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Division of Accounts and Reports

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INFORMATIONAL CIRCULAR NO: 97-P-012

DATE: December 6, 1996

SUBJECT: 1996 Calendar Year-End Processing

EFFECTIVE DATE: Immediately

A & R CONTACT: Payroll Services - (913) 296-3146

APPROVAL:

SUMMARY: Schedule for Processing Transactions During 1996 Calendar Year-End

As 1996 calendar year-end approaches, the Division of Accounts and Reports has begun making preparations for the issuance of calendar year 1996 Wage and Tax Statements (Forms W-2). Any adjustments processed after the established cut-off dates may result in the issuance of corrected W-2's (Forms W-2C) by the Payroll Section for the employees involved.

Please keep in mind that any paycheck adjustments (except for salary **underpayments**) processed after January 2, 1997 should **not** include any adjustment to the amount of the original federal and/or state withholding tax deducted on the original paycheck, even if the adjustment is tax-effecting. Therefore, every effort should be made to process adjustments by the established deadlines.

PAYCHECK REVERSALS

The final on-cycle paycheck for calendar year 1996 will be issued December 27, 1996; the final off-cycle paycheck for calendar year 1996 will be issued December 31, 1996 for the KA2 off-cycle processed on December 26, 1996. Any paychecks that are undeliverable should be reversed immediately. SHARP agencies have until 5:00 p.m. on December 27, 1996 to enter paycheck reversal requests to ensure processing in the January 2, 1997 off-cycle payroll (ie., KA4 off-cycle); paper user agencies should submit Form DA-182, 'Paycheck Reversal or Reprint Request', for any paycheck reversals by 12:00 noon on December 27, 1996. Any reversal requests entered/received after the 5:00 p.m./12:00 noon deadline on December 27 may result in the issuance of a W-2C to the employee. Paycheck reversals for paychecks issued on or before December 31, 1996 that are not entered by the 5:00 pm deadline on December 27, 1996 must be submitted, via Form DA-182, to the Payroll Section in the Division of Accounts and Reports for processing. The original paycheck should accompany the DA-182.

PAYCHECK ADJUSTMENTS (excluding salary *underpayments*)

SHARP agencies have until 5:00 p.m. on January 2, 1997 to enter paycheck adjustment requests for any 1996 paychecks. Adjustments processed in the January 2, 1997 off-cycle payroll will be reflected on the employee's 1996 Form W-2. If a 1996 paycheck has been previously adjusted and requires additional adjustment, Form DA-180, 'Paycheck Adjustments', should be submitted to the Division of Accounts and Reports, Payroll Section by 5:00 p.m. on December 27, 1996. The December 27 deadline for submitting Form DA-180 also applies to all adjustment requests for paper user agencies. Any paycheck adjustments entered/received after the January 2/December 27 deadline may result in the issuance of a W-2C to the employee.

If an on-line user agency identifies a 1996 paycheck that needs to be adjusted after the January 2 deadline, the agency will still be able to enter the adjustment request using the 'Paycheck Adjustment' panel (located under the 'Process' menu in the 'Paysheets' window). *However, the adjustment should not be entered until February 4, 1997 and, if the adjustment is tax effecting, the employee will receive a Form W-2C. Adjustment requests for any reason other than salary underpayments that are entered after January 2, 1997 but prior to February 4, 1997 will be deleted and will have to be re-entered by the agency.*

On-line agencies will notice one important difference when entering adjustments for calendar year 1996 paychecks beginning after December 31, 1996. After December 31, 1996, when an agency enters an adjustment request for a paycheck issued in 1996, a 'Tax Affecting' check box will display and will default to 'off'. **Agencies will be responsible for ensuring that the reason code and the 'Tax Affecting' check box are correct at the time the adjustment request is entered.** The 'Tax Affecting' check box, as well as the adjustment reason code, are **critical** to the proper processing of the paycheck adjustment transaction. The 'Tax Affecting' box determines if the information for the adjustment will be flagged to calculate a W-2C form for the year being adjusted and does not affect the tax calculations. The adjustment reason code determines what 'year to date balances' should be updated. *Adjustments entered on January 2, 1997 should **not** have the 'Tax Affecting' check box 'turned on' under any circumstances, because the adjustments will be included in our final calculations for 1996 W-2's.*

The following are the valid values for the paycheck adjustment 'reason':

