

Department of Accounts Payroll Bulletin

Calendar Year 2023

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the Payroll
Bulletin.....*

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The Payroll Bulletin is published periodically to provide HCM 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 payroll@doa.virginia.gov

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DC Plans Correction Policies

Policy Updates

VRS recently updated its policies for handling employer corrections to the following plans:

- Commonwealth of Virginia 457 Deferred Compensation Plan
- Virginia Cash Match Plan 401 (a)
- Optional Retirement Plans

The updated correction policies took effect October 1 and are available on the [Payroll page](#) of the [Defined Contribution Plans Resource Center for Employers](#).

Corrections to these plans will follow the new correction policies for all [Request for Mistake-of-Fact Review](#) forms received on or after October 1.

How to Avoid Making Corrections

Take time to reconcile payroll with each remittance to ensure you are withholding the correct amount from each member's paycheck.

If you discover a mistake, the correction policies address how to fix the following errors:

- Missing contributions to members' defined contributions accounts.
- Delayed submission of contributions.
- Missed earnings on the late contributions.
- Contributions remitted in error to members' accounts.

DC Plans Correction Policies, continued

Important policy changes to note

All Plans

- a. **Defined contribution funds should not be returned to a participant through payroll if more than one pay period has passed since the funds posted to the participant's defined contribution account.** Employee contributions remitted in error should be returned directly to the participant by the TPA. The TPA will issue an IRS Form 1099-R to the participant after year-end.
- b. Employer funds remitted in error will be moved to the corresponding plan's forfeiture account, not refunded to the employer.

ORPs

- c. Missed deductions for the Employee Mandatory source will now be assessed a Qualified Non-elective Contribution (QNEC) at 100%, instead of 50%.
- d. Employers must remit missing contributions within 90 days or a formal correction is required and a QNEC is assessed.

COV 457

- e. A failure to auto-enroll or start contributions after a deferral election must be remedied by the lesser of Oct 15th of the plan year following the year the failure occurred OR the end of the month following the month the error is identified or a 50% QNEC will be assessed.
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HCM Update

Report Name Change

The ICMA-RC Deduction Extract Report (RHR144) has been renamed to **TPA_Retire Extract Report.**

COVA Payroll Register

Employer-paid benefits and a separate check indicator have been added. Report is sorted alphabetically and the OT earnings are now reported in the Overtime column. RGS hours entered in SPOT batches no longer appear under Other Earnings and are included in the Regular amount.

COVA Detailed Payroll Expenditure Report

This report has been modified to include employer-paid taxes when there is no paycheck generated for the employee.

COVA Tax Deposit Summary

Produces a list of employees for the pay period taxable gross and taxes for state withholding (SIT), state unemployment insurance (SUI) and state disability (SDI). Payroll for North America > Pay Period Tax Reports USA > COVA Tax Deposit Summary.

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HCM Update, continued

New Data Reports and Queries, cont.

V_PY_GEN_DED_SETUP may be run for one or all agencies and one or all employees as provided in security access. May be run for one general deduction or all general deductions. Requires an “as of date”. Displays individual rows for each general deduction assigned to employee. Includes information pertinent to the employee and deduction set up, i.e., employee class, job data and payroll pay groups-

V_HR_COMP_FREQ_COMPARE - Compensation Frequency Compare is run by BU and was recently made available to PY Admins. This query of job data is used to make sure compensation frequency values are correct. It is used to identify active employees where Employee Type indicates Salary and the Compensation Frequency is not equal to semi-monthly. It is recommended that PY Admins run this report at the beginning of each pay period to ensure that employees are not overpaid due to incorrect frequency assignments.

EE Benefit Enrollment Report is run using the required fields “As of Date” and “Company”. May be run for one Plan Type, Empl ID or Pay Group. Displays individual rows for each benefit deduction assigned to employee. Includes information pertinent to the employee and benefit deduction set up, i.e., employee class, benefit data and Elig Config.

Navigation: Payroll for North America > Payroll Processing > Pay Period Reports > EE Benefit Enrollment Rpt

Updates to the V_PY_RO role

Read Only access has been added to the V_PY_RO role for the following Cardinal Pages. The referenced job aids can be found on the Cardinal Website under job aids.

Employee Tax Data – view the tax data set up for an employee, (PY381 Maintain Employee Tax Information job aid).

