***Department of Accounts***

***Payroll Bulletin***

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| **Calendar Year 2024** | **December 8, 2024** | **Volume 2024-14** |

## PAYROLL PROCESSING - CALENDAR YEAR-END 2024

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| *In This Issue of the Payroll Bulletin…....* | * Issues Requiring Special Attention * Key Dates * Balance Adjustments * Uncollected FICA Collected for/by Another Agency * Returned Payment Processing * Preparing for W2s * CYE Reports | 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](mailto:cathy.mcgill@doa.virginia.gov)  State Payroll Operations  **Director Cathy C. McGill**  Assistant Director Carmelita Holmes |

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| **Introduction** | This Payroll Bulletin addresses payroll for calendar year-end 2024. 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. |

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| **Issues Requiring Special Attention** | * **Update Paysheet** requests to adjust federal or state tax payments must be submitted to SPO **no later than Thursday, December 19** 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 20.** 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 2024 must be submitted no later than Tuesday, January 7**. 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). Only adjustments required due to successful stop payments for pay date of 12/31 will be accepted after this date. * Submit 4th Qtr Certs (Due 1/7/2025) and Year End Certs (Due 1/17/2025) Separately (2 separate files) * Quarter-end reports can be run as soon as the final payrolls for check dates in 2024 have been confirmed. If balance adjustments (those submitted by 12/20) or stop payments have been submitted, agencies should wait to run Year-end reports after the CYE 2024 confirm is processed the morning of 12/30. * Balances will be loaded to W2s for the first time after the CYE 2024 confirm on 12/30. Balances will be reloaded every night from December 30 through January 17 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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| **Key Dates** | * **Monday, December 2 – all ORP Retiree Group Life Imputed Income adjustments due to SPO** * **Tuesday, December 3 –** BW Off Cycle confirmation * **Tuesday, December 10** – SM confirmation * **Tuesday, December 10** – BW confirmation * **Friday, December 13** – SM Off Cycle confirmation * **Monday, December 16** – BW Off Cycle confirmation * **Thursday, December 19** – **Deadline for Update Paysheets to adjust federal and state withholding tax payments** * **Friday, December 20** – Normal Update Paysheet deadline * **Friday, December 20** – **All Prior and current quarter balance adjustments due to SPO** * **Monday, December 23** – Final 2024 SM/MTH confirmation * **Monday, December 23** – Final 2024 BW confirmation * **Tuesday, December 24** – 8 Hours Additional Holiday * **Wednesday, December 25** – Christmas Holiday * **Thursday, December 26 – Last day to request stop payments on SM/MTH direct deposits dated 12/31 (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** * **Monday, December 30** – 2024 CYE confirmation * **Monday, December 30** - W2 Data Loaded (nightly through Thursday, January 16) * **Monday, December 30** – SM/MTH Off Cycle confirmation, check date 1/2/2025 * **Monday, December 30** – BW Off Cycle confirmation, check date 1/2/2025 * **Wednesday, January 1** – New Year’s Day Holiday * **Tuesday, January 7 – *Deadline for final balance adjustments due to DOA (send each one individually)*** * **Tuesday, January 7 – Final Deadline for Q4 Quarterly Reconciliations Due to DOA** * **Tuesday, January 7 –** BW confirmation * **Wednesday, January 8 –** **Deadline to submit stop payment requests for checks dated 12/31** * **Friday, January 10** – SM confirmation * **Monday, January 13** – **Deadline for balance adjustments resulting from returned payments for 12/31 pay date if stops are submitted on or before 01/08/2025; no other balance adjustments will be accepted** * **Thursday, January 16 –** Final W2 Data Load * **Friday, January 17 –** **Final deadline CYE Certifications (no balance adjustments) due to DOA** * **Monday, January 20 –** Martin Luther King, Jr Holiday * **Tuesday, January 21 –** BW confirmation * **Monday, January 27 –** SM/MTH confirmation * **Tuesday, January 28 –** Last day for W-2s to agencies * **Friday, January 31 –** Last day for W-2s to employees |

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| **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 taxes 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 2024 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> |

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| **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 central payroll 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.  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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| **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 2024 payments **after 12/30/2024**. Balance adjustments submitted after January 13th will not be included in 2024 balances and will require a W2c. Unless otherwise specified, these actions apply to terminated employees. In the event an agency is unable to recover employee-paid deductions taken from the voided payment AND the employee is still due some amount of pay or leave payout that will be processed in January, the agency should use the Due Agency deduction to recover those amounts. **DO NOT process deduction refunds for pre-tax deductions in the new calendar year. Deductions affecting tax balances are preceded with \*.** |

