

# Department of Accounts Payroll Bulletin

Calendar Year 2021

December 9, 2021

Volume 2021-12

## PAYROLL PROCESSING - CALENDAR YEAR-END 2021

*In This Issue of  
the Payroll  
Bulletin .....*

- ✓ Issues Requiring Special Attention
- ✓ Key Dates
- ✓ 2021 CYE Payroll Processing
- ✓ Miscellaneous Exception Reports
- ✓ Year-End Leave Processing

The Payroll Bulletin is published periodically to provide CIPPS/HCM Payroll 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](mailto:cathy.mcgill@doa.virginia.gov)

State Payroll Operations

**Director**                      **Cathy C. McGill**

Assistant Director      Carmelita Holmes

### Introduction

This Payroll Bulletin addresses CIPPS payroll and leave processing for calendar year-end 2021. A separate bulletin will be distributed to address 4<sup>th</sup> Quarter and CYE reconciliations.

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

Copy this bulletin and distribute it to all appropriate personnel within your agency.

### Issues Requiring Special Attention

- Review all items in the CIPPS Pending File (H1K01, H1K02, H1K03). You may need to delete items applying only to 2021. **DO NOT DELETE TRANSACTIONS RELATED TO MANUAL PAYSETS.** To remove the effect of manual payset transactions, enter another manual payset identical to the first with the exception of the Adjustment Indicator (AI). Enter the opposite values in the AI field as originally entered. If a 'P' was used, enter an 'M'. If a '+' was used, enter a '-'.
- Be careful with employee records you established using a Goal Amount for stopping deductions (e.g., garnishments). **Depending on how these deductions were established, they may automatically reactivate on January 1, 2022, when DOA resets the year-to-date fields to zero.**
- Payroll adjustments that have been identified during the year but have not been processed should be submitted to DOA for processing as soon as possible and **before the agency certifies for pay period ending 12/24.** See **Payroll Adjustments** subsection on Page 2.
- **Remote print agencies must leave their remote-print printers on from December 30, 2021, through January 3, 2022.** Quarter-end and year-end reports will be processed and distributed to agencies during this time.

*Continued on next page*

---

## Payroll Processing - Calendar Year-End 2021

---

### Key Dates

- **Monday, December 6** – all ORPHE Retiree Group Life Imputed Income adjustments due to SPO
- **Thursday, December 8 – Wednesday, December 22** – adjustments for unadjudicated flex reimbursements processed by agencies using special pay 051 (information for agency data entry is expected to be available no later than 12/10 – for processing details, see Bulletin 2021-11)
- **Friday, December 10** – Semi-monthly salary certification deadline; production calendars for 2022 will be available on the SPO website
- **Monday, December 13** – All Prior and current quarter adjustments requiring input by SPO due by close of business
- **Tuesday, December 14** – Bi-weekly wage certification deadline
- **Friday, December 17** – W-2 distribution form due to DOA (available on website by 12/10).
- **Thursday, December 23; Friday, December 24** – Holidays (files open, no jobs will run)
- **Monday, December 27** – Semi-monthly certification deadline
- **Tuesday, December 28** – Bi-weekly wage certification deadline
- **Tuesday, December 28** – Last day to request voids for stop payments on deposits dated 12/31 (must be received prior to 2:30 pm); requests received after this date will be reversals and will require adjustment by agency (see page 6) when funds are returned
- **Wednesday, December 29** – Last day to certify off cycle pay runs, must have a December check date (31st is regular bi-weekly wage and semi-monthly pay date; notify [cathy.gravatt@doa.virginia.gov](mailto:cathy.gravatt@doa.virginia.gov) and [kevin.mcelroy@doa.virginia.gov](mailto:kevin.mcelroy@doa.virginia.gov) if next day check date is required).
- **Thursday, December 30** – **Files close at noon.** Leave keying deadline for period 12/10-24/2021. Agencies can process edits, non-paid updates, manual pay sets, and voids but **no pay certifications.** Last day to correct employee personal information (e.g. employee's new home address) for inclusion on W-2s.
- **Friday, December 31** – Holiday (files closed for CYE processing)
- **Saturday, January 1, 2022** – Virginia Minimum wage increases to \$11.00/hour
- **Friday, January 7** – Calendar Year End certifications due to DOA by 5 pm
- **Monday, January 10** – Semi-monthly certification deadline
- **Tuesday, January 11** – Bi-weekly wage certification deadline
- **Thursday, January 13** - Leave keying deadline for period 12/25/2021 -1/9/2022; Calendar year-end leave processing.
- **Monday, January 17** – Holiday (no jobs will run)
- **Tuesday, January 25** – Bi-weekly wage certification deadline
- **Wednesday, January 26** – Semi-monthly certification deadline
- **Friday, January 28** – last day for W-2s to agencies
- **Monday, January 31** – Leave keying deadline for period 1/10-24/2021 and last day for W-2s to employees.

