

## REPORTING WAGE VARIANCE

### *Determining when clarification might be necessary*

One of the components of the Report of Retirement Deductions that employers submit to OP&F each month is a member's gross wages. Member base wages are reported under earning code zero. These wages can vary from month to month due to additional payments for such things as worked holidays, shift pay, and officer-in-charge pay.

OP&F's Employer Services Group may ask the employer to clarify the reason for a wage variance. Normally, the wages reported are accurate. It may be that the member in question has had a pay increase or perhaps worked a holiday. If an employer indicates this information in the description field of the report, they likely will not be contacted by OP&F.

Sometimes the reported base wages are lower than what was reported the prior month, as opposed to the wages being higher. Whether OP&F will inquire about a report usually depends on how much lower these wages actually are.

Generally, if the wages reflect that the member worked fewer shifts than their normal schedule, OP&F will seek clarification from the employer. Under OP&F's rules and laws, a member's service credit is accrued each month by working the full scheduled hours.

The goal of OP&F's inquiries is to ensure that the wages reported are pensionable, and that they are consistent based on a member's schedule and past wage and working patterns. OP&F also encourages employers to provide OP&F with current collective bargaining agreements, pay ordinances, and/or employee handbooks so that we can use these as references when reviewing payrolls. This, in turn, will lead to fewer requests for clarification on pay to employers.

## KEEPING PAYROLL SOFTWARE PROVIDERS UPDATED

Many OP&F Employers have retained a payroll software provider, such as the Uniform Accounting Network (UAN), Civica (CMI), Software Solutions Inc. (SSI), PayCor, or Automatic Date Processing (ADP), to allow for electronic payroll reporting of member pension data through the importing or uploading of payroll files. This process allows for little to no manual entry (only post-import adjustments as needed), ease of transmission, and a quick transfer of member payroll data. This, in turn, minimizes the chance of a late file submission which will result in statutory penalties.

Importing files also enhances efficient updating of OP&F member accounts. For those employers who utilize the services of a payroll software company, it is vital that their vendor not only adhere to the specifications and file format, but is also aware of how to map or code different types of member payments, such as holiday pay and overtime. Adherence to both of these requirements will result in successful importing, and fewer questions about

the reporting of member hours and wages.

Regarding the proper layout or set-up of electronic files, the file format is located on the OP&F website at [op-f.org](http://op-f.org) under Employers/Employer Self-Serve Web/Payroll Reporting format. All files must be in a fixed block (text) format and saved as notepad. The document on OP&F's website lays out what should be in each field and whether that field is alpha, numeric, or alpha-numeric in nature.

Having the file in the correct layout is a vital first-step in the process of payroll reporting. However, perhaps even more essential is making sure that the payroll data is reported correctly as far as the members' hours base, paid hours, pension deduction type (pick-up or non-pick-up), and earning code and work code fields. This mapping process should occur in the initial set-up with your payroll vendor, but may also require re-mapping if changes are made down

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## WHAT IS MALWARE?

*The following article is from the Ouch! security awareness newsletter produced by the SANS Institute. OP&F is sharing this article with employers as a courtesy as part of our ongoing efforts to keep member information secure. The information provided is for informational purposes only and is not intended to serve as advice on security measures.*

Simply put, malware is software -- a computer program -- used to perform malicious actions. In fact, the term malware is a combination of the words malicious and software. Cyber criminals install malware on your computers or devices to gain control over them or gain access to what they contain. Once installed, these attackers can use malware to spy on your online activities, steal your passwords and files, or use your system to attack others. Malware can even deny access to your own files, demanding that you pay the attacker a ransom to regain control of them.

Many people have the misconception that malware is a problem only for Windows computers. While Windows is widely used (and thus a big target), malware can infect any device, including Mac computers, smartphones, and tablets. The more computers and devices cyber criminals infect, the more money they can make. Therefore, everyone is a target, including you.

### **Who Creates Malware?**

Malware is no longer created by just curious hobbyists or amateur hackers, but by sophisticated cyber criminals. Their goal is to make money from your infected computer or device, perhaps by selling the data they've stolen from you, sending spam emails, launching denial of service attacks, or performing extortion. The people who create, distribute, and benefit from malware can range from individuals acting on their own to well-organized criminal groups or even government organizations. People who are creating today's sophisticated malware are often dedicated to that purpose, developing malware as their full-time job. In addition, once they develop their malware, they often sell it to other individuals or organizations, even supplying their "customers" with regular updates and support.

### **Protecting Yourself**

A common step to protecting yourself is to install anti-virus software from trusted vendors. Such tools, sometimes called anti-malware software, are designed to detect and stop malware. However, anti-virus cannot block or remove all malicious programs. Cyber criminals are constantly innovating, developing new and more sophisticated malware that can evade detection. In turn, anti-virus vendors are constantly updating their products with new capabilities to detect malware. In many ways, it has become an arms race, with both sides attempting to outwit the other. Unfortunately, the bad guys are usually one step ahead. Since you cannot rely on anti-virus alone, here are additional steps you should take to protect yourself:

Cyber criminals often infect computers or devices by exploiting vulnerabilities in their software. The more current your software is, the fewer vulnerabilities your systems have and the harder it is for cyber criminals to infect them. Therefore, make sure your operating systems, applications, and devices are enabled to automatically install updates.

