



New Accounting Procedures

Session

April 10, 2019

- If you have a question about a specific procedure, we will answer your question after presenting each section.
- We will also have time for Q&A at the end of this meeting.
- The procedures presented today are on the University Controller's website located in [Accounting Procedures and Supporting Documents](#).



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Introduction to UCO Accounting Procedures Initiative

- These procedures were developed collaboratively with the Finance Advisory Board.
- We are hosting webinars to review the new procedure with broader groups.
- We will continue to release procedures to ensure adherence to generally accepted accounting principles (GAAP), and to standardize accounting practices at Rutgers.
- UCO procedures already released
 - Accounting for Faculty Funds (Released July 2018)
 - Accounting for Expense Recovery (Released July 2018)
 - Accounting for Funding Transfers (Released July 2018)
 - Accounting for Educational Opportunity Fund (Released March 2019)
 - Accounting for Internally Designated General Fund Type 165 (Released April 2019)
 - Accounting for Prior Year Balances (Released April 2019)



RUTGERS

Accounting for Salary & Wage, Fringe Manual Adjustments

Introduction

- Background
 - Area identified and selected back in Summer of 2018
 - Selected because salary expenses are significant part of Operating Expenses
 - To ensure consistent and accurate reporting and to ease the reconciliation and analysis process

- Team Composition
 - Payroll
 - University Budget Office
 - University Controller's Office Financial Information Systems
 - University Controller's Office Accounting/Financial Reporting
 - Grant and Contract Accounting
 - Project Management Office
 - Representatives from the field

Introduction, continued

- Approach
 - Reviewed Chart of Accounts for all accounts in the Salary & Fringe hierarchy
 - Restricted PeopleSoft salary accounts (as control accounts)
 - We recognized there are situations where manual entries are needed to properly adjust salary and fringe expense and identified categories for new accounts needed
 - Chart of Accounts required some Clean-up
 - Corrected PS mapping issues,
 - End Dated unneeded accounts,
 - Made some accounts available for budget only
 - Restricted some accounts to specific journal preparers
 - Added second journal approvals for some accounts

Agenda

- Overview of Manual Salary Adjustments
- Purpose of Manual Salary Adjustments
- Review and Approval of Manual Salary Adjustments
- Manual Salary Adjustment Categories
 1. Manual Salary Accruals
 - Auto Accrual Accounts
 2. Manual Time and Labor Charging Instruction Corrections
 3. PeopleSoft Functionality Exceptions
 4. Year End Reallocation of Salary & Wage, Fringe, FICA/Medicare
 5. Capitalizing Salary & Wage, Fringe and FICA/Medicare
 6. Fringe Benefits for Tradespeople

Overview

- All adjustments to payroll expenses should be made directly through PeopleSoft and flow through to the projects ledger and/or the general ledger.
- However, there are several circumstances where manual adjustments to payroll transactions are warranted.
- For manual payroll adjustments made directly in the General Ledger (GL) or Projects, specific accounts are identified in this procedure document.

Purpose

- The purpose of the Manual Payroll Adjustments procedure is to define circumstances under which it is appropriate to create manual transactions which impact Salary & Wage, Fringe and FICA/Medicare accounts directly in the GL or Projects.
- This ensures the Payroll Distribution report from PeopleSoft reconciles to the GL while also allowing for certain manual adjustments which must be made outside of PeopleSoft.
- Release date is April 15, 2019.

Review and Approval of Salary Manual Adjustments

The review and approval of any manual payroll adjustments will be the responsibility of the Approver. This responsibility includes:

- ensuring the transaction is reasonable, appropriate, and necessary
- determining whether the transaction should be a 'reversing' entry
- checking Fringe and FICA/Medicare are appropriately calculated and adjusted
- reviewing to see if the description and justification of the transaction is appropriate
- ensuring the correct manual payroll adjustment account is used as described in this procedure
- checking the necessary transactional actions are in process in PeopleSoft, if applicable, and the Employee Charging Instructions (ECI) or appointment changes are done appropriately and timely, particularly when adjustments cross fiscal years

1. Manual Salary Accruals

- Manual Salary Accruals record personnel costs that have not yet been processed in PeopleSoft. These accruals can be initiated by the field or by the University Controllers Office. Manual salary accruals are separate from the PeopleSoft month-end auto accruals.
- Examples of Manual Salary Accruals:
 - Bonuses and physician incentives not yet paid out to the employee
 - Employee changes not yet in the Payroll system
 - Salary program and other increases not yet implemented
- Accounts for Manual Accruals

Account	Description	Parent
50181	S&W Manual Accrual	5000T P SALARY & WAGES
51107	FB Fringe Manual Accrual	5110T P FRINGE BENEFITS
51108	FB FICA Manual Accrual	5110T P FRINGE BENEFITS
51109	FB Medicare Manual Accrual	5110T P FRINGE BENEFITS
50441	Other Comp Faculty - Manual Accrual	5040T P OTHER COMPENSATION
50461	Other Comp Staff - Manual Accrual	5040T P OTHER COMPENSATION