---

*Continued on the next page*

## Payroll Processing - Calendar Year-End 2021, continued

### Payroll Adjustments Overview

Agencies certify quarterly to DOA that they have reconciled their payroll records and all adjustments have been identified and resolved. In prior years, many agency adjustments submitted for processing at year-end were noted as occurring throughout the year. In addition, many new adjustment requirements are identified during the review of Miscellaneous Exception Reports (see page 7) and during the year-end reconciliation process.

To expedite year-end processing and facilitate the issuance of W-2s, you must review your payroll records and key all necessary manual pay-sets in CIPPS, or submit any manual (off-line) adjustments that have been identified to DOA for processing by the established deadlines. Processing adjustments with CIPPS manual pay-sets is highly recommended and encouraged. It is highly recommended that all YTD amounts are reviewed via the U092/U093 produced at the end of November and necessary adjustments made in December, rather than waiting until after CYE.

*Note: Manual pay-sets are most effective when keyed prior to the agency's final (PE 12/24) payroll certification and may require the employee to have some amount of regular pay.*

### Adjustment Types and Deadlines

There are three basic types of adjustments used to make changes to CIPPS records. The following table lists the deadlines for each adjustment type:

Adjustment Type	Deadline
Off-line YTD Earnings and Tax Accumulator adjustments submitted directly to DOA.(e.g. 10/33 corrections)	Received by DOA on/before 12/13.
CIPPS Manual Pay-sets	Most effective if keyed prior to PE 12/24 certification (reflected on Report 10), but may be entered through 12/30 by 11:00 am.
Year-end (Report 883) Adjustments	Friday, January 7 – 5:00 p.m.

*Continued on the next page*

## Payroll Processing - Calendar Year-End 2021, continued

**Adjustment Type Advantages & Disadvantages** The following table lists the common uses and the advantages/disadvantages for each adjustment type. Agencies should carefully consider these when determining which type of adjustment best fits their needs.

Adjust Type	Common Uses	Advantages/Disadvantages
CIPPS Manual Pay-set	Salary repayments; Tax and Deduction refunds and/or adjustments; Manual Voids; Earnings reclassification; Misc. Exception Report adjustments (e.g., Imputed Life)	<p><u>Advantages:</u></p> <ul style="list-style-type: none"> <li>• All refunds and collections processed through CIPPS (if employee receives regular pay).</li> <li>• Changes reflect on employee's 12/31 earnings notice if keyed prior to 12/24 certification.</li> <li>• FICA refunds/collections processed through PE 12/24 payroll (if prior to PE 12/24 certification).</li> <li>• FIT adjustments paid/collected through FAD (if prior to PE 12/24 certification).</li> <li>• SIT adjustments paid/collected through Cardinal.</li> <li>• Most deductions recovered through negative deduction process.</li> <li>• Will reflect on year-end reports - less work reconciling year-end.</li> </ul> <p><u>Disadvantages:</u></p> <ul style="list-style-type: none"> <li>• If paid adjustment, employee must receive a regular pay amount of at least .01 (one cent).</li> <li>• Terminated employees must be reactivated in order to properly process.</li> <li>• Special processing (page 5) required after PE 12/24</li> </ul>
Off-Line Adjustments submitted directly to DOA	Prior quarter adjustments (unprocessed); "10 to 33" adjustments; Misc Exception Report adjustments	<p><u>Advantages:</u></p> <ul style="list-style-type: none"> <li>• YTD adjustments will reflect on employee's 12/31 earnings notice and W-2, if submitted by certification.</li> <li>• FICA refunds/collections processed through PE 12/24 payroll.</li> <li>• Will reflect on year-end reports - less work reconciling year-end.</li> </ul> <p><u>Disadvantages:</u></p> <ul style="list-style-type: none"> <li>• FIT/SIT tax adjustments not processed through CIPPS without tax overrides.</li> <li>• Any "net" collections require manual deposits.</li> <li>• FIT adjustments reflect on Form 941 return.</li> <li>• SIT adjustments require coordination w/ VA Dept of Taxation.</li> </ul>
Year-end (Report 883) Adjustments	Manual Voids; Late salary repayments; Late taxable-nontaxable earnings reclassifications (i.e. late workers comp check); Uncollected Employee FICA; errors discovered during CYE reconciliation.	<p><u>Advantages:</u></p> <ul style="list-style-type: none"> <li>• Changes reflect on employee's W-2.</li> <li>• Changes reflect on agency's W-2 magnetic-media information returns.</li> </ul> <p><u>Disadvantages:</u></p> <ul style="list-style-type: none"> <li>• Changes do not appear on employee's earnings notice.</li> <li>• FICA/FIT adjustments require manual 941 return deposit or refund (penalties may apply).</li> <li>• SIT adjustments require recovery through Cardinal (call State Payroll Ops for instructions).</li> <li>• Gross/net adjustments require manual deposit or Cardinal GL Journal entry.</li> <li>• Deductions must be manually recovered.</li> <li>• Time consuming - more work during YE reconciliation.</li> </ul>

