Presentation to the Financial Administrator Development Program

Payroll Policies/Processes

May 26, 2016
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Agenda

• Introduction/Payroll Staff
• Payroll Policies and Procedures (10)
• Time Management (5)
• Finance Integration with HR/Payroll (5)
• Cost Redistribution/Pay Rate Change Transactions (5)
• Labor Distribution (5)
• Reference Materials
• Questions (15)
Payroll Staff

- 14 employees strong: mixture of manager/analyst/tax specialist and clerical staff
- Subject matter specialists (SME) about various employee types, union contract impacts, taxation of earnings, time reporting, special payments, deductions, pay cycle timing, etc.
- Serving our ‘customers’ on a timely basis with accuracy, knowledge, and courtesy
Payroll Policies and Procedures
Policy - Purposes and goals

• Provide proper **and timely** earnings payments to MSU employees
• Provide tax withholding on MSU employee earnings and payment of those taxes to the government
• Provide other approved deductions and payment of those deductions to appropriate entities
• Provide proper **and timely** reporting of wage payments to employees and governmental agencies
Factors impacting payroll policy

• Federal regulations and laws
  • Fair Labor Standards Act
  • U. S. Dept of Labor – Wage and Hour Division
  • Internal Revenue Service

• Multi-State and Local regulations and laws
  • Michigan Dept of Labor and Economic Growth
    – Wage and Hour Division
  • State of Michigan
  • Other state and local regulations as necessary
Factors impacting payroll policy - continued

• Contract and Grant Regulations
• University Policies
  • Board Actions
  • Union Contracts with various employee groups
  • Compensation/Benefit Programs
  • MSU Business Policies and Procedures
Payroll Transactions/Payroll Dollars

![Payroll Graph](image)

![Number of Payroll Payments Graph](image)

- 3 paydates per month

Data Source: Michigan State University
Payroll Processing

- Pay Cycles – Biweekly and Monthly
- Employment information flows into HR/Payroll system continually
- Time input and special/additional payments entered according to published deadlines
- Payroll simulation process runs nightly – Any resulting errors are cleared as they arise
Payroll Processing - continued

• Payroll finalized several days prior to pay date
• Payroll prepared for distribution to employees
• Tax payments and deduction remittances made to outside parties
• Payroll transactions posted to financial system
Payroll Schedules/Deadlines

- EBS Portal functions – Employee Self-Service
- Schedules
- Deadlines
- Terminations, Layoffs, Leave of Absence/Leave Returns & Retirements
- Quota (vacation/sick) Payouts
- Calendar year impacts (W2’s and Corrections)
Implications of Late Actions

• Impact is on the **individual** employee
• Missed payments requiring manual intervention
• Manual Payroll Disbursement vs Off Cycle Payments
• Overpayments and Recovery Efforts
Time Management
Time Management

Part of the integrated HR/Payroll system

- **Organization Management** provides the rules for time entry based upon organizational unit and position
- **Personnel Administration** provides the data related to the individual employee
- **Time Reported/Scheduled** for each individual employee (work schedules)
Time Reporting

All time reported into CATS (Cross Application Time Sheet)

• **Time Entry**
  - ✔ Portal (ESS, MSS, Time Entry Specialist, Unit Time Administrator) or Decentralized Time Systems
  - ✔ Roles (define access levels, authority)
  - ✔ Positive (hourly time worked to be paid) vs Exception (CT/salary variations to work schedule)

• **Time Approval**
  - ✔ Roles (MSS - relationship, Unit Time Administrator - org)
  - ✔ Processing deadlines
Time Evaluation

Nightly process that evaluates time reported and approved based upon rules that integrate:

- tax law and FLSA regulations
- bargaining union agreements
- MSU policies, personnel structure, and work schedules

Resulting in:

- Accurate time reporting and payment
- Quota (sick/vacation/personal) maintenance
- Overtime calculations
HR/Payroll Integration with Finance
Integration Supports MSU Funding Requirements:

- HR Forms
  (Hire/Rehire/Additional Assignment/Assignment Extension/Change of Status/Change Position)
- Pay Rate Change Transactions
- Cost Redistribution Transactions
- Contract and Grant Administration
# Accounting String Data Crosswalk

<table>
<thead>
<tr>
<th>Finance</th>
<th>HR/Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account</td>
<td>Fund (30 of 80 account attributes hosted for HR/Payroll validations)</td>
</tr>
<tr>
<td>Sub-Account</td>
<td>WBS Element (MSGA10000X-ABCDE)</td>
</tr>
<tr>
<td>Object Code (defines payroll expense)</td>
<td>GL (derived during payroll)</td>
</tr>
<tr>
<td>Sub-Object</td>
<td>Cost Center (salary related only)</td>
</tr>
<tr>
<td>Project code</td>
<td>Order</td>
</tr>
<tr>
<td>Org Ref ID</td>
<td>Functional Area</td>
</tr>
</tbody>
</table>

Accounting string data is sent, upon final approval, from Finance to HR/Payroll with the exception of Org Ref ID. Org Ref ID is created directly in HR/Payroll by Unit Admin Role from the portal.
Cost Redistribution and Pay Rate Change Transactions
Decentralized Transaction - Purposes and Goals

- Cost redistributions - funding transfers for salaried employees
- Permissible account authorizations - accounts that may be used for time entry for hourly employees
- Pay rate changes
- View base pay and funding
- Retroactive change results - salary vs hourly employees differences
- Workflow – approvals process unit defined, account owner, CGA, Human Resources
Pay Change, Cost Redistribution, and Related Workflow Report

• Track status — in process, approved, rejected
• Track changes
• Track workflow activity and approvals
• View notes and attachments
Labor Distribution
What is Labor Distribution?

- **Employee Payroll and Fringe Benefit Expense** – detail from the payroll posting to finance
- **Information available** the day after payroll processes – several days prior to the pay date
- **Review after each payroll** – to reconcile payroll/fringe benefit expenses charged to KFS accounts
- **Security access** – granted based on Enterprise Roles
  
  HR Unit Admin, Unit Time Admin, Labor Distribution Role
What is Labor Distribution? Continued

• EBS Portal under Business Intelligence tab –
  Public Folders > HR-Payroll Folder > University HR-Payroll Reports >
  Payroll > Labor Distribution.

• Different formats to meet different business needs

• Summary of reports and ‘how to run’ guide located:
  https://dataservices.ebsp.msu.edu/bi_hrpayroll_reports.jsp
Reference Materials
Reference Material

• **Quick guides and reference guides** available at [https://www.hr.msu.edu/ebs/time_payroll/](https://www.hr.msu.edu/ebs/time_payroll/)

• **Payroll schedules/due dates**
  [www.ctlr.msu.edu/copayroll/payrollschedules.aspx](http://www.ctlr.msu.edu/copayroll/payrollschedules.aspx)

• **Payroll web site**
  [www.ctlr.msu.edu/COPayroll](http://www.ctlr.msu.edu/COPayroll)

• **Payroll Listserv**
Contact Information

• EBS Helpline
  itserve@msu.edu
  (517) 884-3000

• Payroll
  payroll@ctlr.msu.edu
  (517) 355-5010
Questions?