Presentation to the Financial Administrator Development Program

Payroll Policies/Processes

May 9, 2013
Julianna Douches, Paula Terzian, Marge Toomey, Sheila Wamhoff
Agenda

• Introduction (5)
• Payroll Policies and Procedures (10)
• Time Management (10)
• Finance Integration with HR/Payroll (10)
• Cost Redistribution/Pay Rate Change Transactions (10)
• Labor Distribution (10)
• Reference Materials
• Questions (20)
Controller’s Office

Payroll Division

May 2013

Manager – S15
Julianna Douches

Management Analyst – S14
Sue VanCamp

Sr. Assistant Manager – S13
Karen Haley

Admin Assistant II – P11
Karen Pink

Payroll Assistant I – C08
Cammy Nelson

Management Analyst – S14
Sheila Wamhoff

Financial Analyst/T – P13
Sheila Fortino

Assistant Manager – S12
Lynne Steele

Payroll/EBS
Administrative Associate – S14
Marge Toomey

Senior Analyst – P13
Stacey DeGarmo

Payroll/EBS
Management Analyst – S14
Paula Terzian

Senior Analyst – P13
Michelle Diday

Senior Analyst – P13
Radhika Kara

Senior Analyst – P13
Erin Prittle

Payroll Assistant II – C10
Sue Webster

Payroll Assistant II – C10
Cheryl Johnson

Payroll Assistant II – C10
Aileen McTaggart-Dietz

Payroll Assistant II – C10
Charleen Rogers

Payroll Assistant II – C10
Jackie Neveau

Payroll Assistant II – C10
Betty Champagne
Payroll Policies and Procedures
Uses ($1.9B in 2012) – $1.3B (65%) payroll & benefits

- Payroll (930K)
- Benefits (341K)
- Contractual services
- Depreciation
- Repairs and maintenance
- Supplies and general
- Student financial aid
- Travel
- Contract and grant subawards
- Other operating expenses
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. Department of Labor – Wage and Hour Division
  • Internal Revenue Service
• Multi-State and Local Municipality regulations and laws
  • Michigan Department 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 Dollars/Payroll Transactions
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

• Note: Paperless statements only by January 2014
Quiz Question

What does the term **QUOTA** mean?
QUOTA =

Vacation/Sick/Personal leave time
(formerly referred to as Leave Accruals)
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 Evaluation

Integrates:

- Tax law and labor law (FLSA) regulations
- Bargaining union agreements
- MSU policies & procedures
- Personnel structure
- Work schedules

Resulting in:

- Accurate time reporting and payment
- Quota (sick/vacation/personal) maintenance
- Overtime calculations
Quiz Question

What does **CATS** refer to?
CATS =

Cross Application Time Sheet
Time Reporting

- Time Entry
  - Methods (Portal, Cross Application Time Sheet (CATS), Decentralized Time Systems)
  - Roles (Access Levels, Authority)
  - Positive vs Exception time
  - Work schedules

- Time Approval
  - Roles (MSS, Unit Time Administrator)
  - Processing deadlines
Time Reporting Cont’d

• Time Evaluation
  ➢ Quota (sick/vacation/personal) maintenance
  ➢ Overtime calculation

• Frequently Asked Questions
  ➢ Retroactive adjustments
  ➢ Permissible account changes
  ➢ Reports and tracking
Finance Integration with HR/Payroll
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
Examples - Validation on Account Attributes

- Account Effective Date
- Account Expiration Date
- Account Closed
- Continuation Account
- Org Unit - Workflow
- Account Allows:
  - Salary expense
  - Fringe benefit expense (if no, redirect to specified account)
- Sub-Fund Allows Salary Expense
- Project Begin Date/Project End Date (sub fund RC)
## Accounting String Data Crosswalk

<table>
<thead>
<tr>
<th>Finance</th>
<th>HR/Payroll</th>
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<tbody>
<tr>
<td>Account</td>
<td>Fund (30 of 80 account attributes hosted for HR/Payroll validations)</td>
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<tr>
<td>Sub-Account</td>
<td>WBS Element (MSGA10000X-ABCDE)</td>
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<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>
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</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
• Permissible account authorizations
• Pay rate changes
• View base pay and funding
• Retroactive change results – hourly vs salary employees differences
Examples of Validations on Pay and Cost Redistribution Transactions

• Effective dates
• Reason codes (based on employee type)
• Amounts (pay and funding)
• Funding line – KFS search help function
• Explanation notes
• Attachments
Workflow – Required Approvals

- Cost redistribution vs pay change
- Hourly vs salary differences
- Department (Hiring org for pay changes only)
- Fund owner
- Provost (Summer School accounts)
- Contracts and Grants (sub-fund RC)
- Central HR
Pay Change, Cost Redistribution, and Related Workflow Report

• Track status
• Track changes
• Track workflow activity and approvals
• View notes and attachments
Quiz Question

What is the **most requested report** for payroll expense?
Most Requested Report =

Labor Distribution Report
Labor Distribution
EBS Portal > Business Intelligence Tab > Public Folders

<table>
<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Labor Distribution by Payroll Fund-HRP063</td>
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<tr>
<td>Labor Distribution by Person-HRP062</td>
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<tr>
<td>Labor Distribution Report Extract-HRP065</td>
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<tr>
<td>Labor Distribution Report HRP019</td>
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<tr>
<td>Salary Encumbrance Detail-FN055</td>
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<tr>
<td>Salary Encumbrance Extract-FN050</td>
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<tr>
<td>Total EBS Admin Summary-FN038</td>
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Labor Distribution Report

- Employee Payroll and Fringe Benefit Expense Detail
- Information available the day after payroll processes which is several days prior to the pay date
- Reconcile frequently (every payroll)
- Link to Labor Distribution from Financial Reports (e.g. Operating Statement Fin049)
- Several versions available in BI
Reference Materials
Reference Material

• Quick guides and reference guides available at
  www.ebs.msu.edu/HRPayroll/TimeMgmtPayroll/
• Payroll schedules/due dates
  www.ctlr.msu.edu/copayroll/payrollschedules.aspx
• Payroll web site
  www.ctlr.msu.edu/COPayroll
• Payroll Listserv
  www.ctlr.msu.edu/Join_Listserv.aspx?id=PAYROLL
Contact Information

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

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