## Payroll Processing - Calendar Year-End 2021, continued

**How to Process Manual Pay Sets and Void Checks** The following must be performed no later than 11:00 a.m. on Thursday, December 30:

- Key MANUAL PAY SETS into CIPPS
- Stop payment requests for direct deposits must have been received by 12/28
- Physical checks to be voided must be received by DOA

A special "Dummy" payrun will be scheduled Thursday, December 30, to process manual pay sets and void checks. This procedure will correct an employee's record on the Report 883 (*CALENDAR YEAR-END EMPLOYEE DETAIL AUDIT LISTING*). Because no checks will be written, third-party suspense items will be created for all federal tax, OASDI, HI, and miscellaneous third-party amounts that are part of the voids and/or manual paysets. The following steps must be taken to clear these items.

Step	Action	Done by
1.	Prepare a journal entry charging the agency in Cardinal for the total of the suspense items created.	DOA
2.	Delete all items from the Third Party Suspense File as part of the year-end process. These are listed on the U014 report and affect only Federal Tax Deposits (FAD) and agency-level third-party remittances (i.e. Reciprocal State Taxes, Employee Associations, Pre-tax Transportation programs, etc.).	DOA
3.	Recover overpayment of Federal, OASDI, and HI taxes when 4th quarter Form 941 is filed. Agencies will receive refund checks from the IRS (unless the refund is off-set by other charges).	DOA
4.	Recover overpayments to miscellaneous vendors identified in step 2 above (other than FAD). This may require depositing the agency-level check, subtracting the employee deduction, and processing a payment voucher for the revised amount.	Agency
5.	Like normal payruns, the "dummy" payrun will recover most employee-level deductions through the negative deduction process. Therefore, if the funds are collected outside of CIPPS and the adjustment is for "Masterfile only" updates contact <a href="mailto:payroll@doa.virginia.gov">payroll@doa.virginia.gov</a> .	Agency

*Continued on next page*

## Payroll Processing - Calendar Year-End 2021, continued

**How to Process Void Checks External to CIPPS** For year-end processing, it is sometimes necessary to process 2021 VOID checks **externally** to CIPPS. Agencies must complete the following procedures if it is necessary to void CY 2021 checks after 12/30/2021.

