

Department of Accounts

Payroll Bulletin

Calendar Year 2024

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The Payroll Bulletin is published periodically to provide HCM Payroll agencies guidance regarding Commonwealth payroll operations. If you have any questions about this bulletin, please send an email to payroll@doa.virginia.gov

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VRS Rate Separation

Changes

**Effective July 1,
2024**

VRS will simplify the way employer contributions are calculated and paid in the Hybrid Retirement Plan, beginning July 1. Payroll withholding for the defined contribution component will be independent from the defined benefit component.

The change follows legislation passed in 2022, with a delayed effective date to allow time to prepare. Programming changes will be made in Cardinal HCM to automatically separate the hybrid employer contribution rates for state agencies. As a state central payroll agency, no reporting changes are required through DOA or VRS. However, your monthly snapshot will look different after July 1, and it's important to consider any impacts on your internal processing.

What Will Improve?

With rate separation, you will no longer need to reconcile **defined contributions** for hybrid plan members with the monthly VRS snapshot. The expected hybrid defined contribution amount will no longer appear on the VRS snapshot.

You should, however, continue to review hybrid member contributions remitted to MissionSquare Retirement each pay period to ensure that the percentages withheld are accurate and include the mandatory 1% from the employee, along with any employee voluntary and employer-matching contributions.

What Resources Are Available?

Once you confirm your January, February and March snapshots in myVRS Navigator, VRS will provide before-and-after comparison files to show the defined benefit contributions separated from the defined contribution component for hybrid plan members. The example reports are based on employer contribution rates currently in effect versus July 1 rates.

Refer to the [Snapshot Comparison Report job aid](#) (login required) for tips on how to interpret your monthly comparison report.

Register for an [Employer Help Session](#). Get direct assistance from VRS team members as you work with the Snapshot Comparison Reports.

Visit the [hybrid rate separation webpage](#) for additional background.

VRS Rate Separation, cont.

How Can You Prepare for July 1?

If you have payment reconciliation issues appearing in your monthly snapshot, address those now. Strive to stay current with reconciliations leading up to rate separation. VRS' Defined Contributions Plan unit is currently emailing employers with unresolved reconciliation issues to help identify and clear accounts.

After July 1, you will continue to reconcile the **defined benefit** amounts withheld from employees' paychecks to the amounts on the VRS monthly snapshot through the automated reconciliation process.

You will reconcile the **defined contribution** amounts withheld from employees' paychecks to the amounts remitted to MissionSquare Retirement each pay period. Contact employer support at MissionSquare Retirement to request a Source Detail Report, which will provide a detailed breakdown of amounts remitted by plan, individual member, and source for a specified period to match against payroll.

What Are the Long-Term Benefits?

Separating the employer defined benefit and defined contribution rates will:

- Streamline the contribution workflow into defined benefit and defined contribution channels.
 - Ease reconciliations for overpayments and underpayments of hybrid member contributions.
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Cardinal HCM Processing

Agency Authorizations

All documents required to certify payroll-related expenditures must be approved by the agency fiscal officer or their designated proxy. This includes but is not limited to payroll certifications, quarterly certifications, calendar-year certification, stop payments, off-cycle requests, and healthcare reconciliations.

Moving a Payment from Check 0 into a Separate Check

Errors impacting the payroll confirmations have recently been experienced when agencies reverse the original earnings transaction and add it back in a separate check. This especially occurs when the earnings transaction is a bonus that spans multiple pay periods.

Please follow the following process if you need to remove an earnings transaction from the primary pay record (check 0) and add it as a separate check (check 1, etc.). Submit an Update Paysheet request to turn off the OK to Pay on that particular earnings code in check 0. Enter a new spot to add the earnings in a separate check.

Off Cycle Request Form (PY-SW-004)

The Off-Cycle Paysheet Request Form has been modified and the new version has been placed on the Cardinal website for use effective immediately. Please note that the Approver must now confirm that the request represents an amount due to the employee where delayed receipt will result in a hardship for the employee. CAPP Topic 50530 provides the DOA policy regarding off-cycle payments and will be updated to include more specific information about what does and does not qualify as a hardship. Please note that the 10% of net/gross requirement for an off-cycle payment has always been DOA's policy but has not always been strictly enforced. Individual circumstances may also present a hardship and will be taken into consideration when the off-cycle is requested.

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Cardinal HCM Processing, cont.

General Deduction Mass Upload Template This form and the directions for use have been updated to simplify and more accurately reflect how this form should be completed. Please see PY362_General Deduction Mass Upload Template on the Cardinal HCM Templates page for more information.

PA Taxable Wages Pennsylvania recently enacted a change in the way Flexible Spending Account Dependent Care is treated in terms of state/local taxable wages. This deduction is now exempt from Pennsylvania state and local withholding. Cardinal HCM has been updated to reflect this change which is retroactive to January 1, 2023.

