

Statewide Health Benefits Interface

The Health Benefits Interface converts data from the Central Payroll System into NCAS posting transactions for all agencies that elect to participate in the automated health benefits posting process. The Office of the State Controller (OSC) receives a monthly tape from Central Payroll which includes all health benefits expenditures. The Health Benefits Interface is processed on the first business date of the month.

The NCAS posting transactions are created for employer medical insurance contribution costs with an offset to a Health Benefits Payable clearing account/center. These transactions are processed through the Financial Controller (FC) and are posted to the General Ledger with an application source code of BI.

The Health Benefits Interface generates the appropriate account for recording employer medical insurance contribution costs. These accounts are derived from the salary/wage account used to post the employee's gross wages as follows:

Salary/Wage Account	Employer Matching/Benefits Costs Accounts
531156-EPA-Time Limited Teaching Salaries-undesig 531256-SPA-Teaching Supplement-undesig 531259-SPA-Time Limited Teaching Salaries-undesig 531625-Short Term Disability-undesig/univ	531563-Employer Social Security Cost
531120 – 531139 (EPA Salaries) 531154-EPA-Time Limited Teaching Salaries-approp 531254-SPA-Teaching Supplement-approp 531257-SPA-Time Limited Teaching Salaries-approp 531627-Short Term Disability-approp 531652-Compensation to Other Elected Officials	531561-Employer Social Security Cost
531155-EPA-Time Limited Teaching Salaries-receipts 531255-SPA-Teaching Supplement-receipts 531258-SPA-Time Limited Teaching Salaries-receipts 531628-Short Term Disability-receipts	531562-Employer Social Security Cost
All Other Salary/Wages Accounts where X is the sixth digit of account	53156X-Employer Social Security Cost

The offset to all health benefits expenditure transactions is recorded against one of the following health benefits payable accounts:

Account	Account Description	Current Insurance Carrier*
211930400	HEALTH BENEFITS PAY-#400	400 - State of North Carolina Comprehensive Major Medical Plan

*Refer to Central Payroll's enrollment options for current year listings.

The center associated with the health benefits payable account is determined by the same FC accounting rules used to generate the center for Accounts Payable cash disbursements. They are as follows:

First Digit of Center	Accounting Rule	Center Posted*
Equals 1	05	1000
Does <i>not</i> equal 1	D5	XXXX (Posts to the first four digits of center)

**This represents accounting rules defined at the master company level. Any rules established for specific companies will override the master company default.*

Processing Health Benefits Transactions

DEPOSIT OF EMPLOYEE PORTION


At the end of each month, Central Payroll remits amounts deducted from employee earnings for insurance premium costs to the employing agency. The agency receives a check from Central payroll for the total amount withheld from employees for each insurance carrier. The cash deposit should be recorded against the Health Benefits Payable clearing account (see previous list) that is appropriate for each carrier. This would also be the case for employees who are paying their own portion out-of-pocket (e.g., an employee on a leave of absence). The following chart illustrates the appropriate procedure to record cash deposits:

Checks Deposited for Employee's Portion	
DR Cash (Allocated/Budgeted Cash)	CR Health Benefits Payable (2119304XX) <i>*4XX represents the insurance carrier number</i>

POSTING HEALTH BENEFITS EXPENDITURES

For agencies using the NCAS Health Benefits Interface, all employer medical insurance contribution costs are posted to the General Ledger during the night of the first working day of the month after which the employee's portion is deducted. The effective date of the posted transactions is the month's first working day. Under this procedure, medical premium costs are posted in the same month for which the coverage is in effect. The typical transactions generated from the Health Benefits Interface are illustrated below:

Automated Health Benefits Process Posts Employer's Portion	
DR Medical Insurance Contribution Expenditures	CR Health Benefits Payable (2119304XX) <i>*4XX represents the insurance carrier number</i>

 *Splits are incorporated into this process, so that the correct percentage of the expenses are posted for each accounting distribution and debit/credit code.*

REMITTING THE INSURANCE PREMIUMS

Once the insurance carrier billings are reconciled against the Central Payroll reports, an Accounts Payable check is issued to the insurance carrier. The invoice lines should reference the appropriate Health Benefits Payable account and center. The following chart illustrates the appropriate procedure to record this payment through Accounts Payable:

Accounts Payable Checks Written to Insurance Carriers	
DR Health Benefits Payable (2119304XX) <i>*4XX represents the insurance carrier number</i>	CR Cash Disbursing (111250)

Health Benefits Interface Reporting

Each time the Health Benefits Interface is processed, a report, HTHRPT01, is written to Systemware under job FC712-1.