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| Step | Action |
|  | **Balance adjustments for voids approved after 12/30/2024 must be submitted by 3:00 pm on 01/13/2025 to be included in 2024 balances.** |
|  | **Paper checks - Do not write on or stamp the check "VOID."**  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. |
|  | **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](mailto:acallanta@doa.state.va.us).  Direct Deposit stops must be submitted within 5 business days of the check date: **no later than 3:00 pm on 01/08/2025 for pay date of 12/31.** |
|  | Garnishments - Submit a Garnishment Stop Payment request to SPO Garn Admin for any garnishment checks that came from the payment. Treasury will credit the Garn Suspense Account for outstanding checks. Submit a journal entry to move the returned funds from the Garn Suspense account to the expenditure account charged for gross pay.  Garnishment fees – contact SPO Benefits to request a refund. |
|  | 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. |
|  | \*State Withholding Taxes - Contact Department of Accounts State Payroll Ops for directions on how to request a 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. |
|  | \*457 Deferred Comp - Submit a Mistake of Fact form to VRS explaining that the payment was not due to the employee and the contribution must be returned to the agency. In the event the TPA is unable to return the amount to the agency, the agency will need to seek reimbursement from the employee. If the amount is returned to the agency, a W2C may be needed if it is too late to submit a balance adjustment. |
|  | \*403(b) Annuities – Notify SPO Benefits if there are annuity deductions in the 12/24 pp payment that was stopped as soon as possible after CYE. SPO will coordinate completion of the Mistake of Fact with FBMC and the provider. In the event the provider is unable to return the amount to the agency, the agency will need to seek reimbursement from the employee. If the amount is returned to the agency, a W2C may be needed if it is too late to submit a balance adjustment. |
|  | Combined Virginia Campaign – agency will need to contact  [cvcsupport@dhrm.virginia.gov](mailto:cvcsupport@dhrm.virginia.gov) to request a refund or request a reimbursement from the employee for the donated amount. |
|  | Child Support – if the employee is still active, submit an update paysheet request in the following pay period to reduce the child support by the amount paid in the voided check. If the employee has terminated, request a refund from the appropriate child support enforcement agency. Otherwise, the agency will need to request a reimbursement from the employee for the amount paid from the voided check. |
|  | \*Retirement – Terminate employee’s record in VNAV effective 11/30.  Defined Benefit Deductions - Refund employee defined benefit deduction for the **first half of December** to the employee **outside of the payroll system**. **DO NOT process deduction refunds through payroll in the new calendar year.** Retirement deductions are not included in the same IRS salary reduction regulation that covers health insurance and must not be refunded through payroll in the following year. Employee is not due a refund for deductions for the second half of the month from the voided check. If VNAV is updated, the agency will receive a refund for the defined benefit deductions for the entire month in the automated VRS recon. The balance adjustment must include the full month of retirement, not just the amount from the voided payment. A W2C may be needed if it is too late to submit a balance adjustment.  Defined Contribution Deductions (Hybrid Mandatory, Hybrid Voluntary, ORPs) - VNAV record must reflect 11/30 termination date).  Submit a Mistake of Fact to VRS for the month of December. The Request for Review form must clearly identify the amount from the first half of the month that should be refunded directly to the employee and the amount for the second half that must be returned to the agency. The TPA will process the refund to the employee and issue a 1099. The employer amount will be moved to the forfeiture account and returned to the agency in May. In the event the amount is less than $50 OR TPA is unable to return the amount to the agency, the agency will need to seek reimbursement from the employee. If the amount is returned to the agency, a W2C may be needed if it is too late to submit a balance adjustment. |
|  | \*Flexible Reimbursement Accounts – contact SPO Benefits to request a refund from the flex accounts. A W2C may be needed if it is too late to submit a balance adjustment. |
|  | Miscellaneous Insurances – Notify SPO as soon as possible. If the TPA is unable to return the amount to the agency, the agency will need to seek reimbursement from the employee. |
|  | Optional Group Life - Notify SPO as soon as possible. If the TPA is unable to return the amount to the agency, the agency will need to seek reimbursement from the employee. |
|  | \*Health Care – if the employee is terminated, terminate employee’s benefit effective 11/30/2024; request a refund (premium less premium reward) in the Health Care Recon.  Premiums – if the employee is still active, enter a SPOT to add the amount due for the second half of December in January; otherwise, ensure that the benefit is terminated effective 11/30. If the employee is terminated, the refund for the second half of December must be treated as compensation and paid to the employee in January using TXP in an earnings SPOT. **DO NOT process the payment as a deduction refund.** (See Payroll Bulletin #2019-07 for additional information.)  Premium Rewards – if the employee is still active, enter an earnings SPOT to add the premium reward due to the employee for the second half of December in January’s pay. However, if the employee is terminated, then the premium reward paid for the first half of December should reduce the refund to the employee for the premium taken for the first half of the month. Reduce the amount of TXP entered instead of entering a negative amount to PRW. |
|  | Submit balance adjustments resulting from voided checks for recovered amounts affecting taxable wages and pre-tax deductions prior to 1/13/2025 or request a corrected W-2 (form W-2C) if past the balance adjustment deadline. |

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| Correct Reporting of Employee Social Security Numbers | DOA submitted a complete file of data to SSA in mid-November for verification in an effort to provide cleansed data when performing W-2 reporting. Agencies with name/SSN match discrepancies were provided with copies of the records requiring research and correction. Spreadsheets were put into SPO to Agency folders in SPO SharePoint between 11/21 and 11/23. If you have no spreadsheet, there were no discrepancies for your agency. Agencies should ensure the information for anyone hired after 11/15 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 |

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| 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 – improper 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 – visible on earnings notices and on quarterly federal tax summaries  Tickets to update or correct FEINs or addresses must be submitted via email to VCCC and include “Cardinal Employer Address (or FEIN) Change” in the subject line. Please copy [payroll@doa.virginia.gov](mailto:payroll@doa.virginia.gov) on the ticket. Corrections must be requested before December 16, 2024. |

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**CYE Reports**

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| 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. | | |
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|  | **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 2024 Confirmation on 12/30 - Report includes federal taxable wage and taxes amounts that will be included on W2s by employee. |
| 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. |

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| \* It is essential this report be reviewed and corrective action taken prior to the final payroll certification of 2024. Contact [payroll@doa.virginia.gov](mailto:payroll@doa.virginia.gov) for procedural clarification or assistance if needed. |