



State of North Carolina

Office of the State Controller

DAVID T. MCCOY
STATE CONTROLLER

January 23, 2009

MEMORANDUM NO. PYR2009-001

TO: University Payroll Offices Served by Central Payroll Operations

FROM: Central Payroll Operations

SUBJECT: Changes to 2009 Central Payroll Processing and Data Corrections

Central Payroll Operations is adjusting some of its processes to cut costs during the budget downturn and to better serve the university employees. Please read the following information carefully.

Mailing of Payroll Checks

Beginning with the January monthly payroll, payroll checks will be issued to the employing universities instead of being mailed directly to employees. This change should result in a reduction of the number of requests for replacements due to delays in postal deliveries, incorrect addresses for transient student employees, and forged endorsements. All checks will be distributed to the universities three days prior to the midmonth and monthly payroll pay dates. Cancellation and rewrite cycle checks will be sent two days prior to the pay date, if possible. **Please remember that payroll checks cannot be issued to employees prior to payday.**

Requesting W-2 Corrections

All W-2C requests are due to Central Payroll Operations no later than end of business on Tuesday, January 27. These requests should include adjustments related to paper checks that were not cancelled on the payroll system prior to year end, receipt of reimbursements for prior year overpayments, and improper withholding for FICA taxes.

Processing 403(b) Annuity Payments

Annuity payments for 403(b) plans will be administered by Central Payroll Operations in 2009. The electronic submission of deduction transactions to the vendors has not yet been established, but the Central Payroll Operations staff are working with vendors to test and implement this change.

Expanding Deduction Codes

Due to limitations in the overall number of available deduction codes, your university may be processing multiple deductions under one code and tracking the individual deductions manually. Since the migration of state agencies to the Beacon payroll system, there are now additional deduction codes available for university use. Attached is the current listing of the elective deductions processed on the Central Payroll System for universities. If you would like to use additional deduction codes to eliminate your manual tracking, please send a spreadsheet of the additional deductions to edith.cannady@osc.nc.gov. Central Payroll Operations staff will work with your university to expand the deduction codes, where possible.

Please note that the Current Earnings file transmitted semi-monthly to each university cannot accept more than twenty elective deduction codes per employee. Please take this limitation into consideration when requesting the new deduction codes.

Correcting ORBIT Retirement System Rejections

The ORBIT System is suspending retirement contributions and service data for individual employees whose records contain invalid data elements. However, the entire file sent from Central Payroll is rejected for any omissions of an employee birth date. **Please ensure that all employee master records processed in the Central Payroll System contain a valid date of birth.**

Other common errors affecting single employee records include invalid job classifications, incompatible contract periods (for instructional staff), and retroactive corrections to social security numbers. ORBIT staff are currently working to programmatically update invalid job classifications for employee contributions and service suspended prior to October 2008. The Central Payroll Operations staff are working directly with ORBIT to resolve issues not related to missing/invalid birth dates.

Correcting Social Security Administration (SSA) Exceptions

Exception reports from the SSA will be available in Systemware next week. Please review and resolve all exceptions prior to generation of the next quarterly report in April. Exceptions related to inactive employees should also be corrected, where possible, since the Central Payroll Employee Master File may not be purged prior to the conversion of universities to a new payroll solution.

Resolving Outstanding Payroll Checks

All universities should review the letters generated in the Systemware report titled OSCPX OUTSTAND CK 60 DAY LETTER and resolve as many outstanding checks as possible. A reduction in the number of unpaid checks will reduce exception processing in a new payroll system. Central Payroll Operations staff are looking at revising the report to include the employee address data to ease the manual activity needed to contact the employees listed in the report.

Please refer any questions or comments to Edith Cannady at (919) 431-6626 or edith.cannady@osc.nc.gov.

CC: Edith Cannady
Wendy Griffin

Attachment