Financial Review Checklist

Activity Trainings
Preview Payroll
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In this training, we will be covering the Financial Review Checklist step *Preview Payroll*. We will be walking you through the step’s *Objective, Focus On, and the Workday Reports*.

The walkthrough of the reports will include:

- The parameters used to run the report in Workday.
- The results that you would expect to see.
- How the report should be used in your analysis to operationally finish the objective of the step.
• **Payroll Overpayments**
  • Employee receives pay for period after termination or start of unpaid leave.
  • Time entry error:
    ➢ employee is paid for too many hours.
    ➢ employee is paid for paid time off that was not available.
  • Hourly rate or salary error in HR database leads to overpayment of hourly rate or monthly amount. (I.e., Compensation changes due to decrease in salary.)

• **Payroll Underpayments**
  • Employee does not receive approved additional compensation in a timely fashion.
  • Employee does not receive pay for period after return from leave.
  • Time entry error:
    ➢ employee is paid for too few hours.
  • Hourly rate or salary error in HR database leads to underpayment of hourly rate or monthly amount.
  • Other circumstances requiring research by Payroll and/or Human Resources representative.
Financial Review Checklist
Activity Details
Preview Payroll to ensure that salary expenses for the current period will be charged correctly when they are processed. This includes reviewing to ensure all extra compensation, leaves of absence, terminations, new hires and other salary related events have been allocated correctly. Recommend to run multiple times per month in line with payroll cycles/calendar.

**Objective**

To verify the accuracy of payroll expenses and charging allocations for the current period before posting to the general ledger.

To avoid over-payments as well as under-payments.

**Focus On**

1. Payroll earnings outside of normal salary/compensation, including, overtime, extra-compensation, etc.
2. Payroll related to change in status of worker such as leave of absence, termination, or promotion. Payroll related to new hires.
3. Review charging on labor suspense accounts. Follow-up to update your charging instructions before payroll is processed.
4. Payroll earnings/components typically not allowable on federally sponsored awards.

**Workday Reports**

- Payroll Results Verification with Costing – Yale
- Payroll Results Verification by Charging Cost Center – Yale

**Related Resources:** Payroll Schedule and Procedure 3501 PR.04 Overpayments and Underpayments
Workday Parameters

*Two* reports are needed to objectively complete the step.
Payroll Results Verification with Costing – Yale

Report Run/Parameters in Workday

1) Type Payroll Results Verification with Costing – Yale into the Workday Search Bar.
2) Organization: Highest level of Cost Center Hierarchy you are reviewing.
3) Periods: Pay period you are reviewing.
4) **Important**: Include Subordinate Organizations: Check this box if the organization you entered is NOT a leaf-level cost center.
5) Then click “Ok” at the bottom to submit the report.
Payroll Results Verification with Costing – Yale

- **Note:** Not all of the columns on this report can be used for filtering; therefore, you may want to export the results to Excel.

**Payroll Results Verification With Costing - Yale**

- **Organization:** HPCC4040 ENV Yale School of Environment
- **Include Subordinate Organizations:** Yes
- **Periods:** 02/01/2021 – 02/28/2021 (Monthly Payroll)
- **Include Subordinate Organizations:** Yes
- **Export to Excel – click here**
1) Type Payroll Results Verification by Charging Cost Center – Yale into the Workday Search Bar.
2) Organization: Highest level of Cost Center Hierarchy you are reviewing.
3) Periods: Pay period you are reviewing.
4) Then click “Ok” at the bottom to submit the report.
Payroll Results Verification by Charging Cost Center – Yale

- **Note:** Not all of the columns on this report can be used for filtering; therefore, you may want to export the results to Excel.

### Payroll Results Verification by Charging Cost Center - Yale

<table>
<thead>
<tr>
<th>Organization</th>
<th>Periods</th>
</tr>
</thead>
<tbody>
<tr>
<td>HPCC4040 ENV Yale School of Environment</td>
<td>02/01/2021 – 02/28/2021 (Monthly Payroll)</td>
</tr>
</tbody>
</table>

### Table of Data

<table>
<thead>
<tr>
<th>Worker</th>
<th>Supervisory Organization</th>
<th>Home Cost Center</th>
<th>Base Annual Salary</th>
<th>Pay Group</th>
<th>Budget Date</th>
<th>Payroll Result</th>
<th>Pay Component</th>
<th>Transaction Debit Amount</th>
<th>Distribution Percent</th>
<th>Grant</th>
<th>Gift</th>
<th>Yale Designated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost Center</th>
<th>Program</th>
<th>Project</th>
<th>Assignee</th>
<th>Fund</th>
<th>Ledger Account</th>
<th>Journal Status</th>
<th>Emploee ID</th>
<th>Job Profile</th>
<th>CC Hierarchy – Level 5 - Department</th>
<th>CC Hierarchy – Level 2 – Planning Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

- **Export to Excel – click here**
Analysis - Excel
After running both reports, we recommend downloading to Excel to perform detailed analysis.

**Payroll Results Verification with Costing – Yale** will be used to perform the review steps for workers with Home Cost Centers within your scope of access.

**Payroll Results Verification by Charging Cost Center – Yale** will be used to perform the review steps for workers with Home Cost Centers outside of your scope of access, but who are charged to you.

- You will need to filter **Payroll Results Verification by Charging Cost Center – Yale** to exclude cost centers that you have access to.
Verify payroll amounts and charging for 1) reasonableness and 2) accuracy in order to prevent after the fact payroll accounting adjustments.

Have there been comp changes? Are they reflected correctly?

Does the transaction debit amount seem reasonable based on the base annual salary?

