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Introduction

Financial Services policy FIN 201 requires that salary or wage expenses be reconciled. To conform to best practices for reconciling payroll expenses, reconciliations should be complete for every pay period as soon as possible after payroll expenses have interfaced into the Financial Management System and no later than 30 days after the fiscal month-end close. The reconciliations should be started before each payday with the timely review of the on-cycle Payroll Register Dashboard and completed immediately following each pay day or when the FMS interface has occurred.

Reconciling payroll includes verification that:

- Employees were paid from the appropriate account.
- Hours worked and leave time reported are accurate and approved by a supervisor.
- On-cycle payroll expenses are registered two days before payday — for a Friday payday, the on-cycle register is available Wednesday morning.
- Salary or wages paid are correct.
- The compensation rate for each employee is documented against an offer letter or other source document.

ASU analytics contains Payroll Reconciliation reports that may be used as a tool in the reconciliation process. Below is a list of Payroll Reconciliation Dashboard reports:

- **Compensation Rate report** — identifies the rate of pay changes between the selected pay period and the prior pay period.
- **Biweekly Payroll report** — provides pay period salary or wages by employee compared against calculated pay from job data. The detailed view of this report contains payroll details, including account distribution.
- **Non-exempt Hours report** — provides time reporting information for hourly employees by pay period on approved hours, hours paid, unapproved hours and standard hours.
- **On-Cycle Payroll Register** — the on-cycle payroll register is available two days before payday. This report lists all employees who will be paid, comparing their gross pay amounts between two consecutive pay periods. Departments can view the information by department ID, employee ID, vice president, and college. Gross pay can be shown by the earnings code and paid hours.
- **Off-Cycle Payroll Register** — displays gross pay for off-cycle pay periods.

To access the Payroll Reconciliation reports, navigate to the ASU analytics webpage and select the Financial Services Payroll group.

Most FMS users will automatically be granted access to the payroll reconciliation reports based on their roles. If you do not have access, navigate to ServiceNow and request access to the Financial Services Payroll group within the Analytics Group Access request.
Payroll reconciliation reports

Verification of employee compensation rate

Employees are paid based on the compensation rate in PeopleSoft’s job data screens. Departments should confirm that each employee’s compensation rate is correct and can be verified against an offer letter, contract or other documentation containing compensation information. For additional information regarding personnel records, refer to SPP 1101.

The Compensation report is used to confirm compensation rates for employees. The report compares the compensation rate and employee status code for the pay period selected against the prior pay period. The first time the report is run, departments should confirm the listed compensation rate against source documentation such as an offer letter.

Once the initial confirmation is made, departments should run the report every pay period. If the “Change” column is flagged “Yes,” departments should verify that a pay change request was initiated. Documentation should be provided in the personnel file to support the change. The Compensation report provides payroll information for on-cycle payroll expenses only.

Employee status codes are:

- Active — A.
- Leave of absence — L.
- Leave with pay — P.
- Retired — R.
- Short work break — W.
- Suspended — S.
- Terminated — T.
Best practices for reconciling payroll expenses

After the compensation rate has been confirmed, the amount paid by pay period for each employee should be verified using the Biweekly Payroll report.

Verification of salary or wages paid

The Biweekly Payroll report provides a report of gross pay by employees compared to the calculated pay for the pay period.

Report field name definitions:

- **Amount paid** — gross pay from the employee’s paycheck.
- **Calculation:**
  - Non-exempt — hourly compensation rate multiplied by paid hours.
  - Exempt — hourly compensation rate multiplied by standard hours.
- **Paid hours** — total hours reported on the paycheck affecting gross pay, including unpaid sick, unpaid vacation, etc.
- **Difference** — the amount paid less calculation. Differences may occur due to unpaid leave, certain pay adjustments created through Payroll, overtime pay or a calculation error.
- **Amount deducted** — all unpaid leave such as unpaid sick, unpaid vacation, etc.

