 2023 confirm is processed on 12/29.
- Balances will be loaded to W2s for the first time after the CYE 2023 confirm on 12/29. Balances will be reloaded every night from December 29 through January 19 or when the CYE Certification is received, whichever occurs first.
- W2s and reporting for states other than Virginia – additional information and guidance will be provided in early January for agencies that have to submit W2s and report withholding for other states.

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Payroll Processing - Calendar Year-End 2023

Key Dates

- **Wednesday, November 29** – CYE Training, Monroe Conference Room B, 9 am – 3 pm
- **Thursday, November 30** – SM/MTH Off Cycle confirmations
- **Thursday, November 30** – **all ORPHE Retiree Group Life Imputed Income adjustments due to SPO**
- **Monday, December 4** – BW Off Cycle confirmation
- **Monday, December 11** – SM confirmation
- **Tuesday, December 12** – BW confirmation
- **Thursday, December 14** – SM Off Cycle confirmation
- **Monday, December 18** – BW Off Cycle confirmation
- **Wednesday, December 20** – **Deadline for Update Paysheets to adjust federal and state withholding tax payments**
- **Friday, December 22** – Half Day Holiday
- **Friday, December 22** – Final 2023 SM/MTH confirmation
- **Friday, December 22** – **All Prior and current quarter balance adjustments due to SPO**
- **Monday, December 25** – Christmas Holiday
- **Tuesday, December 26** – Final 2023 BW confirmation
- **Tuesday, December 26** – **Last day to request stop payments on SM/MTH direct deposits dated 12/29 (must be received prior to 3:00 pm); requests received after this date will be reversals and will require adjustment by agency when funds are returned**
- **Friday, December 29** – 2023 CYE confirmation
- **Friday, December 29** - W2 Data Loaded (nightly through CYE certification)
- **Friday, December 29** – SM/MTH Off Cycle confirmation, check date 1/2/2024
- **Friday, December 29** – BW Off Cycle confirmation, check date 1/3/2024
- **Monday, January 1** – New Year's Day Holiday
- **Monday, January 8** – **Deadline for final balance adjustments due to DOA (send each one individually)**
- **Monday, January 8** – **Deadline to submit stop payment requests for checks dated 12/29**
- **Tuesday, January 9** – SM and BW confirmations
- **Thursday, January 11** – **Deadline for only balance adjustments resulting from returned payments for 12/29 pay date if stops are submitted on or before 01/05/2024**
- **Friday, January 12** – Bi-weekly wage certification cut-off
- **Monday, January 15** – Martin Luther King, Jr Holiday
- **Friday, January 19** – Final W2 Data Load
- **Monday, January 22** – **Final deadline for 4th Quarter and CYE Certifications (no balance adjustments) due to DOA in one pdf**
- **Tuesday, January 23** – BW confirmation
- **Friday, January 26** – SM/MTH confirmation
- **Friday, January 26** – last day for W-2s to agencies
- **Wednesday, January 31** – Last day for W-2s to employees

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Payroll Processing - Calendar Year-End 2023, continued

**Balance
Adjustments
Overview**

Agencies certify quarterly to DOA that they have reconciled their payroll records and all adjustments have been identified and resolved. At this point in the year, the only adjustments that should be needed are those required for the fourth quarter.

Adjustments made to balance records have no impact on the payroll process so any changes needed to tax paid must be made with an Update Paysheet request submitted in accordance with standard pay period deadlines. DOA will make every effort to pay taxes due resulting from balance adjustments submitted after the final payroll for 2023 but cannot guarantee that they will be made in time to avoid penalties that may be imposed for late payments. Agencies are responsible for the payment of all penalties and interest that may accrue.

Refer to CAPP Topic 50605, Balance Adjustments, for more information.

https://www.doa.virginia.gov/reference/CAPP/CAPP_Topics_Cardinal/50605.pdf

**How to handle
Uncollected
FICA
Collected
by/for
Another
Agency**

For purposes of unemployment taxes, the Commonwealth is considered a Common Paymaster. This means that the taxable wages for employees who work for more than one agency are combined when the system applies the OASDI max and the Additional Tax over \$200K thresholds (entirely employee-paid so no need to try to make adjustments). It also means that if an employee moves from one agency where they have uncollected FICA, the uncollected tax will be collected from payments made by the new agency. This results in some discrepancies in 941 reporting.

In order to resolve the 941 discrepancies, agencies with employees in this situation must do the following in collaboration with each other as timing is critical:

Agency with uncollected FICA – submit a balance adjustment to increase the amount of employee-paid FICA taxes; payment will be made by DOA for tax due when the 941 is processed if necessary

Agency with overpaid FICA – submit a balance adjustment to decrease the amount of employee-paid FICA taxes; agency will receive a refund from the IRS when the 941 is processed if appropriate

DOA will also process a journal entry to transfer the overpayment from one agency to the other. This will offset the payment made by the agency with the uncollected FICA and the refund received by the agency where the FICA was collected.

DO NOT try to refund the taxes to the employee – the employee records will be correct even if the tax was originally paid through a different agency per the employees' earnings notice. Remember, uncollected FICA is only permitted if it is the result of imputed income for group life insurance.

