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## **Distribution of Payroll Expense Tips & Information**

### ***What is the Distribution of Payroll Expense?***

- Monthly listing of all employees in the department in the payroll system in account/fund order.
- The listing displays payroll information by employee, including their title code, monthly gross earnings, time worked, and the cost of each employee's benefits to the department.

### ***What should you do with the Distribution of Payroll Expense?***

- Each month the Distribution of Payroll Expense should be:
  1. Reviewed.
  2. Reconciled to the General Ledger (GLO 60).
  3. Reconciled to the time records submitted for each employee.
  4. Signed (approved) and dated by the individual performing the review.

### ***Who should do the monthly review and reconciliation?***

- The monthly review and reconciliation should be done by someone in the department who is familiar with the payroll data and will be able to detect any errors or problems. Whenever possible, this individual should not be responsible for performing on-line updates to PPS or reviewing PPS personnel action notices (PANs).

### ***Why is the monthly review so important?***

- The monthly review is an important internal control.
- By reviewing the Distribution of Payroll Expense each month, any errors that are found can be corrected in a timely manner. This is very important as it relates to contracts and grants and an employee's W-2. Departments should not wait until June to correct errors and submit Payroll Expense Transfers.
- The review is very important in the department budgeting process. Actual costs can be compared to budgeted costs for reasonableness.

### ***What should I look for in the review?***

- Verify each employee listed actually works in the department, the employee's rate of pay is accurate, the time submitted for the employee is correct, and employee benefits costs appear to be appropriate and reasonable.
- If any employee had a loss of pay due to a leave without salary, verify the employee received the correct amount of pay. This also applies to employees receiving disability or who may be on leave and receiving workers' compensation. Be sure to review the Distribution of Payroll Expense for any Workers' Compensation credits (WCR) your department may be receiving.

- Verify that employees are being paid from the appropriate fund source. Do not wait until the end of the year to do Payroll Expense Transfers.
- Any questionable or irregular entries should be immediately investigated and resolved.

***What is the reconciliation process?***

- Reconciling the Distribution of Payroll Expense report means comparing the total by sub account on the report to the entry in the corresponding sub in the General Ledger. The two amounts should match.
- The Distribution of Payroll Expense entries for each employee should be reconciled to the submitted time records to ensure hours worked for the pay period have been accurately entered to the Payroll Personnel System.
- Once the entire Distribution of Payroll Expense has been reviewed and reconciled, it should be signed and dated by the reviewer.

***Why should my department chair or business officer also review the Distribution of Payroll Expense?***

- The department chair or business officer should periodically review Distribution of Payroll Expense reports for reasonableness. This independent review of the Distribution of Payroll Expense is a key administrative oversight function and reduces the risks of error or fraud.

***Is the Distribution of Payroll Expense in the Data Warehouse?***

- Yes. Standard reports are available in the Data Warehouse containing all of the Distribution of Payroll Expense information.

***Where can I find more information about recommended practices for the Payroll process?***

- The Guidelines for Financial Management contains a section on Payroll and includes information on separation of duties, authorization and approval, custodial and security arrangements and the review and reconciliation process. The Guidelines for Financial Management manual is available on the web on the Office of the Controller web site at: <http://controller.ucsb.edu>.

***Who can I talk to about questions on the Distribution of Payroll Expense?***

The following Payroll staff are available to answer your questions:

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NOTE: When calling or e-mailing Payroll staff, please have the following information ready in order for them to respond to you as soon as possible:

1. Your name and department
2. Name of employee
3. Employee ID Number
4. Month in question
5. Nature of problem