Service Request 14878

Several campuses have reported that during the Distribution of Payroll Expense process, the total of employee deductions charged for OASDI and Medicare does not equal the corresponding employer benefit charges. After researching this reconciliation problem, it was determined that the benefits associated with Terminal Vacation Pay (TRM) are not distributed to the individual benefit liability accounts. Instead, the TRM benefit total (appropriately charged to Leave account 115310) is credited to Salary & Wages Payable (115010). Note that this problem is applicable only to campuses which utilize fully automated leave expense processing (i.e., System Parameter #51 = 2).

Consider that during the expense process, after benefits have been calculated for the TRM gross earning:

A. The departmental charges for gross and individual benefits are issued as a normal detail entry (PPP5302) which debits the department FAU.

B. If Department relief (i.e., as per System Parameter #51) is to be issued, a negative duplicate (gross & benefits) of the detail TRM entry is issued using the same department FAU. This negative entry will zero balance the original detail entry so that departmental charges will not be issued for either gross earnings or associated benefits.

C. As a final step to the department relief, the TRM benefits are added to the TRM gross and this single amount is charged to the Leave FAU. Since this total Leave FAU charge is treated as a gross salary (even though it includes benefits), the eventual total credit offset will be to Salary & Wages Payable (rather than the benefit portion being credited to the individual benefit liability accounts). Therefore, the TRM benefit amounts remain in Salary & Wages Payable and furthermore, the TRM benefit amounts are not reflected in Location final summary of benefit totals on report PPP5302.

In order to properly charge TRM benefits, modifications have been made so that during the final step of departmental relief (Item C, above), the benefits amounts are not consolidated with the gross earnings. Instead, the benefit amounts are assigned to their proper benefits positions, charged individually to the Leave FAU (using the benefit Sub-account/Object Code) and credited to the
associated benefit liability FAU. Therefore, the TRM benefits will now be included in all Location benefits totals as well as being credited to the proper benefit liability accounts.

**Programs**

**PPP520**

When the TRM offset charge to the Leave FAU is developed for placement on the Expense Distribution Work (EDW) record, the benefit amounts will no longer be consolidated into gross earnings. They will be placed individually into the proper EDW benefit array position. This change will allow for normal benefit handling during all subsequent steps of the expense distribution process.

Additionally, since the TRM gross is no longer inflated by the associated benefits, TRM benefit amounts will be excluded from the “PAR Total Gross Adjusted” balance equation represented on last few lines of the PPP5202 reconciliation report.

**Test Plan**

A complete test plan is provided with this release. As per the Test Plan, a small test (for complete detail process reconciliation) is recommended as well as a larger more complete test. Campuses are encouraged to use the base system test materials, as well as performing any other desired local tests.

**Installation Instructions**

1. Install the **modified** BATCH program PPP520.

2. DB2 pre-compile, compile and link the **modified** BATCH program PPP520 into the Batch LOADLIB. Program PPP520 requires a plan bind.

3. Perform the installation testing described in the test plan.

4. Perform any desired additional campus testing.

5. Install program PPP520 in production.

**Timing of Installation**

The installation of this release is not urgent. However, if your campus utilizes fully automatic Leave Reserve FAU processing, this release should be installed as quickly as possible so that TRM benefits are properly reconciled and credited to the appropriate benefit liability accounts.

Please address questions or comments via electronic mail to Jim.Tuohig@ucop.edu or call (510) 987-0741.

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