A common way cyber criminals infect mobile devices is by creating a fake mobile app, posting it on the Internet, and then tricking people into downloading and installing it. As such, only download and install apps from trusted online stores. In addition, only install mobile apps that have been posted online for a long time, downloaded by a large number of people, and have numerous positive reviews.

On computers, use a standard account that has limited privileges rather than privileged accounts such as "Administrator" or "root." This provides an additional protection by preventing many types of malware from being able to install themselves.

Cyber criminals often trick people into installing malware for them. For instance, they might send you an email that looks legitimate and contains an attachment or a link. Perhaps the email appears to come from your bank or a friend. However, if you were to open the attached file or click on the link, you would activate malicious code that installs malware on your system. If a message creates a strong sense of urgency, is confusing, or seems too good to be true, it could be an attack. Be suspicious, common sense is often your best defense.

Regularly back up your system and files to cloud-based services, or store your backups offline, such as on disconnected external drives. This protects your backups in case malware attempts to encrypt or erase them. Backups are critical; they are often the only way you can recover from a malware infection.

Ultimately, the best way to defend against malware is keep your software up-to-date, install trusted anti-virus software from well-known vendors, and be alert for anyone attempting to fool or trick you into infecting your own system.

## COMMON EMPLOYER PAYROLL REPORTING ERRORS

### *And tips for addressing them*

Every month, OP&F's Employer Services Group (ESG) receives, reviews, and processes over 900 Reports of Retirement Deductions. These reports are usually reviewed and processed by OP&F staff without seeking clarifications or corrections from employers. Occasionally, OP&F needs to receive additional information from an employer when there is an issue with a payroll report. This article points out some of the most common reporting issues, and how employers may proactively address these issues:

1. Don't report non-pensionable earnings - Under the Ohio Revised Code, not all OP&F member earnings are subject to pension contributions. Payments such as uniform allowances, tuition reimbursement, sick leave and vacation cash outs, and accumulated compensatory time payments are non-pensionable under the rules and laws and rules that govern OP&F. If you are uncertain regarding whether a specific payment is pensionable or not, please contact your ESG representative before submitting your report.
2. Use the proper earning codes - Unlike other Ohio Retirement Systems, OP&F requirements mandate that payments such as overtime, longevity, extra hours at straight pay, and holiday pay, in certain cases, be broken out separately from regular or base earnings. You can learn more about this component of payroll reporting by contacting your ESG representative, consulting the online employer manual, or setting up onsite or telephonic training.
3. Report hours base and hours paid correctly - The hours base represents a member's scheduled hours for the reporting period. The hours paid represent how many hours he or she was paid for that same timeframe. Normally, the hours base and the hours paid will match, unless the member was off without pay for some reason, such as a suspension, or leave without pay. Please contact your ESG representative if you are unsure how to report a member's hours. This is a very

important component of reporting because it determines whether a member will earn full service credit for the reporting period.

4. Report retroactive pay correctly - Retroactive pay is reported when a collective bargaining agreement is settled and the members are due back pay as a result. Since retroactive pay is not a regular occurrence, there can be questions on how to report it. Retroactive pay has a specific earning code (pay type 6), and the applicable earning dates must also be used. If the earning period crosses calendar years, it must be split into two entry lines, one for each year, with the appropriate earning dates specified.

Hours should not be reported for retroactive pay. Because OP&F does not have supplemental payroll reports, retroactive payments must be reported as separate entry lines on regular monthly reports. As with any other reporting issues, please call your ESG representatives with any questions, before reporting retroactive pay.

5. Report Pay adjustments correctly - Pay adjustments occur when an employer is faced with reporting pensionable wages for member payments that should have been made in prior earning periods. Conversely, an adjustment could involve an overpayment of wages that occurred in a prior earning period. In either case, appropriate earning dates, and earning codes must be used when reporting adjustments, and the work code must be used to indicate an adjustment. If the adjustment covers multiple pay periods, each period must be reported on a separate entry line. As with retroactive pay, since adjustments are not encountered often, please contact your ESG representative before reporting these types of payments.

## KEEPING PAYROLL SOFTWARE PROVIDERS UPDATED

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the road. For example, an employer may pick-up employee pension contributions initially, but may change to an after-tax approach with the passage of a new pay ordinance or resolution.

For earning codes, an employer may have several types of holiday pay. This could be if the member works on the holiday as part of their schedule, or is called into work a holiday that is not a part of their normal schedule. Each scenario will require a different internal set-up code so that the worked holiday on a scheduled day is coded as regular pay (code 0), and the worked holiday on a non-scheduled day is coded as holiday pay (code 1).

Due to the complexity of OP&F payroll reporting, it is vital that employers work with their payroll software vendor to ensure the correct set-up of both the format and the mapping of pay codes. OP&F is available to assist with the process, including answering any questions that a payroll provider may have. Please call Employer Education at 1-888-864-8363 with any questions.



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RETURN SERVICE REQUESTED

## IMPORTANT DATES AND DEADLINES

*Important dates and deadlines are also posted on OP&F's website under the Employers menu in the Calendar of Billing Deadlines and Events section.*

### AUGUST

31: OP&F Payroll deductions, member and employer contributions and payroll reports for July 2017

### SEPTEMBER

30: OP&F Payroll deductions, member and employer contributions and payroll reports for August 2017

### October

31: OP&F Payroll deductions, member and employer contributions and payroll reports for September 2017