- 'A' - Earnings adjustment, time correction underpayment
- 'B' - Earnings adjustment, time correction overpayment
- 'C' - Earnings adjustment, leave correction
- 'D' - Earnings adjustment, pay rate change underpayment
- 'E' - Earnings adjustment, pay rate change overpayment
- 'F' - Earnings adjustment, other underpayment
- 'G' - Earnings adjustment, other overpayment
- 'K' - Deduction adjustment, medical
- 'L' - Deduction adjustment, dental
- 'M' - Deduction adjustment, retirement
- 'N' - Deduction adjustment, general deduction
- 'O' - Deduction adjustment, other

Adjustments with a reason code of 'B', 'C', 'E', 'G' or 'M' should always have the 'Tax Affecting'

check box turned 'on'. Adjustments with a reason code of 'K' or 'L' should have the 'Tax Affecting' check box 'on' if the employee is participating in the group health insurance program on a pre-tax basis. Adjustments with a reason code of 'N' or 'O' need to be individually evaluated to determine if the deduction is made on a pre-tax basis. If the deduction is pre-tax, the 'Tax Affecting' check box should be 'on'; otherwise, the check box should be 'off'. To summarize, for salary overpayments or for pre-tax medical, pre-tax dental, FSA, deferred compensation, VTSA or retirement deduction adjustments, the 'Tax Affecting' check box should be 'on'; for all other types of deduction adjustments, the check box should be 'off'.

SALARY UNDERPAYMENTS

Adjustment requests entered on or after January 3, 1997 *which are adjusting paychecks issued in 1996* and which have a reason code of 'A', 'D' or 'F' (ie., salary underpayment) will not result in a W-2C; the additional earnings resulting from these type of adjustments will update the employee's 1997 payroll balances. For 'underpayment' adjustments, the 'Tax Affecting' check box should be left 'off'.

REGENTS INSTITUTIONS

Regent Institutions must submit all transmittals for 1996 adjustments and paycheck reversals by 5:00 p.m. on Tuesday, December 31, 1996. The payroll interface files should contain a 'C' indicating current year business. Except for salary underpayments, any 1996 paycheck adjustments identified after the December 31, 1996 deadline will not be processed until the February 5, 1997 off-cycle payroll. The deadline for submitting payroll interface files for the February 5 off-cycle is 5:00 pm on February 4, 1997. Separate payroll interface files must be submitted for prior year activity and the files must be separated by calendar year (ie., 1996 and 1995 activity cannot be included on the same payroll interface file). Furthermore, if the interface file is for prior calendar year activity (excluding salary underpayments), the file should contain a 'P' indicating prior year business. Beginning February 5, 1997, prior year files will only be processed once a week (in the Wednesday night off-cycle).

Regents institutions may continue to submit 1997 paycheck adjustments and 1996 paycheck underpayments throughout the month of January, 1997. This activity will be processed on the regular Monday and Wednesday off-cycle schedule and will update 1997 payroll balances.

GENERAL REMINDERS

It is very important that multiple adjustments for one employee be processed in the same off-cycle run. Effective January 30, 1997, depending on the type of adjustment, processing in different cycles may result in the issuance of multiple W-2C forms to the employee. Please verify prior to processing a prior year adjustment for an employee that all other paychecks are correct for that employee and do not require adjustment also.

Every effort should be made to collect all arrearage balances either by personal reimbursement or

paycheck deduction prior to the cut-off date of January 2, 1997 (December 27, 1996 for paper user agencies). Please evaluate all existing arrearages for your agency and verify that collection will be made. For sufficiently large balances that cannot be collected in one sum, please submit an Arrears Payback Schedule to the Payroll Section as soon as possible so paycheck deductions can be made and the balance collected by the cut-off date. Also, as adjustments are processed from now until the end of the year, please monitor any new arrearage balances and collect in an expedient manner.

The 1996 W-2 forms will again be mailed directly to the employee's home address stored on the Personal Data 1 panel in the Personnel Administration window. Please make any name, address, or social security number changes to this panel by January 3, 1997 to guarantee their inclusion in the W-2 data. However, since this panel is not effective dated, the information on the panel as of the day the final W-2 data is loaded will be the data reflected on the W-2 form. This final load may take place anytime between January 6, 1997 and January 17, 1997.

Regents Institutions should make their name, address, and social security number changes by submitting them through the management reporting interface by 5:00 p.m. on January 3, 1997.

W-2 forms will be mailed on or before January 31, 1997. A message will appear on the SHARP message panel to advise agencies of the W-2 mailing date during the latter part of January.