Additional pay amounts set up through the “Additional Pay” module in PeopleSoft are also included in the calculation field in the Biweekly Payroll report. Any additional payments to an employee are displayed in the Additional Pay report.
Best practices for reconciling payroll expenses

Run the Biweekly Exception Detail report by selecting the following from the appropriate dropdown menus:

- **View Report Type**: Details.
- **Show Exception Only**: Yes.

View the exception details and research and reconcile all differences. If an overpayment is found, it must be promptly reported to Payroll. Departments are not authorized to overlook or forgive an overpayment. Please refer to FIN 602 for more information.
Best practices for reconciling payroll expenses

Overpayment activity cannot remain on a sponsored account unless repayment occurs immediately. If the repayment does not occur immediately upon discovering the overpayment, departments must prepare a Payroll Expense Redistribution entry in PeopleSoft to transfer the overpayment amount to a local account. Contact Payroll for questions or more information.

Repayments of overpayments will be posted to the current account, mapping the position number on which the overpayment occurred. In most cases, this will be the original account the overpayment occurred. If the department redistributes the overpayment, they may be required to process an additional Payroll Expense Redistribution entry to correctly record the repayment and overpayment on the same account.

Refer to the Commitment Accounting webpage for instructions on preparing a Payroll Expense Redistribution entry.

Verification employees were paid from the correct account

Use the Biweekly Payroll report to verify account information:

1. From the “View” dropdown menu, select “Details” to retrieve a listing of the payroll detail, including account distribution.
2. Verify the account charged is correct.
Verification of time reported

Supervisors are required to verify and approve reported time. A Department Time Administrator performs the approval of time in PeopleSoft. If the DTA is the supervisor, PeopleSoft will be the record system for supervisor approval of timesheets.

If the DTA is not the supervisor, departments must verify that the hours entered and approved in PeopleSoft match the supervisor-approved timesheets. Departments must also maintain documentation of supervisor-approved timesheets.

The Non-exempt Hours report provides timesheet information for hourly employees.

Report field name definitions:

- **Standard hours** — from the employee job record in PeopleSoft.
- **Recorded hours** — the hours entered into the PeopleSoft timesheets.
- **Not Approved/Denied** — hours entered into PeopleSoft timesheets and not approved or denied by the DTA.
- **Approved hours** — hours approved by the DTA.
- **Paid hours** — the total hours reported on the paycheck affecting gross pay, including unpaid sick, unpaid vacation, etc.
- **Difference** — paid hours less than approved hours.
  - Differences may occur due to compensatory time earned for non-exempt employees working more than 40 hours per week, vacation and compensatory time payouts and other payroll adjustments.

The hours in "Not Approved/Denied" and "Approved" reflect the current approval status and may not be the status during the pay period.
Best practices for reconciling payroll expenses

To run a report of “Differences,” select “Yes” from the “Show Exceptions Only” dropdown menu.

In the above example, no employees in this department code had a difference between approved hours and paid hours for this pay period.

If a difference is present, click on the employee ID field to display details regarding the amount paid. From the detailed view, it can be determined what a difference resulted from. The “back” navigation button can return you to the previous screen.

For listings of earning code descriptions, refer to the Commitment Accounting webpage.

Verify on-cycle payroll expenses two days before payday

The On-Cycle Payroll Register is available two days before payday. The On-Cycle Payroll Register is available on Wednesday morning for a Friday payday. Review this report before each payday to verify that all employees are accurately paid for each pay period. If discrepancies are discovered, please contact your Payroll representative to correct any possible underpayments or overpayments.

The report compares gross pay for an employee between two consecutive pay periods.
Best practices for reconciling payroll expenses

Other important reconciling information

Off-Cycle Payroll Register

The Off-Cycle Payroll Register displays gross pay for off-cycle pay periods. Here, departments can review manual paychecks issued during the off-cycle week based upon Personnel Transaction Requests entered by the department. Please review FIN 603 before submitting a manual check request. Departments that repeatedly request off-cycle checks due to deficient departmental processes may be charged a fee of up to $50.00 per off-cycle check produced.

Additional Pay report

The Additional Pay report provides details on additional pay by an employee.

Contact your Financial Services accountant with questions or for more information regarding the payroll reconciliation best practices.

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