Reconciling the Health Benefits Payable Account (211930)

After the premium checks have been issued to the insurance carriers, agencies should review the ending balance of each Health Benefits Payable clearing account (2119304XX). Any balances remaining in the payable accounts should be attributable to one of the following:

- Personal check prepayments of an employee's premium portion are recorded (e.g., prepayment from an employee on a leave of absence): These balances should decrease as each month's premium payment is made and should clear after the final premium amount is paid.
- Health Benefits Payable clearing account transactions are posted to suspense: Determine whether the appropriate payable account/center is valid and active on the NCAS.
- Transactions are not properly processed through a Health Benefits Payable account: Evaluate whether all medical insurance premium transactions other than those generated by the Health Benefits Interface are properly recorded in a Health Benefits Payable account instead of an expenditure account.
- Employer medical insurance contributions are not processed through the Central Payroll system (e.g., new employee salary/wage payments are processed through a payroll other than the monthly payroll): Prepare a journal voucher to record the expenditure and clear the Health Benefits Payable account

Health Benefits Suspense

Salary/wage accounting distributions entered into the Central Payroll System are not validated against the accounting distributions existing in the NCAS. Accounting distributions that are invalid or inactive on the NCAS and processed through the Health Benefits Interface will post to the Health Benefits Interface Suspense account/center, 531998-9999.

Health Benefits suspense balances are cleared by entering a journal voucher into the NCAS with a BI accounting rule which generates the offset to suspense.

Statewide Payroll Interface

The Payroll Interface converts data from the Central Payroll System into NCAS posting transactions for all agencies that elect to participate in the automated payroll posting process. The OSC receives a tape for each payroll processed by Central Payroll which includes all payroll expenditures. The schedule for processing interfaced payroll transactions follows:

Payroll Description	NCAS Posting Date*
End-of-Month Cancellations/Rewrites	Two business days after Central Payroll processing is closed
Mid-Month and Semi-monthly	Two business days after Central Payroll processing is closed
Mid-Month Cancellations/Rewrites	Two business days after Central Payroll processing is closed
Monthly and Semi-Monthly	Two business days after telephone stop orders are processed by Central Payroll

**Refer to Central Payroll's quarterly production calendar for specific processing dates.*

The NCAS posting transactions are created for all payroll expenditures, including total salaries/wages, employer social security costs, and employer regular retirement and LEO retirement contributions. The offsetting entry posts to a payroll clearing account/center. These transactions are processed through the Financial Controller (FC) where they are summarized by accounting distribution (company/account/center) and debit/credit code. All Payroll Interface transactions are posted to the General Ledger with an application source code of PI.

The Payroll Interface generates the appropriate accounts for recording employer social security and retirement costs. These accounts are derived from the salary/wage account used to post the employee's gross wages and are as follows:

Salary/Wage Account	Employer Matching/Benefits Costs Accounts
531156-EPA-Time Limited Teaching Salaries-undesig 531256-SPA-Teaching Supplement-undesig 531259-SPA-Time Limited Teaching Salaries-undesig 531625-Short Term Disability-undesig/univ	5315130 - Employer Social Security Cost 531523 - Employer Regular Retirement Cost 531533 - Employer LEO Retirement Cost
531120 – 531139 (EPA Salaries) 531154-EPA-Time Limited Teaching Salaries-approp 531254-SPA-Teaching Supplement-approp 531257-SPA-Time Limited Teaching Salaries-approp 531627-Short Term Disability-approp 531652-Compensation to Other Elected Officials	531511 - Employer Social Security Cost 531521 - Employer Regular Retirement Cost 531531 - Employer LEO Retirement Cost
531155-EPA-Time Limited Teaching Salaries-receipts 531255-SPA-Teaching Supplement-receipts 531258-SPA-Time Limited Teaching Salaries-receipts 531628-Short Term Disability-receipts	531512 - Employer Social Security Cost 531522 - Employer Regular Retirement Cost 531532 - Employer LEO Retirement Cost
All Other Salary/Wages Accounts where X is the sixth digit of account	53151X - Employer Social Security Cost 53152X - Employer Regular Retirement Cost 53153X - Employer LEO Retirement Cost