Manual Salary Accruals, continued

- For the expense (P&L) side of manual payroll accruals the preparer should use the UDOLFB appropriate for the expense being accrued and the appropriate account listed in the table above.
- For the liability side of manual payroll accruals, the preparer should use the Unit-Division-Organization, and Location and Fund Type (UDO and LF) appropriate for the accrual.
 - Business Line must be '9999' Default
 - Accrual account is '21060' Accrued Salary Manual Entry
- These accruals may be prepared by the Units to meet local reporting needs when appropriate.
- When University-wide accruals are needed, they will be done by the University Controller's Office (UCO).

Definition of an Auto Accrual

- When there is a salary pay period that spans between two months and the full 2 week pay period is booked in the subsequent month, there is an auto accrual that records an accrual for the number of working days that pertain to the prior month.
- At the end of each month, a process is run to generate a salary accrual entry for posting to the Projects subledger and to the GL.
- The basis for the accrual is the PeopleSoft contractual (regular) salary expense, fringe, FICA and Medicare from the last Salary bi-weekly pay run of the month.
- These salary costs are divided by 10 working days, to arrive at daily expenses, and then multiplied by the remaining number of working days (after the pay period end date) in the month.
- The salary, fringe, FICA and Medicare accounts are charged by chart string (UDOLFB). An accrued expense liability account is credited.
- The entry is auto reversed at the beginning of the next month. The reversal is done in Oracle and not on the PeopleSoft side.

Auto Accrual Accounts, continued

- A separate set of Auto Accrual Accounts for month-end processing are used to automatically book Salary & Wage, Fringe and FICA/Medicare. These are system generated.
- Accounts for Auto Accruals

Account	Description	Parent
50180	S&W Auto Accrual	5000T P SALARY & WAGES
51104	FB Fringe Auto Accrual	5110T P FRINGE BENEFITS
51105	FB FICA Auto Accrual	5110T P FRINGE BENEFITS
51106	FB Medicare Auto Accrual	5110T P FRINGE BENEFITS

Auto Accrual Accounts, continued

- Auto Payroll Accrual Transactions PeopleSoft uses the following chart string:

900.1999.6771.0001.100.9999.21100

- These entries are auto calculated by PeopleSoft and corresponding accrual accounts are locked for PeopleSoft entries only.

2. Manual Time and Labor Charging Instruction Corrections

- Manual corrections to the accounting for salary and wages are needed when the charging instructions were previously overridden on the timesheet through the Time and Labor module.
- PeopleSoft is unable to reallocate expenses that equate to portions of a workday (i.e., hours or dollars).
- If the instructions on the SWRJ (Salary & Wage Reallocation Justification) form cannot be processed, the only option is to move the expense via Journal entry.
- The SWRJ form number must be referenced in the line description on the Journal.

Manual Time and Labor Charging Instructions, continued

- Accounts for Time & Labor Charging Instruction Corrections are prepared by the Units *after* Payroll or Grants and Contract Accounting (GCA) confirms it cannot be done in PeopleSoft.

Account	Description	Parent
50183	S&W Student Employment Manual Reallocation	5000T P SALARY & WAGES
50184	S&W Hourly Employees Manual Reallocation	5000T P SALARY & WAGES
50240	S&W Overtime Manual Reallocation	5020T P OVERTIME & SHIFT
51284	FB FICA Time & Labor Manual Reallocation	5110T P FRINGE BENEFITS
51285	FB Medicare Time & Labor Manual Reallocation	5110T P FRINGE BENEFITS

3. PeopleSoft Functionality Exceptions

- There are exceptions to PeopleSoft functionality that require manual payroll adjustments to facilitate external restrictions and reporting requirements. These manual adjustments are limited to how fringe benefit expense is recorded and are limited to requirements imposed by external funding sources.
- Examples of these exceptions are:
 - Hatch/SmithLever federal funding of salary only with State funding of fringe benefit cost
 - Educational Opportunity Fund (EOF) program which funds salary only with other funding of fringe benefit costs required
 - Gifts/endowments with restrictions on the funding of fringe benefit costs
- Accounting for PeopleSoft Functionality Exceptions are prepared by University Controllers Office.