Step	Action																		
1.	<b>Do not write on or stamp the check "VOID."</b>																		
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 employee-level third party checks (i.e. garnishments) also.																		
3.	Agency-level third-party deductions (i.e. Employee Associations and Pre-tax Transportation programs) - Recover from vendor or deposit the next check into your agency account, recalculate the amount less the employee deduction, and process a payment voucher to vendor for the correct amount.																		
4.	Direct Deposit (all ACH DD deductions) - To stop payment on direct deposits, submit stop payment form within five business days of check date.  <b>Direct Deposit stops must be submitted within 5 business days of the check date.</b>																		
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 Optional Retirement Plan, request a refund from 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 YE 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.																		
	<table border="1" data-bbox="454 1165 1502 1589"> <thead> <tr> <th data-bbox="454 1165 836 1197">If deduction is...</th> <th data-bbox="836 1165 1502 1197">Then...</th> </tr> </thead> <tbody> <tr> <td data-bbox="454 1197 836 1228">Combined VA campaign</td> <td data-bbox="836 1197 1502 1228">Request refund from the vendor.</td> </tr> <tr> <td data-bbox="454 1228 836 1323">Deferred Compensation</td> <td data-bbox="836 1228 1502 1323">Submit a Mistake of Fact to VRS to request refund. A 1099 may be issued to the employee by the TPA for the amount.</td> </tr> <tr> <td data-bbox="454 1323 836 1354">DSS Child Support (Ded 001)</td> <td data-bbox="836 1323 1502 1354">Request a refund from Department of Social Services.</td> </tr> <tr> <td data-bbox="454 1354 836 1417">Flexible Reimbursement Account</td> <td data-bbox="836 1354 1502 1417">Request a refund from DHRM, Office of Health Benefits.</td> </tr> <tr> <td data-bbox="454 1417 836 1449">Garnishment Fees</td> <td data-bbox="836 1417 1502 1449">Request a refund from DOA.</td> </tr> <tr> <td data-bbox="454 1449 836 1480">Health Care</td> <td data-bbox="836 1449 1502 1480">Request a refund on the Health Care Certification.</td> </tr> <tr> <td data-bbox="454 1480 836 1554">Supplemental Insurance and Tax Sheltered Annuities</td> <td data-bbox="836 1480 1502 1554">Request a refund from vendor(s).</td> </tr> <tr> <td data-bbox="454 1554 836 1589">Optional Group Life</td> <td data-bbox="836 1554 1502 1589">Request a refund from Securian.</td> </tr> </tbody> </table>	If deduction is...	Then...	Combined VA campaign	Request refund from the vendor.	Deferred Compensation	Submit a Mistake of Fact to VRS to request refund. A 1099 may be issued to the employee by the TPA for the amount.	DSS Child Support (Ded 001)	Request a refund from Department of Social Services.	Flexible Reimbursement Account	Request a refund from DHRM, Office of Health Benefits.	Garnishment Fees	Request a refund from DOA.	Health Care	Request a refund on the Health Care Certification.	Supplemental Insurance and Tax Sheltered Annuities	Request a refund from vendor(s).	Optional Group Life	Request a refund from Securian.
If deduction is...	Then...																		
Combined VA campaign	Request refund from the vendor.																		
Deferred Compensation	Submit a Mistake of Fact to VRS to request refund. A 1099 may be issued to the employee by the TPA for the amount.																		
DSS Child Support (Ded 001)	Request a refund from Department of Social Services.																		
Flexible Reimbursement Account	Request a refund from DHRM, Office of Health Benefits.																		
Garnishment Fees	Request a refund from DOA.																		
Health Care	Request a refund on the Health Care Certification.																		
Supplemental Insurance and Tax Sheltered Annuities	Request a refund from vendor(s).																		
Optional Group Life	Request a refund from Securian.																		

Continued on next page

**Payroll Processing - Calendar Year-End 2021**, continued

**Correct Reporting of Employee Social Security Numbers**

DOA will submit a complete file of data to SSA 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 12/09 is verified. The Internal Revenue Service can fine agencies \$100 for every incorrect social security number remitted for W-2 reporting. **Please check address information as well since missing zip codes can cause errors in reporting.**

To identify potentially incorrect social security numbers, Report 808, *VERIFICATION REPORT - USED TO VERIFY EMPLOYEE NAMES AND ADDRESSES PRIOR TO ISSUING W-2S*, displays for each individual employee the SSN, address, and withholding information. If any discrepancy is identified, your agency should correct the CIPPS masterfile information prior to year-end certification (**NO LATER THAN 11:00 a.m. on 12/30/2021**).

**Excess Deferrals**

DOA establishes a goal amount for Deferred Compensation and Annuities based on the employees’ age each year. This should prevent excess deferrals. However, should an excess deferral occur, employers must contact the appropriate vendor to ensure the excess is returned to the employee and a Form 1099 generated. Please check participants’ withholdings prior to year-end to identify anyone who has exceeded maximum withholding limits. The limits for CY 2021 are:

Deferral Category	457 Deferred Compensation Plan	403(b) Tax-Deferred Account
Normal Annual Limit	\$19,500	\$19,500
Age 50 Catch-Up	\$6,500	\$6,500
457 Standard Catch-Up	\$19,5000	N/A
403(b) 15-Year Catch-Up	N/A	\$3,000

NOTE: See Payroll Bulletin 2021-01 for more information on limits and exceptions.  
<https://www.doa.virginia.gov/reference/payroll/bulletins/2021/2021-01.pdf>

**Terminated Employee Records**

Report 860, CIPPS Employees to be Purged at Year-End Processing, identifies those employees who will be purged at the end of December.

At year-end all employee records with an employment status of 3 and year-to-date gross equal to zero will be purged.

**Employee Records that should be Terminated**

Report 861, CIPPS Employees Whose Status Should Be Changed to a ‘3’, identifies those employees that have not received a payment through CIPPS in the current calendar year. **Please make sure that all employees who have received no pay during 2021 are changed to an employment status of 3 so they will be purged.**

## Miscellaneous Exception Reports

### Agency Review & Corrective Action Required

DOA has developed several "exception" type reports to assist agencies in identifying possible problems prior to year-end processing. Agencies should request the following reports (must be set up on Company header) no later than early December to ensure adequate time for review and correction. Note that these reports may not apply to all agencies. They are produced based on exception criteria; therefore, if you do not receive any of these reports, your agency did not meet the exception criteria and no action is required.