**Short Term Disability payments do not generate valid employer social security/benefit cost accounts; therefore, journal entries are required to properly reclassify these costs.*

The offset to all payroll expenditure transactions is account 211240 Central Payroll Clearing. The center associated with the payroll clearing account is determined by the same FC accounting rules used to generate the center for Accounts Payable cash disbursements. They are as follows:

First Digit of Center	Accounting Rule	Center Posted*
Equals 1	05	1000
Does <i>not</i> equal 1	D5	XXXX (Posts to the first four digits of center)


**This represents accounting rules defined at the master company level. Any rules established for specific companies will override the master company default.*

Processing Payroll Transactions Other Than Net Personal Check Refunds

POSTING PAYROLL EXPENDITURES

For agencies using the NCAS Payroll Interface, all salary/wage and employer social security/retirement costs are posted to the General Ledger prior to the actual payment of the payroll. Except for refunds and cancellations, the typical transactions generated from the Payroll Interface are illustrated below:

Automated Payroll Process Posts Payroll Expenditures (Periods 1-12)	
DR Salaries & Wages Expenditures	CR Central Payroll Clearing (211240)
DR Social Security Contribution Expenditures	
DR Retirement Contribution Expenditures	

 Splits are incorporated into this process, so that the correct percentage of the costs are posted for each accounting distribution.

TRANSFERRING FUNDS FOR PAYROLL COSTS

On the payroll payment date, each agency is responsible for electronically transferring the total cost of the payroll to Central Payroll via the Cash Management System. The entry to record the cash transfer is as follows:

Journal Voucher to Reflect Funds Transfer	
DR Central Payroll Clearing (211240)	CR Cash (Allotted/Budgeted Cash)

Processing Net Personal Check Refunds

RECORDING THE RECEIPT OF NET PERSONAL CHECK (PC) REFUNDS

An employee that has been overpaid through the Central Payroll System is required to refund the net amount of the overpayment back to the agency. The receipt of net PC refunds is recorded as follows:

Journal Voucher to Record Receipt of Refund	
DR Cash (Allotted/Budgeted Cash)	CR Central Payroll Clearing (211240)

POSTING NET PERSONAL CHECK (PC) REFUNDS

For agencies using the NCAS Payroll Interface, all expenditures related to PC refunds are posted to the General Ledger prior to the actual payroll date. The following chart illustrates the transactions generated by the Payroll Interface:

Automated Payroll Process Posts PC Refund Expenditures (Periods 1-12)	
DR Central Payroll Clearing (211240)	CR Salaries & Wages Expenditures
	CR Social Security Expenditures
	DR Retirement Contribution Expenditures

TRANSFERRING NET PERSONAL CHECK (PC) REFUNDS TO CENTRAL PAYROLL

On the payroll date, the agency is responsible for electronically transferring the amount refunded to Central Payroll via the Cash Management System. The entry to record the cash transfer is as follows:

Journal Voucher to Reflect Funds Transfer	
DR Central Payroll Clearing (211240)	CR Cash (Allotted/Budgeted Cash)

RECORDING REIMBURSEMENT OF CENTRAL PAYROLL COSTS

Central Payroll reimburses the employing agency for previously incurred payroll costs. The deposit of this reimbursement is recorded as follows:

Journal Voucher to Record Reimbursement	
DR Cash (Allotted/Budgeted Cash)	CR Central Payroll Clearing (211240)

Payroll Interface Reporting

Each time the Payroll Interface is processed a report, PAYRPT01 is written to Systemware under job FC710-1. On the report, all payroll transactions are summarized by accounting distributions and debit/credit code. Another report, OSCOP*FC710-4 PR TO NCAS ERRORS, is available in Systemware (XPTR) and is used to identify discrepancies in the Central Payroll System's unit number and salary distribution.

