

Closing General Ledger Accounts for Payroll Expenses

Payroll Expenses (object codes 5111 through 5166 and 5183):

In order for payroll to stop posting to an account, the department needs to process labor schedule changes for each employees funded by the accounting string to be closed. LD can assist with this process for departments that do not have LD access (generally hospital and support departments). Departments need to remember that an employee's funding source may or may not be the same as their HR org. They should run HRDW reports to identify all current employees with that source of funds.

In order to begin clearing payroll from the account to be closed, the department needs to process distribution adjustments, retroactive to the closure date (usually July 1). The department should run HRDW reports to identify all current *and terminated* employees with payroll expenses in that accounting string. LD can assist with this process for departments that do not have LD access (generally hospital and support departments).

Once the actual payroll expenses have been transferred off the account for each employee via distribution adjustments, the expenses that were paid in July but were applicable to June, will remain. Likewise the payroll accrual for June that was reversed in July, will remain. The net amount of these should be small but the transactions will not net to zero because the accrual is an estimate, not actual expenses paid in July and accrued in June. This is the point at which LD steps in.

Once notified, the LD Accountant will process a manual journal entry to zero out the remaining payroll expenses (the net of actual expenditures for June paid in July and the payroll accrual reversal). By policy, payroll object codes (5111 through 5166 and 5183) are never utilized on a manual journal entry. The object code used for all payroll-related journal entries, is 5175, which is only authorized for use by the Payroll/LD department.