

# PAYROLL TRANSFER GUIDELINES

## PURPOSE

The purpose of this Policy is to provide guidelines on the process **AND** appropriate method of payroll expenditure corrections/transfers.

## SCOPE

The scope of this guideline includes the process and methodology of payroll correction and transfers.

## Payroll Corrections/Transfers Process

Payroll Transfers should not be used as a mechanism to shift salary/benefit expenses on an ad hoc basis. The funding sources for labor-related expenses should be determined at the **beginning of the fiscal year** during the budget process and staff should be placed to the appropriate chartfield codes in accordance with the budget plan.

### Allowable payroll corrections/transfers:

- To correct LCD errors.
- To capture changes in staff assignments or assigned areas (preceded by chartfields update via Position Action form).
- Faculty Release Time.
- Multi-head Special Consultant (Job Code 4660) payroll expense distribution.
- Additional pay expense distribution for faculties with less than 1.0 FTE (Job Code 2359).
- Academic programs where faculty assignment varies across semesters.
- To facilitate labor-related expenses, which Division/Department Fiscal Officers could not foresee during the fiscal year budget process.

## Payroll Transfer Method

Payroll Transfers should **ONLY** be processed via Labor Cost Distribution (LCD). Salary & benefit expenses go together and should be transferred through automated LCD process. ***Salary-related benefit expenses should not be calculated manually for transfers.***

The following are some of the consequences resulting from Payroll Transfers processed via Expense Transfer Journals:

- The Chancellor's Office uses Employee Salary Projection (ESP) data to determine the salary increase. When salary and benefit expenses are transferred via the Expense Transfer Journals, those distort campus' ESP data so that it does not represent actual salary and benefit expenses, affecting campus' compensation base, and, consequently, the Chancellor's Office's salary calculations.
- When payroll transfers are processed via Expense Transfers, ESP and CFS data get out of sync. Financial and budgetary analyses, where both ESP and Data Warehouse data sets are used, become extremely difficult and flawed.

## Exceptions: processing Payroll Transfers via ETR:

- Salary transactions per IFT instructions by the Chancellor's Office.
- PR Feed Variance – done monthly to reconcile LCD to SCO tape.

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- Journal entry from SCO to post survivors benefits.
- Faculty Release Time – **if fixed replacement and benefit rates are used.**
  - FRT for External Grants
  - Philanthropic Grants
  - RSCA grant from the CO (expenses moving from SB001 to SBRSC)
- EDD Tenure Track faculty salary expenses from SB001 to SBEDD
- GRIF salary expenses moving from SB001 to GEN08

Apart from the above exceptions, **only** Budget Office can process Payroll Transfers via TOE when LCD does not allow the transfers/corrections.

## Payroll Correction/Transfer Requests Timeline

- Division/colleges will review payroll data each month promptly after the month closes.
- Division/colleges will determine all required corrections and forward requests to the Budget Office, preferably in the month following the closed month or as soon as possible. **Example: corrections for July payroll should be submitted to the Budget Office in August, before the August LCD processing.**
- Division/Colleges will not cumulate payroll corrections for later submissions.
- Payroll Corrections submitted to the Budget Office by the last Monday of each month will be processed for that period.
- End of year payroll corrections submitted according to deadline published in the Year-End Close Guidelines and Schedule will be processed for that fiscal year.