Reconciling the Central Payroll Clearing Account (211240)

After each payroll has posted to the General Ledger and all costs have been transferred to Central Payroll, each agency should review balances remaining in the Central Payroll Clearing account (211240). Any balances in the clearing account should be attributable to one of the following:

- Personal check refunds are deposited in advance of the next appropriate payroll cycle: These balances should clear after the next cancellation/rewrite cycle is processed.
- Central Payroll Clearing account transactions are posted to suspense: Determine whether the appropriate clearing account/center is valid and active on the NCAS.
- Transactions are not properly processed through the Central Payroll Clearing account: Evaluate whether all payroll transactions other than those generated by the Payroll Interface are properly recorded in the Central Payroll Clearing account instead of expenditure accounts.

It is important to note that ALL regular payroll transactions, except those created by the Payroll Interface, should be recorded against the Central Payroll Clearing account (211240).

Payroll Suspense

Salary/wage accounting distributions entered into the Central Payroll System are not validated against the accounting distributions existing in the NCAS. Accounting distributions that are invalid or inactive on the NCAS and processed through the Payroll Interface will post to the Payroll Suspense account/center, 531999-9999. One of two options exist for handling suspense errors:

- The Central Payroll accounting distribution is correct and needs to be validated on the NCAS.
 - Validate the accounting distribution on the NCAS.
 - Process a journal voucher to record the expenditure and clear the suspense balance.
- The Central Payroll accounting distribution is incorrect.
 - Determine the correct accounting distribution.
 - Process a journal voucher to record the expenditure and clear the suspense balance.
 - Contact agency Personnel or Payroll staff to request a correction to the OSP and Central Payroll records.

The Payroll Interface will continue to post invalid accounting distributions to the payroll suspense account until they are corrected on the Personnel and Central Payroll systems.

The Payroll suspense account is cleared by entering a journal voucher into the NCAS with a PI accounting rule to generate the offset to suspense.

Year End Procedures

Cash Carryforward Procedures

If cash is properly reconciled by year end, balances in both the Central Payroll Clearing account (211240) and the Health Benefits Payable accounts (2119304XX) should represent funds held for employees and eligible for disbursement in the first period of the next fiscal year. A cash carryforward check is written to the agency to carry the clearing account balances forward to the next year which should clear during subsequent payroll and health benefits interface processing. Any balances not relieved prior to year end close revert to the state and the obligations which need to be paid in the next year will have to come from the next year's budget.

Year End Accruals

HEALTH BENEFITS ACCRUAL

Health benefits costs are *not* accrued at the year end. All employer medical insurance contributions should be paid prior to the end of the fiscal year.

PAYROLL ACCRUALS

The Payroll Interface automatically creates accrual and accrual reversal transactions for appropriate payroll costs incurred during the month of July. These transactions are generated for all payroll costs paid in July with a pay ending date prior to July 1.

Accrual entries are posted to the General Ledger in the thirteenth period of the previous year as follows:

Prior Fiscal Year Payroll Accruals	
DR Salaries & Wage Expenditures	CR Accrued Salaries & Wages (211210)
DR Social Security Expenditures DR Retirement Contribution Expenditures	CR Accrued Withholdings & Employer Matching Payable (211220)

Accrual reversal entries are posted to the Suspended Batch Master (SBM) as future dated batches and are released from the SBM and posted to the General Ledger at the end of the new fiscal year. The accrual reversal entries are recorded as follows:

Fiscal Year Payroll Accrual Reversals	
DR Accrued Salaries & Wages (211210)	CR Salaries & Wage Expenditures
DR Accrued Withholdings & Employer Matching Payable (211220)	CR Social Security Expenditures CR Retirement Contribution Expenditures

Any material payroll liabilities incurred prior to July 1 and paid after July 31 will need to be accrued manually by the agency.