Cardinal HCM Reports and Data Queries

COVA Deduction Register (RPY146)	Added a CSV option on the Run Control page for this Deduction Register Report. Lists employees who have any deductions and nontaxable amounts subtracted from their pay. If the current deduction contains adjustments or refunds, amounts paid in arrears or amounts excluded, the report lists them in separate columns and provides column totals. This register lists the amount of money deducted from each employee's paycheck for general deductions, garnishments, and benefits, including taxes, as of the end of a pay period. It can be run by Company.
W2 Count Report (RPY541)	This report lists W2 counts by agency, employee type and state (VA and Non-VA) for a specified calendar year. If the detail option is selected, the report will list the employee information for each employee included in the counts by employee type.
New Tax Location code query	New query (RPY546) V_PY_TAX_LOCATION_RECON. This query lists discrepancies between the Job Data Tax Location, the UI state on the Tax Data Record and the Tax Distribution record. The Tax Location Reconciliation Report will be used by agencies to perform monthly reconciliations, ensuring that the tax location code on the job data record matches the UI state on the tax data record and the state on the state distribution record.
COVA Post Freeze Change Report (RPY545)	<p>This report provides a snapshot of the gross pay that is taken immediately after the HR Data Freeze. It lists all changes to gross pay after the Freeze until confirm. The report lists new checks, checks with changes, and removed checks.</p> <p>New checks: • New hire (all new hires are loaded with every pay calc) • Corrected payroll errors (employees with payroll errors preventing a check)</p> <p>Changed checks: • SPOT loads (remember a SPOT entry triggers the entire check to be recalculated which may pull in other data changes) • Updates made directly by SPO</p> <p>Removed checks: • Checks turned off by SPO • Check with a payroll error (should be corrected prior to confirm)</p> <p>This report will change as the payroll data is changed up until pay confirmation. It can be run prior to confirmation to show the ongoing changes since the Freeze, or it can be run after confirmation to show all the changes along with the final total gross.</p>

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Cardinal HCM Reports and Data Queries, cont.

Primary Paygroup Mismatches Query	Paygroup Mismatch Report Query. This query identifies employees with discrepancies between their primary job data paygroup and the payroll options paygroup. This query includes information such as Employee ID, Employee Name, Company, Primary Job Data Paygroup, and Payroll Options Paygroup.
Deduction Change Amount Report (RPY089)	Identifies deductions that were on the last paycheck but are not on the current paycheck. The "current period amount" will show as \$0.00. This report may be run in a CSV format by checking the box on the run control page.
FBMC Upload Error Report (RHR147)	<p>Several columns have changed on the report</p> <ol style="list-style-type: none"> 1) The DOA FEE now correctly displays the 0.15 when the transaction is for the PSTTAX general deduction. It was incorrectly displaying when there was a TPAFEE amount, which typically only applies to a 403(b) annuity transaction. 2) The 403B TYPE column is now 403B PCTG. If applicable, the employee's after-tax 403(b) percentage contribution will show in this column. 3) The ROTH TYPE column is now ROTH PCTG. If applicable, the employee's after-tax 403(b) percentage contribution will show in this column. 4) The TOTAL AMOUNT column has been removed. The amount shown in this column was a sum of the before-tax 403(b) and the 15-year catch-up amount, if applicable. It really added no unique information to the report.

Balance Adjustment Reminders

Please observe the following when submitting balance adjustments:

1. Please use the most recent version of the form updated in November 2023. "Balance Adjustments Request Form" is available in the HCM Forms section of the Payroll Operations Forms webpage. In addition, there is a Balance Adjustment Example Packet updated in March 2024 available in the same location.
2. Agencies MUST include the balance review screens with the balance adjustment request.
3. If submitting a balance adjustment for overpayments/repayments, please include the date the overpayment originally occurred, the amount of the overpayment, the date repayment was received and the amount of the repayment in the explanation section of the form.
4. Taxes cannot be refunded using a balance adjustment form. To refund employees for taxes paid in the current year, an Update Paysheet Request must be submitted.
5. Forms should be uploaded to the "Quarterly Reporting" folder in SPO SharePoint.

W-2C Request Reminders

Please observe the following when submitting requests for W2 corrections:

1. Please use the most recent version of the form updated in November 2023. "Agency Request for W-2C" is available in the Quarterly Reconciliation Forms section of the Payroll Operations Forms webpage.
2. DOA does not process W-2C requests for middle name corrections.
3. Agencies MUST include a copy of the original W-2 when submitting a W-2C request.
4. The full social security number must be provided on the request form. Do not redact the SSN.
5. W-2C requests for overpayments/repayments MUST include a copy of the Review Paycheck or Earnings Notice showing the original overpayment. If the overpayment occurred over several pay periods, a spreadsheet containing the details is also acceptable. The request MUST also include documentation to verify when repayment was made.
6. Due to the PII included in the W-2C request, all requests MUST be uploaded to the "W-2 Request" folder in SPO SharePoint.
7. Agencies must select a box in the certification section of the W-2C request form IF the W-2C results in a refund.
8. The Social Security Administration is only able to process W-2C requests for the previous three completed calendar years. For example, after April 1, 2024, W2Cs for any time prior to and including calendar year 2020 can no longer be processed.

Overpayment Reminders

1. If the repayment is received in the same year in which the overpayment occurred, the employee owes only the NET amount.
 2. If the repayment is received in the year following the year in which the overpayment occurred, the employee MUST repay the GROSS amount. The only exception to this is for the employee share of FICA. Agencies may, at their discretion, choose to reduce the GROSS amount due by the employee share of the FICA only. When the refund is received from the IRS, the agency retains both the employee and employer portions.
 3. If the repayment crosses tax years and the employee made a partial payment on the net during the year in which the overpayment occurred, then the agency must recalculate the remaining amount due in subsequent calendar years. The agency will need to identify how much of the original gross was covered by the net amount payment and subtract from the original gross to arrive at the remaining gross amount still due.
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