

**Procedures for HR/CMS LCM Payroll  
Prior Year Deficiencies for Current and Former Employees**

Employee reimbursements and payroll prior year deficiencies must be processed, with the assistance of the Payroll Bureau, through HR/CMS/ LCM. Payroll prior year Deficiency (PYD) errors (failure to act) can occur due to human error during payroll processing and discovered at a later date through an audit or as raised by an employee or supervisor. Below are examples:

- Neglected to award a step increase based on employee’s anniversary date;
- Calculated a promotion incorrectly.
- Used the wrong salary chart to calculate an annual pay increase.
- Didn’t pay overtime when it was earned.
- Didn’t pay vacation cash out to a terminated employee.
- Late employee reimbursement requests.

The Department responsible for the PYD (or the current employing Department, if the claimant is working for another state Department) must enter the payroll information into HR/CMS. Departments are responsible for entering the payment in accordance with the CTR payroll processing instructions to ensure the employee is paid the correct amount. Taxes and other deductions are taken consistent with standard business practices.

**Payroll Deficiencies and Employee Reimbursements**

1) The Department’s signatory authority must send a letter to the Office of the Comptroller (CTR) which includes the following (If more than one employee, please email Excel spreadsheet with the following fields.):

- a) Appropriation.
- b) Fiscal year the payment should have been made.
- c) Reason for PYD.
- d) Employee Name.
- e) Employee ID#.

If the claimant is a former employee and not active on HR/CMS, the department will be required to re-hire the claimant in order to make payment.

- f) Employee Rec #
- g) HR/CMS Earnings Code – The earnings code that would have been used if the payment had been made on time
- h) HR/CMS Deficiency Code – The earnings code to be used for the deficiency payment.

The following grid provides a brief outline of each earnings code:

Earn code	Description
D01	Deficiency Regular
D02	Deficiency Reimbursement - applies to all non tax reimbursement
D03	Deficiency Other Pay
D04	Deficiency Vacation in Lieu
D05	Deficiency Sick Buy Back
D06	Deficiency Overtime

- i) Object Code.
- j) Deficiency Amount.
- k) Payroll Tax - The payroll amount for AA and CC object code salaries includes payroll tax. Please refer to Fiscal Year memo for current rate.
- l) Total Deficiency Amount (Payroll Amount + Payroll Tax)

2) Complete attachment A (Prior Year Deficiency Appropriation Information Form).

3) Submit [Employee Reimbursement Forms](#), if applicable.

## **Process for Payment**

After the paperwork submitted is reviewed and approved by the CTR's Accounts Payable Bureau, the department will be notified to start the payroll procedure. Departments must work with the CTR's Payroll Bureau to complete the following steps.

### **Step 1: Enter Deficiency Amounts Using approved Earning Code(s)**

Enter the deficiency amount(s) using the earnings code(s) provided above via HRCMS in the Additional Pay Panel.

CTR will then redirect the charges to the CTR's PYD account via a DEACC rule or an EPPA.

All PYD must be processed by the last full payperiod in the current FY.

### **STEP 2: Review HR/CMS Paycheck amounts**

Review Paycheck Data the following day of entry for accuracy.  
Confirm that paycheck matches the correct amount to be paid to the employee.

### **STEP 3: Review LCM Labor History and/or the predictive reports**

Once CTR Payroll has redirected the charges and a predictive payroll has been run in LCM, departments can view Labor History in LCM to confirm that the Prior Year Deficiency earnings code and the corresponding amount have been posted to the CTR 15992040 account. Iterative Payroll Reports are available on the Friday, Monday and Tuesday of each week in a pay period.

## **Employees no longer employed by Commonwealth**

If the employee record is already terminated, departments will then have to follow the HR/CMS job aid to Re-hire.

See HR/CMS Job Aid: to Rehire an employee.

### ***HR - Rehire Employee - Retro Pay for Terminated Employees:***

<https://powerdms.com/docs/2194826>

Once the employee has been rehired follow above Steps 1 – Step 3

### **STEP 4: Complete Payment and Terminate Record (Former Employees)**

Upon completion and verification of Payment(s), Departments should document the payment as part of the prior year deficiency (PYD). CTR will also document payment of prior year deficiency from the 15992040 reserve Account.

Terminate employee in HR/CMS.

Attachment: [Payroll Excel Spreadsheet](#)