Attached are calendars for the months of December 1996 and January 1997 which highlight the key payroll processing activity. The December 1996 calendar was originally issued with Informational Circular 97-P-006 dated November 6, 1996. Any new information is printed in italics. These calendars do not provide the same level of detail as that provided in this informational circular or in the SHARP bi-weekly payroll schedules issued under Informational Circulars 1335 dated April 4, 1996 and 97-P-010 dated December 2, 1996. **The attached calendars are intended for use as a supplementary reference tool to these informational circulars.**

Please make note of the above payroll processing dates and adjust your schedules accordingly. If, in order to ensure the timely issuance of payroll, it becomes necessary to change any of the processing dates identified above, notification of the change will be provided to all state agencies via the SHARP on-line message panel. On-line user agencies should be reviewing the SHARP message panel on a daily basis to determine if new messages have been added. Paper-user agencies will be notified of any changes to these dates via telephone.

SAM:JJM:cj

Attachments

1996

December

1996

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2 KA3 Off-Cycle and Regents Off-Cycle for 11/16 PPED	3 Paysheets created; 1st pre- calc for 11/30 PPED	4 2nd pre-calc for 11/30 PPED. KA4 Off-Cycle and Regents Off-Cycle for 11/16 PPED	5 3rd pre-calc for 11/30 PPED	6 Final pay calc and confirmation for 11/30 PPED	7
8	9 KA1 Off-Cycle and Regents Off-Cycle for 11/30 PPED	10	11 KA2 Off-Cycle and Regents Off-Cycle for 11/30 PPED	12	13	14
15	16 KA3 Off-Cycle and Regents Off-Cycle for 11/30 PPED	17 Paysheets created; 1st pre-calc for 12/14 PPED	18 2nd pre-calc for 12/14 PPED. KA4 Off-Cycle and Regents Off-Cycle for 11/30 PPED	19 3rd pre-calc for 12/14 PPED	20 Final pay calc and confirmation for 12/14 PPED	21
22	23 KA1 Off-Cycle and Regents Off-Cycle for 12/14 PPED	24 <i>Regents cut-off at 5:00 pm for the KA2 off- cycle for 12/14 PPED</i>	25 HOLIDAY	26 KA2 Off-Cycle and Regents Off-cycle for 12/14 PPED <i>Final 1996 checks generated</i>	27 <i>Cut-off for entering paycheck reversals; Deadline for submitting 1996 paycheck adjustment forms</i>	28
29	30 KA3 Off-Cycle and Regents Off-Cycle for 12/14 PPED	31 <i>Regents cut-off at 5:00 pm for 1996 adjustments & reversals;</i> Paysheets created; 1st pre- calc for 12/28 PPED				

January

1997

1997

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1 HOLIDAY	2 Cut-off for 1996 paycheck adjustments (excluding salary underpayments); KA4 off-cycle and Regents off-cycle for 12/14/96 PPED	3 Cut-off for name, address, & SSN changes (Regents & SHARP); Final pay calc & confirmation for 12/28/96	4
5	6 KA1 off-cycle for 12/28/96 PPED--ONLY supplementals and paycheck adjustments for 1996 salary underpayments	7	8 KA2 off-cycle for 12/28/96 PPED--ONLY supplementals and paycheck adjustments for 1996 salary underpayments	9	10	11
12	13 KA3 off-cycle for 12/28/96 PPED--ONLY supplementals and paycheck adjustments for 1996 salary underpayments	14	15 KA4 off-cycle for 12/28/96 PPED--ONLY supplementals and paycheck adjustments for 1996 salary underpayments	16	17 Final pay calc and confirmation for 1/11/97 PPED	18
19	20 HOLIDAY	21 KA1 off-cycle for 1/11/97 PPED--ONLY supplementals, paycheck adjustments for 1996 salary underpayments & 1997 adj.	22 KA2 off-cycle for 1/11/97 PPED--ONLY supplementals, paycheck adjustments for 1996 salary underpayments & 1997 adj.	23	24	25
26	27 KA3 off-cycle for 1/11/97 PPED--ONLY supplementals, paycheck adjustments for 1996 salary underpayments & 1997 adj.	28	29 KA4 off-cycle for 1/11/97 PPED--ONLY supplementals, paycheck adjustments for 1996 salary underpayments & 1997 adj.	30	31 Final pay calc and confirmation for 1/25/97 PPED	