Account	Description	Parent
51240	FB Fringe Manual Adjustment	5110T P FRINGE BENEFITS
51241	FB FICA Manual Adjustment	5110T P FRINGE BENEFITS
51242	FB Medicare Manual Adjustment	5110T P FRINGE BENEFITS

4. Year End Reallocation of Salary & Wage, Fringe

- At the end of the fiscal year, there is a deadline for PeopleSoft salary reallocations to affect the closing fiscal year. This deadline is announced each year by UCO and Payroll.
- If PeopleSoft reallocations are not completed by the deadline, manual payroll accounting redistributions may be permitted under limited circumstances. These manual redistributions require a secondary approval from UCO and must be material in nature.
- Examples of Year End Reallocation of Salary & Wage, Fringe and FICA/Medicare:
 - A gift, endowment or an expired sponsored project is over expended, and costs must be moved off
 - Salary and fringe is moved to a project or other funding source to meet the end date
- These redistributions are prepared by the Units when needed. Other redistributions may be done by UCO when University-wide adjustments are needed.

Year End Reallocation of Salary & Wage, Fringe, continued

Accounts for Year End Reallocation of Salary & Wage, Fringe and FICA/Medicare

Account	Description	Parent
50182	S&W Manual Reallocation	5000T P SALARY & WAGES
51281	FB Fringe Manual Reallocation	5110T P FRINGE BENEFITS
51282	FB FICA Manual Reallocation	5110T P FRINGE BENEFITS
51283	FB Medicare Manual Reallocation	5110T P FRINGE BENEFITS

5. Capitalizable Salary & Wage, Fringe, FICA/Medicare

- Capitalizable Salary & Wage, Fringe and FICA/Medicare can be redistributed to Capital projects using specific accounts, as outlined in the procedure Capitalizing Salary & Wage, Fringe and Operating Expenses.
- These entries are prepared only by designated persons in Institutional Planning and Operations (IP&O) and UCO.
- Entries will be auto rejected unless created by the *designated persons*.
- The following accounts are to be used only for this purpose.

Account	Description	Parent
50098	S&W Manual Reallocation to Capital	5000T P Salary & Wages
51280	FB Fringe Manual Reallocation to Capital	5070T P EMPLOYEE FRINGE BENEFITS

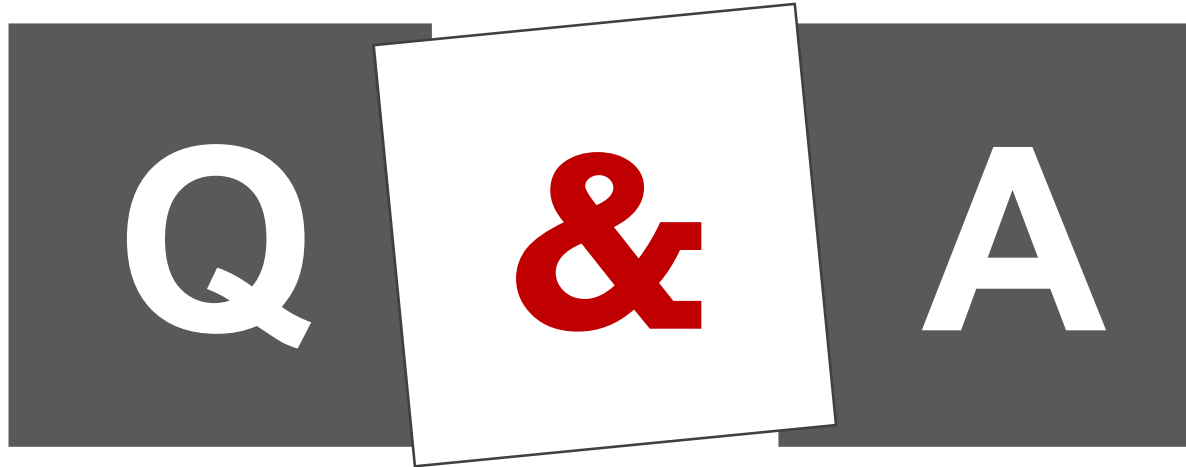
6. Fringe Benefits for Tradespeople

- Fringe benefits for employee Class 2 Tradespeople are provided by third parties external to Rutgers, the State University of New Jersey and the State of New Jersey. The payments to these external providers will be recorded in a specific account for Fringe Benefits Tradespeople.
- This entry is prepared only by designated persons in IP&O.
- Entries will be auto rejected unless created by the *designated persons*.
- Account for Fringe Benefits for Tradespeople Expense

Account	Description	Parent
50754	Emp FB Tradespeople Expense	5070T P EMPLOYEE FRINGE BENEFITS

Timeline for Manual Payroll Adjustments

- Release date April 15, 2019
- Start using new Accounts April 16, 2019
- New Auto Accrual accounts after Payroll Closes April 18, 2019
- Control accounts for PS only use April 26, 2019



QUESTIONS & ANSWERS

Procedure and supporting documents can be accessed on the University Controller's Office website

<https://uco.rutgers.edu/accounting-procedures-and-supporting-documents>

Who To Contact ?

Please send inquiries or questions regarding this new process to the Help Desk

Finance Help Desk: 848-445-2100

Email: finance_helpcenter@finance.rutgers.edu