Payroll for North America > Employee Pay Data USA > Tax Information > Update Employee Tax Data

Employee Direct Deposit – view the direct deposit set up for an employee, (PY381 Entering and Updating Direct Deposits Overview job aid).

Payroll for North America > Employee Pay Data USA > Request Direct Deposit

Review FLSA Pay Data – view the transactions included in the FLSA calculation. (Job aid in design)

Enter the Empl ID and the FLSA End Date to view the FLSA period. This page lists all transactions for the selected FLSA period and the Issue Date.

Payroll for North America > Payroll Processing > Produce Payroll > Review FLSA Pay Data

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HCM Update, continued

Updates to the V_PY_RO role, cont.

Also, for agencies using Cardinal Absence Management, the following AM Administrator pages have been added. *Indicates pages that will be most useful for PY/TL Admins with Read Only Access to AM Admin pages.

***Absence Event** - View all absence events entered by or for an employee. This is the page AM Administrators use to enter and approve absence events.

Global Payroll & Absence Management > Payee Data > Maintain Absences > Absence Event

Review Absence Balances – View leave balances for an employee

Global Payroll & Absence Management > Payee Data > Maintain Absences > Review Absence Balances

Supporting Elements - View Traditional Sick Leave or VAC leave an AM Administrator keyed for transferred employees.

Global Payroll & Absence Management > Payee Data > Create Overrides > Supporting Elements

Absences - View balance adjustments that have been keyed by AM Administrators

Global Payroll & Absence Management > Payee Data > Adjust Balances > Absences

Review Triggers - Review triggers that have been set by Cardinal or manually. Triggers are set by Cardinal when changes are made to an employee's data, for example Job Data Changes, submitting absence events, balance adjustments, etc.

Global Payroll & Absence Management > Absence and Payroll Processing > Prepare Payroll > Review Triggers

***Results by Calendar Group and *Results by Calendar** - review detailed absence information processed by the Absence Calculation process for individual employees

Global Payroll & Absence Management > Absence and Payroll Processing > Review Absence/Payroll info > Results by Calendar Group

Global Payroll & Absence Management > Absence and Payroll Processing > Review Absence/Payroll info > Results by Calendar

Job Aid: [TA374 Results by Calendar Group and Calendar - Troubleshooting Guide](#)

Changes to the Health Benefit Reconciliation Process

Effective with October 2023 Recon

With the October 2023 Health Benefit Reconciliation, agencies will see some differences because of recent technical changes. These changes realign the Health Benefit Reconciliation with its initial intent – to find active health enrollments as of the end of the specified month, to bill the agency where the employee was actively employed as of the first of that month, and to compare the amounts owed with the amounts collected by payroll during that month.

Agency Billed based on Status as of Beginning of Month

Only Bill the Agency where the Employee was active on the First of the Month

With the latest changes, the Health Benefit Reconciliation will no longer rely on the Benefits Primary Flags to determine which agency to bill. Agencies should no longer see bills for terminated employees. There have been many instances where an agency was billed for an employee who left that agency years ago. In at least one case, an old agency was billed for an employee who, based on Job data, had no active job in Cardinal on the first of the reconciled month.

Agencies may have to submit an adjustment with their Health Recon Certifications if they hire an employee in the middle of the month who left a previous employer prior to the first of the month and the break in service is less than 30 days. If the Health Benefit Reconciliation does not find an active job as of the first of the month, no agency will be billed. However, the Office of Health Benefits' policy stipulates that a break in service of less than 30 days should result in no lapse of coverage.

Agencies may have to submit an adjustment with their Health Recon Certifications if they have a recently deceased employee whose survivor(s) has elected one additional month of health benefit coverage. Given the special rules regarding payroll processing, etc. for deceased employees, Cardinal and State Payroll Operations feel this is the best business process. The larger volume of issues resolved by limiting billed premiums to only active employees, outweighs the convenience of automatically billing agencies for this small subset of employees.

Health Benefit Contributions Processed by Payroll after Termination

Overall, most agencies should see a reduction in the number of adjustments they have to submit with their monthly Health Recon Certifications.

Prior to this change, the Health Benefit Reconciliation was not including payroll activity for the old agency in the month after an employee transferred to another agency. As a result, the Health Benefit Reconciliation charged the old agency missed premiums for the month in which the transfer happened, but the program did not credit the same agency for their corrective actions taken in the following month.
