

NORTH CAROLINA ACCOUNTING SYSTEM

BEACON PAYROLL ACCRUALS

Important Considerations

- 1 Payroll accruals are estimates based on days remaining in the fiscal year when the last full payroll cycle for the prior fiscal year is paid in July for temporary employees.
- 2 Payroll Accruals are calculated using a formula based on the percentage of days in the pay period that are in the prior year and the hours and amount the employee was paid in the pay period.
- 3 BEACON accrual batch creation process is handled by BEST. NCAS agencies will see entries post to NCAS at the completion of the process.

Under the modified accrual basis of accounting, payroll obligations incurred as of June 30 but paid in July must be accrued (recorded in the NCAS thirteenth financial accounting period). Automated year-end payroll accrual and accrual reversal entries are created from the first bi-weekly payroll run of the new fiscal year for temporary employees. The automated accrual process is available to all agencies that utilize the BEACON Payroll system and participate in the BEACON payroll interface. DOT and ESC, both outside NCAS, require special handling and will be done separately from the NCAS agencies.

Posting the Payroll Accrual Transactions

The BEACON Payroll interface will create accruals for June when June 30 occurs mid cycle. In other words, when June 30 falls as the last day of the payroll cycle no accruals will be generated. The entries will be interfaced to NCAS after the regular payroll postings for that period have posted.

Within the BEACON payroll system accruals are programmatically created based on the percentage of days in the pay period that are in the prior year, and the hours and amount the employee was actually paid in the pay period. For example for 2008 fiscal year end, the first bi weekly payroll will post with an effective date of 7/11/2008. This covers the pay period of 6/14/2008 to 6/27/2008. The last day of the pay cycle does not fall on 6/30 so an estimate of payroll costs is created and posted for the three days remaining in the year, the 28th, 29th and 30th. Accrual entries are created within BEACON based on the hours and pay for each employee during the payroll cycle. The accrual file sent to NCAS contains both the actual payroll expenses incurred plus the estimated amounts for the days remaining in the year. NCAS agencies will see the accrual batch posted in NCAS as a closed period adjustment with an effective date of 6/30/current year. The automated accrual reversal will post to the SBM file with a future date of 06/30/next year.

Example:

A percentage (factor) is calculated for the number of days in the cycle that are in the prior year. In this example, 3 days divided by 14, which equals .21428571.

A temporary employee worked 8.75 hours and was paid for 8 hours regular time and .75 hours straight time overtime during the pay cycle at a pay rate of \$108.32/Hr.

	Amounts Paid	X	FACTOR	=	ACCRUAL AMOUNT
Regular pay	8 X 108.32 = 866.56		.21428571		185.69
Overtime pay	.75 X 108.32 = 81.24		.21428571		17.41

Employer FICA	58.76	.21428571	12.59
Employer Medicare	13.74	.21428571	2.94

Gross wages (All payroll accounts except 5315XX) are summarized and post as liabilities in the Accrued Salaries and Wages account, 211210. Employer FICA, retirement and disability costs (5315XX) are recorded as liabilities in the Withholdings and Employer Matching Payable account, 211220. The centers to which the liability accounts post are the same as those generated by the actual payroll interface posting..

Accrual transactions posted to the system may be examined by reviewing the agency's General Ledger Batch Proof List report.

Verifying the Payroll Accrual Batch

When the July payroll and payroll accrual batches are created and posted through Financial Controller to the General Ledger the agencies should verify the batch totals and detail transaction data on the batch proof (GL820) to determine the accuracy of the posting transactions.

The payroll batches are processed only once and any adjustments to the accrual entry must be manually recorded with journal voucher documents entered in Budgetary Control as closed period adjustments with an effective date of June 30 and a "33" in the third and fourth positions of the document ID