

Timeline, Deadlines, and Consequences (Oh My)

2010 Year End Season
Presented by Allison



DON'T PANIC!

DAS
DEPARTMENT OF
ADMINISTRATIVE
SERVICES

Everything is
fixable



How many have never gone through a payroll year end for the State?

How many are terrified of year end?

How many think it's old hat? First group, look at the second group – that's a good resource for you.

#1 Rule to Remember: Don't Panic

The degree of difficulty to fix things goes up for each payroll run past the original, but it is all fixable.

Constructive Receipt

- Monies or fringe benefits that are available to the employee as of a specific date.
- Most often used to determine which tax year to credit with payment.

In other words:

Did the employee have use of the money (or benefit) in 2010 or in 2011?



3

VOCABULARY: Constructive Receipt (Handout)

-----Who didn't get a handout? If you have more than one person here from your agency, please share your duplicates with those who don't have one. Thanks.

- Generally speaking, you record compensation received through December 31 in this year (2010).
- There are some tricky ones though. Who can name one?
 - Pay Advances
 - (Fringes – mileage \$1.50 commuter charge accrued as of November 1; value provided during last two months of year [conformity rules])

2010 Year End Timeline



DAS
DEPARTMENT OF
ADMINISTRATIVE
SERVICES

- oHandout. This is the overall timeline.
- oIncludes reports, outdates, and items to watch out for
- oWe'll go over three specific dates

NOVEMBER Pay Period



November is the LAST standard month of the year.

Last November pay period date for 2010 year end season is 12/9/10.

Treat November as if there were no more opportunity to fix 2010.



5

•Finalize your payroll:

- Collect timesheets from sporadic employees. You know which managers tend to sit on things; contact them early and often to close out the year.
- Work any issues that you've set aside for "when I have time" (*if they will affect 2010 W-2*).
- Work outstanding balance and negative reports. What are some examples?
 - Terminated Employees with Leave Balances
 - Exception Reports
- Review overpayment balances – calculate if the recovery will be paid in full for this tax year. Make adjusting entries if needed.

- LAST CHANCE to set a P190 corrective flag for any 2010 month except November
- LAST CHANCE to (easily) reverse a check from any 2010 month except November

CONSEQUENCES

- Adjustments to 2010 income become more time-consuming
- Cannot use P190 to flag any month except November for corrections.



- Cannot reverse checks or ACH deposits for any month except November



6

Adjustments to 2010 income past this point become more time-consuming

EXAMPLES:

- Can't just process like you normally would
- Requires analysis of W-2 impact
- Overpayments get short repayment time
- Requires extra steps
 - Verify P010 dates at minimum (Does everyone know what I mean when I say "P010 Dates"?)
- For adjustments to months prior to November, need to manually adjust rather than setting a P190 flag or reversing a check

DECEMBER Run 1

12/27/10



For employees who **leave state service** in December, set December P010 dates to force the income into 2010



If you know someone is leaving but don't have all the paperwork to do your entries yet, remove all time so that nothing gets processed for Run 1.

OR: Make your best guess AND set December P010 dates.

7

- Why does setting the P010 dates force into 2010?
- You must wait until personnel processes the PA (keep a "pending" file if needed). Work with your personnel office to make sure they do these in time for your payroll cutoffs.
 - We heard last year from a good-sized agency that their personnel office didn't process their separating employee PAs as quickly as payroll needed.
 - What are some ways you could increase the odds of success with your personnel shop?
- If you made your best guess on Run 1, you can produce an additional manual check when you get the final paperwork.

CONSEQUENCES

No
December
P010 dates
on Run 1 =
2011 income



8

oIf December Run 1 has already calculated income into 2011 because of late notification (or payroll error), income will be reported for 2011 next year.

oWhy would December be 2011 income if there were no P010 dates?

DECEMBER Pay Period

- “Clean up” month
- Work your “exception reports” – November registers / reports
- December separations from state service cannot have a November corrective. Why?

Last date to clean up the 2010 year end season is 1/10/11.



- For year end purposes, December is your opportunity to clean up items that fell out from November, or that failed to be completed in time for November. Think of it as cleaning up the “exception report” for the whole year. (“Exception report” being the November pay registers and reports.)
- Work November reports and clean up outstanding issues
- To correct November, set flag and verify P010 dates (will be 11/30, 11/30) Why do we have to do that for November correctives if the employee isn’t terminating?
- To reverse a check (or ACH) or make corrections to a month prior to November, cannot set flag. Will need manual entries into November screens (with a November flag). Work with OSPS if you need guidance to determine the correct entries.

CONSEQUENCES

Incorrect W-2



- 2010 income / expenses / benefits that aren't properly captured by December Run 2 cutoff can only be corrected by a Corrected W-2 (W-2c).
- Outstanding overpaid 2010 income cannot be corrected using W-2c. Employee must file with reported income. Even when employee fully repays his obligation, he cannot file an amended tax return.
- What questions do you have?

REVIEW QUESTIONS:

- In year end terms, November is the (blank) _____ [LAST or FINAL] month of the year.
- What helps you decide which year to credit income or benefits? Hint: Vocabulary word [CONSTRUCTIVE RECEIPT].
- In year end terms, December is the (blank, blank) _____ month.
- What is the #1 rule? [DON'T PANIC]
- Who was your favorite OSPS presenter?