

Presentation to the  
Financial Administrator Development Program

***Payroll Policies/Processes***

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# Agenda

- Introduction/Payroll Staff
- Payroll Policies and Procedures
- Time Management
- Finance Integration with HR/Payroll
- Cost Redistribution/Pay Rate Change Transactions
- Labor Distribution
- Reference Materials
- Questions

## Payroll Staff

- 14 employees: mixture of manager/analysts/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

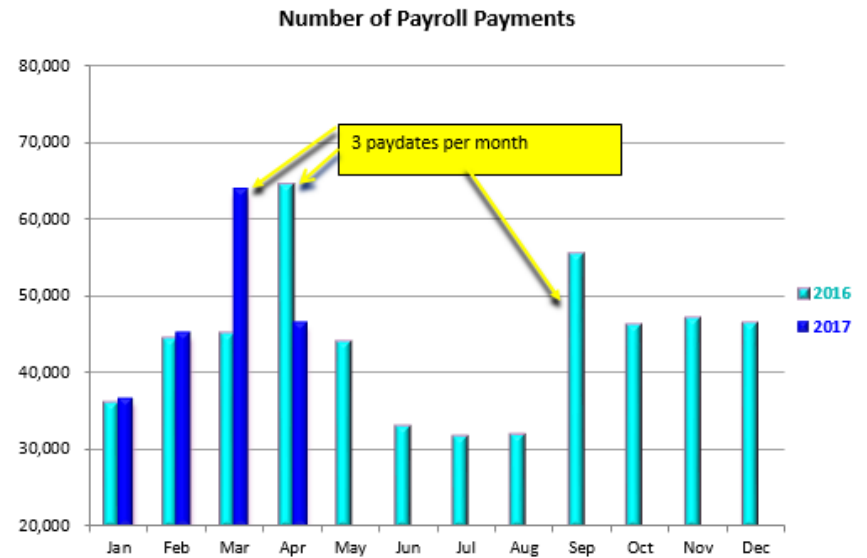
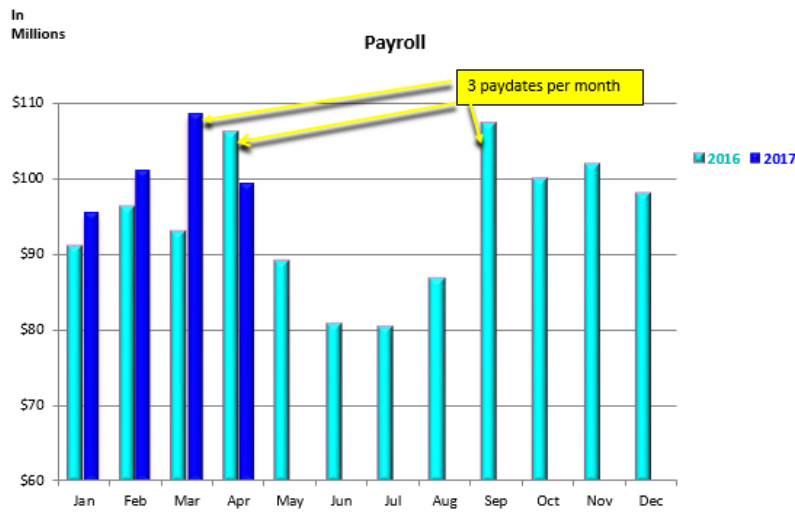
## Factors impacting payroll policy

- 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 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

Finance	HR/Payroll
Account	Fund (30 of 80 account attributes hosted for HR/Payroll validations)
Sub-Account	WBS Element (MSGGA10000X-ABCDE)
Object Code (defines payroll expense)	GL (derived during payroll)
Sub-Object	Cost Center (salary related only)
Project code	Order
Org Ref ID	Functional Area

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 tile –  
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\\_reports.jsp](https://dataservices.ebsp.msu.edu/bi_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.ctrl.msu.edu/copayroll/payrollschedules.aspx](http://www.ctrl.msu.edu/copayroll/payrollschedules.aspx)

- Payroll web site

[www.ctrl.msu.edu/COPayroll](http://www.ctrl.msu.edu/COPayroll)

- Payroll Listserv

[www.ctrl.msu.edu/Join\\_Listserv.aspx?id=PAYROLL](http://www.ctrl.msu.edu/Join_Listserv.aspx?id=PAYROLL)

## Contact Information

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# Questions?

