POLICY PURPOSE
The purpose of this Policy is to provide guidance on the process **AND** appropriate method of payroll expenditure corrections/transfers.

POLICY SCOPE
The scope of this policy includes process and methodology of payroll correction and transfers.

Payroll Corrections/Transfers Process
Payroll Transfers should not be used as a mechanism to shift salary/benefit expenses on an ad hoc basis. The funding sources for labor-related expenses should be determined at the **beginning of the fiscal year** during the budget process and staff should be charged to the appropriate fund codes in accordance with the budget plan.

Allowable payroll corrections/transfers:
- To correct LCD errors.
- To capture changes in staff assignments or assigned areas (preceded by chartfields update via Position Action form).
- Faculty Release Time.
- Multi-head Special Consultant (Job Code 4660) payroll expense distribution.
- Additional pay expense distribution for faculties with less than 1.0 FTE (Job Code 2359).
- Academic programs where faculty assignment varies across semesters.
- To facilitate labor-related expenses, which Division/Department Fiscal Officers could not foresee during the fiscal year budget process.

Payroll Transfer Method
Payroll Transfers should **ONLY** be processed via Labor Cost Distribution (LCD). Salary & benefit expenses go together and should be transferred through automated LCD process. **Salary-related benefit expenses should not be calculated manually for transfers.**
The following are some of the consequences resulting from Payroll Transfers processed via Expense Transfer Journals (ETR):

- The Chancellor’s Office uses Employer Payment Summary (ESP) data to determine campus' share of compensation allocations. ETRs distort campus' ESP data so that it does not represent actual salary and benefit expenses, affecting campus' compensation base, and, consequently, the amount campuses receive in centralized support.
- When payroll transfers are processed via ETRs, ESP and CFS data gets out of sync. Financial and budgetary analyses, where both ESP and OBIEE data sets are used, become extremely difficult and flawed.

**Exceptions: processing Payroll Transfers via ETR:**

- Salary transactions per CPO instructions by the Chancellor’s Office
- PR Feed Variance – done monthly to reconcile LCD to SCO tape
- CLSxxxxxxx – journal entry from SCO to post survivors benefits
- Apart from the above exceptions, only Budget Office can process Payroll Transfers via ETR when LCD does not allow the transfers/corrections.

**Payroll Correction/Transfer Requests Timeline**

- Division/colleges will review payroll data each month promptly after the month close.
- Division/colleges will determine all required corrections and forward requests to the Budget Office, preferably in the same month or as soon as possible. *Example: corrections for July payroll should be submitted to the Budget Office in August, before the August LCD processing.*
- Division/Colleges will not cumulate payroll corrections for later submissions.
- Payroll Corrections submitted to the Budget Office by the *last Monday* of each month will be processed for that period.
- End of year payroll corrections submitted according to deadline published in the Year-End Close Guidelines and Schedule will be processed for that fiscal year.

**ROLES, RESPONSIBILITIES, AND AUTHORITY**

The following are general levels of authority associated to Payroll Transfers:

**Assistant Vice President of Resource Planning & Budget**

The AVP of Resource Planning & Budget is responsible for enforcing Payroll Transfer Policy under the leadership of the Vice President for Administration & Finance/CFO.

The Office of Resource Planning & Budget reviews and processes all payroll transfers.
Accounting Services
Accounting Services processes ETRs. Accounting Services forwards all payroll transfer requests to the Budget Office for review, approval, and processing.

Division/College Resource Managers
The fiscal officers plan and designate staff in Funds in accordance with divisional yearly budget plan.

Division/Colleges’ internal decision to move intermittent payroll expenses, e.g., overtime and stipend charges, from employees’ home departments to other designated departments should be handled through budget transfers. Payroll transfers will ONLY be processed for error corrections and allowable transfers as listed on page 1 under “Allowable payroll corrections/transfers”