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Payroll Processing - Calendar Year-End 2023, continued

How to Process Returned Payments External to HCM For year-end processing, it is sometimes necessary to process returned payments **externally** to HCM. Agencies must complete the following procedures if it is necessary to void CY 2023 payments after 12/29/2023. Adjustments submitted after January 11th will not be included in 2023 balances and will require a W2c.

Step	Action																		
1.	Do not write on or stamp the check "VOID."																		
2.	Endorse the check "For Deposit Only - by: (agency name)" and deposit it to a Treasurer of Virginia account. Follow established procedures for entering Deposit Certificates in Cardinal. Deposit any garnishment checks that came from the payment to the garnishment liability account.																		
3.	Agency-level third-party deductions processed through AP by the agency (i.e. Employee Associations, Foundations, etc) - Recover from vendor or reduce the next payment by the amount of the "voided" employee deduction, and process a payment voucher to vendor for the adjusted amount.																		
4.	Direct Deposit (all ACH DD deductions) - To retrieve money from the bank, contact Payroll Production at 371-8385, or 371-4883 or e-mail ach@doa.virginia.gov . Direct Deposit stops must be submitted within 5 business days of the check date; no later than 3:00 pm on 01/08/2024. Stops must be submitted by 3:00 pm on 01/05/2024 and adjustments must be submitted by 3:00 pm on 01/11/2024 to be included in 2023 balances.																		
5.	Contact Department of Accounts State Payroll Ops for directions on how to request refund from Virginia Department of Taxation for state tax withholdings. If reciprocal/non-Virginia state taxes require adjustment, then your agency must request a refund on your Annual Reconciliation & Return for the other state.																		
6.	If Hybrid or Optional Retirement Plan, notify DOA; otherwise, contact VRS for further instructions.																		
7.	Adjust employee records, as required, using year-end procedures, or request a corrected W-2 (form W-2C) if past the CYE certification deadline.																		
8.	Recover miscellaneous employee-level deductions through the following instructions. Refunds requested through DOA will be credited to the agency by Cardinal journal entry.																		
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**Correct
Reporting of
Employee
Social Security
Numbers**

DOA will submit a complete file of data to SSA in early December for verification in an effort to provide cleansed data when performing W-2 reporting. Agencies will be notified of any name/SSN match discrepancies to be researched and corrected. Agencies should ensure the information for anyone hired after 11/24 is verified. The Internal Revenue Service can fine agencies \$100 for every incorrect social security number remitted for W-2 reporting. Discrepancies must be corrected prior to final SM, BW or MTH confirmation.

This data query should be run to identify employees with temporary social security numbers that must be corrected prior to creation of W2s: Navigator > Reporting Tools > Query > Query Viewer > V_HR_TEMP_SSN

Data Clean Up

The following employee data must be reviewed and corrected prior to final SM, BW or MTH confirmation to ensure proper processing of W2s. Fields that will prevent creation of W2s have been indicated with an *:

EMPLOYEE DATA:

Employee name – must match Social Security Card

Employee address – improperly or incomplete addresses (must include street, city, state, and properly formatted zip codes (5 or 9 characters) *

Non USA addresses*

EE names with "" or other special characters*

Temp SSN starting with 907*

EMPLOYER DATA:

FEIN

Employer Address

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CYE Reports

Agency Review & Corrective Action Required

Several reports are available to assist agencies in identifying possible problems prior to year-end processing. Agencies should request the following reports no later than early December to ensure adequate time for review and correction. Not all of these reports may apply to all agencies. Some are produced based on exception criteria; therefore, if there is no output, your agency did not meet the exception criteria and no action is required.

Report #	Navigation Path	Purpose
Data Query	Navigator > Reporting Tools > Query > Query Viewer > V_HR_PERSONAL_DATA	Use to ensure employee personal data is correct and complete
Data Query	Navigator > Reporting Tools > Query > Query Viewer > V_HR_TEMP_SSN	Used to monitor employees with temporary social security numbers (SSN). Temporary SSNs begin with a 907 and were assigned by Virginia Retirement System (VRS) for salaried employees or by DHRM for hourly employees. The user can monitor and take action on SSNs that need updating.
RPY242	Menu > Payroll for North America > U.S. Quarterly Processing > Quarterly Reports > COVA Federal Tax Summary	Review FEIN and Employer address for accuracy
RPY0261*	Main Menu> Payroll for North America > U.S. Annual Processing > Audit and Error Report> COVA Error Listing	Lists employees who have YTD negative tax balances or reportable wage amounts that would cause overflow in fields when the system writes W-2 data to magnetic media. It also checks for other error conditions.
TAX910AU*	Menu > Payroll for North America > U.S. Annual Processing > Audit and Error Reports > Year End Data Audit	Run after CYE 2023 Confirmation on 12/29 - Report includes federal taxable wage and taxes amounts that will be included on W2s by employee. Replaces CIPPS 883
RPY450	W-3 Transmittal Report	Used for calendar year end verification and certification of company totals that will be provided to the Social Security Administration and IRS. Replaces CIPPS83

* It is essential this report be reviewed and corrective action taken prior to the final payroll certification of 2023. Contact payroll@doa.virginia.gov for procedural clarification or assistance if needed.