HARVARD UNIVERSITY

OFFICE OF THE CONTROLLER

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TO: Financial Administrators
FROM: Karen A. O'Rourke
DATE: May 22, 2013
SUBJECT: FY2013 Year-End Payroll Accrual Process

FY2013 Year-end Payroll Accrual

➢ This accrual is done to record expenses for time worked in June in the proper fiscal year.

   o If this accrual was not done, amounts budgeted in FY2013 would be expensed in FY2014.
   o If this accrual was not done, these salaries would be expensed in FY2014 and be assessed the FY2014 fringe rates. This accrual will enable the assessment of the FY2013 payroll portion with the FY2013 fringe rates.
   o The accrual is required for GAAP financial statement reporting purposes.

➢ **There is one payroll for which there will be an FY2013 year-end payroll accrual:**

Pay Run ID	Pay Frequency	Check Date	Pay Beginning-Pay End	Accrual based on check of:	Percentage of Accrual
BW070613	Bi-Weekly	07/12/13	06/23/13 - 07/06/13	06/28/13	5/10 or 50%

   • **Bi-Weekly**

➢ The accrual will debit the payroll expense object codes and credit 2190 (accrued expenses). The calculation will be done as follows:

   o The check used for the accrual calculation will be the check for the pay period 06/09/13 - 06/22/13 (check date 06/28/13). By using the June 28th check to calculate the accrual, we are able to base the accrual on the FY2013 pay rate.
   o The accrual percentage of 50% will be applied to the total payroll in the payroll object codes of 6050, 6051, 6052, 6070, 6071, 6072, 6450 and 6452. *The extra compensation codes will not be included.*
   o All accrual entries will be posted to object codes 6050, 6051, 6070, 6071, 6450 or 6452. There will be no entries posted to the vacation codes of 6052 and 6072. Any entries to those codes that are part of the file being used to calculate the accrual will be added to those entries in 6050 and 6070. The accrual entries will then be posted to 6050 or 6070.
   o The prorating will be based on work days, not calendar days (i.e., 5/10).
   o The costing will be based upon the costing in the June check and will not reflect any FY2014 costing changes that were processed for the July 12th check.

- ➢ This year end the bi-weekly accrual will be processed via a new PeopleSoft file feed to the General Ledger in a process that mirrors the new quarterly bi-weekly payroll accrual process.

  - ○ The feed will be posted the week of July 1st (1st close) to the General Ledger in detail (by person, with name and ID #) to the coding strings used in the June 28th check.
  - ○ The journal source will be: PYRL003-PS Accruals.
  - ○ The Journal Category will be: Pyrl PS Accruals.
  - ○ The Batch Name will be: 07/01/2013 PYRL003 PS Accruals.
  - ○ Because this will be a file feed to the GL, and not an ADI journal as in the past, *the detail will not be visible to people whose HDW reporting view allows them to see only payroll summary info*. (If someone cannot see payroll codes at all, they will still not see this activity.)
  - ○ Additional fields that are normally sent to the HDW with the payroll feed will, for the first time, be included with the feed (e.g. HR department).

- • **Weekly**

  - ○ **Note that there is a weekly payroll for the pay period 06/23/13 - 06/29/13 with a check date of 07/05/13. Since this weekly payroll is entirely for FY2013 payroll expenses, the payroll file will be posted directly to the GL in June 2013. No accruals will be needed for the weekly payroll.**
  - ○ Note that the weekly payroll includes all employees paid on a weekly basis (e.g., trade unions, temporaries, student temporaries, work study students, etc.).

Should you have any questions on the year-end accrual process please feel free to contact me   at (karen_orourke@harvard.edu) or (49)6-3375.