Report #	Report Name (Short)	Purpose
844*	YTD OASDI Tax - Employee not equal to employer.	Identifies employees who may have OASDI Tax withheld incorrectly.
846*	YTD OASDI Taxable - Employee not equal to employer.	Identifies employees who may have OASDI Taxable amounts reported incorrectly.
848*	YTD HI Tax - Employee not equal to employer.	Identifies employees who may have HI Tax withheld incorrectly.
850*	YTD HI Taxable - Employee not equal to employer.	Identifies employees who may have HI Taxable amounts reported incorrectly
858*	Uncollected FICA	Identifies employees who may have uncollected FICA. Uncollected FICA is allowable only in cases where imputed life or tips are reported for employees with no pay. All other uncollected FICA must be investigated and collected from employees.
860	List of Employees to be Purged at Year End Processing	Identifies employees with Employee Status "3" and YTD Gross equal to zero. These records will be deleted from the masterfile during calendar year end processing. See additional information on page 7.
861	List of Employees Whose Status Should Be Changed to 3	Identifies employees with YTD Gross equal to zero. Employee status on H0BES should be updated to "3" so that these records can be deleted during calendar year end processing. See additional information on page 7.
891	Employees with YTD Deceased Pay (Special Pay 054, 055)	Identifies employees who received Deceased Pay (Special Pay Codes 054, 055) during the calendar year.
912	CIPPS Employees Who Have Reached the Maximum Social Security Wage Base	Identifies employees who reached the maximum OASDI withholding amount during the calendar year. Should be used before certification of first pay in new calendar year to ensure OASDI taxes are withheld.
915	YTD State Taxable Wages Different from Federal	Identifies employees whose state taxable wages do not equal federal taxable wages.

\* It is essential this report be reviewed and corrective action taken prior to the final payroll certification of 2021. Contact [payroll@doa.virginia.gov](mailto:payroll@doa.virginia.gov) for procedural clarification if necessary.



---

## Year-End Leave Processing

---

### Calendar Year-End Processing for CIPPS Leave Accounting

In accordance with DHRM policy annual leave balances will be reduced to the maximum accrual limits (indicated in the Annual Leave Policy, Number 4.10) as of the close of business (leave keying deadline) on January 13, 2022.

DOA will provide agencies with Report U028 (*Leave Accounting Pending Annual Leave Lost*) to identify employees who may lose annual leave at the end of the established calendar year.

- Report U028 will be generated on November 30 and December 15. Individuals listed will have a warning message on their earnings notices dated 12/16 and 12/31 stating that annual leave may be lost if not used by January 9, 2022.
- The Report U028 generated for leave as of 11/24 around 11/30/2021 **only reflects accruals for two pay periods (PE 12/9 & 12/24)**. This means **another period** of annual leave accruals (for 1/9) must be added to these individuals' balances to reflect a more accurate number of hours that may be deleted on the close of business 1/13/2022. Additionally, this report will **not** list employees that may only exceed their annual leave limits with the third, or un-projected, period.
- The report generated for leave as of 12/9 on 12/15/21 **will reflect the accruals for the remaining two pay periods (12/24 & 1/9)** of the leave calendar year. This report **will** also **list** those employees who at that time may exceed their annual leave limits.

At close of business January 13:

- Leave balances will be updated with leave transactions that have been entered for the period ending January 9.
- Accruals for annual and sick leave will be generated.
- Year-to-date leave usage accumulators with the exception of military leave will be zeroed (i.e., sick family, family/personal, civil, community service, etc.) and any excess annual leave will be deleted based on the employee's years of service.
- Yearly allocations of VSDP leave will load.

**Note:** Maintenance entries may be required for receipt of late leave slips.

---

### VSDP Recipients

Employees coded as "VSDP Recipients" on the HPIUS will not receive their annual Sick Personal (SP) and Family Personal (FP) leave allocations. Some employees who received prior STD benefits may have returned to work, but still have the SDP Recipient indicator coded "Y". DOA has developed Report #902 to identify all employees with an active SDP recipient indicator. Agencies interested in requesting this report should submit a request to [payroll@doa.virginia.gov](mailto:payroll@doa.virginia.gov) to have their CIPPS Company Header updated prior to using the on-line request (HSRUP).

---

### Leave Questions

Direct questions or comments regarding leave to [payroll@doa.virginia.gov](mailto:payroll@doa.virginia.gov)

---