<table>
<thead>
<tr>
<th>Worker Name</th>
<th>Supervisory Organization Description</th>
<th>Home Cost Center Description</th>
<th>Base Annual Salary</th>
<th>Pay Group</th>
<th>Budget Date</th>
<th>Payroll Result</th>
<th>Pay Component</th>
<th>Transaction Debit Amount</th>
<th>Distribution Percent</th>
<th>Grant</th>
<th>Gift</th>
<th>Yale Designated</th>
<th>Cost Center</th>
<th>Program</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>25,000.00</td>
<td>M Monthly</td>
<td>03/22/2020</td>
<td>Worker Name: 3/22/2020 (Regular - Complete)</td>
<td>Regular Salary Academic Pay</td>
<td>$24,999.20</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total: $24,999.20 100%
Verify payroll amounts and charging for 1) reasonableness and 2) accuracy in order to prevent after the fact payroll accounting adjustments.

Does the distribution percentage across the two COAs being charged seem accurate?

<table>
<thead>
<tr>
<th>Worker Name</th>
<th>Supervisory Organization Description</th>
<th>Home Cost Center Description</th>
<th>Base Annual Salary</th>
<th>Pay Group</th>
<th>Budget Date</th>
<th>Pay Group Date - Complete</th>
<th>Pay Component</th>
<th>Transaction Debit Amount</th>
<th>Payroll Result</th>
<th>Payroll Component</th>
<th>Distribution Percent</th>
<th>Total:</th>
</tr>
</thead>
<tbody>
<tr>
<td>M Monthly</td>
<td>08/31/2020</td>
<td>M Monthly 08/31/2020</td>
<td>Regular Salary Academic Pay</td>
<td>$2,666.80</td>
<td>67%</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td>$4,000.00</td>
</tr>
<tr>
<td>M Monthly</td>
<td>08/31/2020</td>
<td>M Monthly 08/31/2020</td>
<td>Regular Salary Academic Pay</td>
<td>$1,333.20</td>
<td>33%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$4,000.00</td>
</tr>
</tbody>
</table>
Columns to Focus On:

- **Worker**: In some cases, the Worker column will include information related to the worker’s status – for example, if the worker has been terminated.

- **Home Cost Center**: The Home Cost Center column will help you identify which department to contact if corrections are needed to a worker’s costing allocation.

- **Pay Component**: Pay Components will help distinguish “normal” kinds of pay, such as regular salary, from “supplemental” kinds of pay, such as additional compensation.

- **Program/Project**: Charges pending for “suspense” accounts will use a specific Program or one of several specific Projects.

- **Fund**: The Fund column will be used for a specific review related to federally sponsored awards.
As previously discussed on slides 15-16, it is important for you to review payroll amounts, including “normal compensation” like regular salary, for accuracy from an overall perspective.

On this slide, we will now focus on how to analyze pay components outside of “normal compensation”. These types of pay components may be less frequent and should be verified. On each report, filter the Pay Component column to exclude pay components representing normal compensation. Below is an example of what this might include. Review the data to ensure that these other types of earnings are expected for the employee.
Analysis

Focus On Step #2: **Payroll Related To Change in Worker Status**

On each report, look for workers that have recently:
- Been hired
- Gone on leave
- Been promoted
- Terminated

Review the pay for these individuals to ensure it is in line with expectations.

For some statuses, the information is included in the Worker column. Filter Worker for “leave” and “terminated” to find workers on leave and who have left the university.

Reviewers with HCM roles can use Business Process Transactions Completed – Yale to find employees with recent job changes.
Analysis

Focus On Step #3: Labor Suspense Accounts

Review report to identify worktags classified as suspense. Suspense is defined as charges that are not in their final destination. Suspense will include lines containing any of the program/projects defined below. Once you identify costing that is scheduled to hit suspense, determine if you can update the charging before payroll runs. Enter charging instructions appropriately for employees in your cost center, or work with the owning home department to update costing allocations.

On each report, filter the Program column to include PG99999.

Then, on each report, clear the Program filter and filter instead on Project for these Projects:

- PJ028458
- PJ105201
Focus On Step #4: Pay not Typically Allowed on Federal Grants

Analysis

On each report, filter the Fund column to include FD02.

Then, on each report, review the Pay Components for allowability on federally-sponsored awards.

For example, sign-on bonus is not allowable on federal funds.
Follow-up Actions

The Payroll Results Verification reports provide an opportunity to correct charging and/or payments before they are fully processed.

- For example, if a worker’s pay is scheduled to be charged to a “suspense” Program or Project, the worker’s costing allocation can be updated to prevent this.
- If salary amounts or pay components are inaccurate, they can be fixed in order to prevent over or under payments.

After you have analyzed the data set, you may need to take one or more of the following steps:

- Update costing allocations to prevent charges from hitting suspense.
- Update costing allocations to prevent unallowable pay components from being charged to sponsored awards.
- Reach out to HR or Payroll to correct under- or over-payments.
- Reach out to HR or Payroll for questions about payments to terminated employees or other changes in worker status.
Contact Page

**Payroll**  
*(Employee Services)*  
- [employee.services@yale.edu](mailto:employee.services@yale.edu), 203-432-5552  
- Payroll Toolbox  
- Payroll Schedule  
- Monthly Payroll Reporting Cadence

**Office of Sponsored Projects**  
*(Expenses funded by sponsored awards)*  
- 203-785-4689

**Financial Compliance**  
*(For questions on the FRC, this training, or internal control matters)*  
- [financial.compliance@yale.edu](mailto:financial.compliance@yale.edu)

**Controllers Office**  
*(For policy and procedure interpretation, questions, and exception requests)*  
- [controllers.office@yale.edu](mailto:controllers.office@yale.edu)