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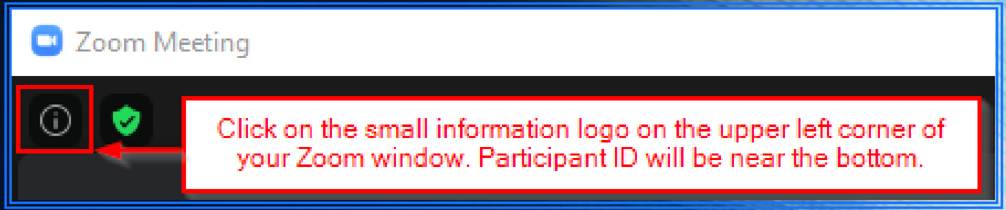

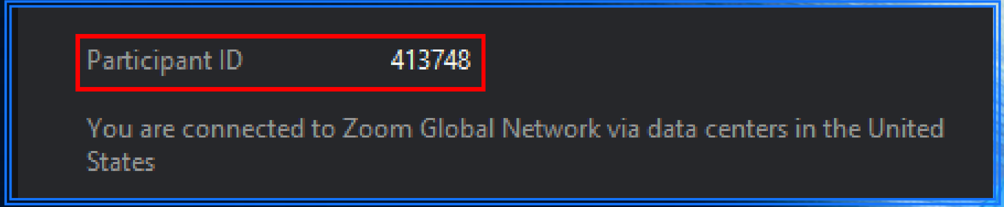

This session will *not* be recorded

Vacation Reconciliation

And identifying and reporting defective MLCs

UCLA DEPARTMENT OF MEDICINE
OFFICE OF RESEARCH ADMINISTRATION
ZOOM SPECIAL-TOPIC TRAINING

Vacation Assessment Process in UC Path

- CBR and VLA assessed on Regular Pay (net of vacation taken)
  - Monthly "Leave Assessment" expense to sub-obj 06-8930, current rate 7% of Gross Earnings for all regular pay earn codes (includes HSR, HSP, HSN; not HZC or HZA)
- Vacation Pool pays for Salary & Wages
  - When vacation is reported "taken" by employee, Dept FAUs are *credited* back at the current rate of pay for the number of hours reported, toward the regular pay components
- Vacation Pool does not pay for Benefits
  - CBR (8850), Leave Assessment (8930) and RPNI (8690) do ***NOT*** assess on VAC gross earnings
  - Benefit costs are effectively *reduced* in months where vacation is reported
- Vacation Credit to FAU reimburses Salary & Wages
  - "Vacation Usage Fringe Expense" (8931) must be equal-opposite to the VAC gross earnings
  - Effective net zero charge between payroll sub (00,01,02) and benefits sub (06)
- VLA continues when employee vacation reaches max
  - If an employee accrues their maximum (240 hours), but does not take their vacation, Dept will continue to pay the 7% Leave Assessment (sub 06) indefinitely; however, the employee will not earn vacation time beyond their cap*

    **Due to COVID there is a temporary lift on vacation caps through June 30, 2021*

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UCPath 2-Month Example

Month 1. No Vacation

Sub 00/01/02	Type	FAU	Period	Sub 03	Type	FAU	Sub 06	Type	FAU
10,000	REG	Fund A	Current	100	GAEL	Fund A	5,000	CBR Assmnt	Fund A
							1,000	VLA Assmnt	Fund A
10,000				100			6,000		TOTAL

Month 2. Vacation Taken (50%)

Sub 00/01/02	Type	FAU	Period	Sub 03	Type	FAU	Sub 06	Type	FAU
10,000	REG	Fund A	Current	50	GAEL	Fund A	2,500	CBR Assmnt	Fund A
-5,000	REG	Fund A	Prior				500	VLA Assmnt	Fund A
5,000	VAC	Fund A	Prior				-5,000	Vac Usage CR	Fund A
10,000				50↓			-2,000↓		TOTAL

Configuration

Earn Code	GAEL	CBR	VLA
REG	Subject	Subject	Subject
VAC	Not	Not	Not

Key

CBR Rate = 50%
VLA Rate = 10%
GAEL Rate = 1%

- Month 1:
  - Gross Earnings $10,000
  - CBR $5,000
  - VLA $1,000
- Month 2:
  - Gross Earnings REG $5,000
    - $10,000 current debit Dept
    - ($5,000) *prior credit*, Vacation Pool
  - CBR $2,500; VLA $500
    - Assessed against cumulative REG gross earnings
  - Gross Earnings VAC $5,000
  - Vacation Benefits ($5,000)
    - Net zero charge for this transaction

Known Defects/Issues

- Due to system limitations Academic Compensation was unable to record Faculty vacation until January, 2020
  - **Resulting Complication**:
    - Batches of vacation are processed toward this backlog well beyond the vacation earned date period
    - Vacation transactions assess according to the Funding Entry Distribution effective at the time the vacation is recorded in Path, and does not refer back to historical Distributions according to Earned Date
    - Fund Manager review/adjustment is required via Direct Retro to correct FAUs charged/credited
- Path programming incorrectly excluded HSP and HSN earn codes, not classifying these as "regular pay"
  - **Resulting Complication**:
    - Vacation frequently only assesses against the HSR earn code for Faculty
    - Fund Manager review/adjustment is required via Direct Retro to ensure VAC debits and credits are distributed proportionately to all FAUs applicable to that Earned Date
- Path programming incorrectly directs Vacation to the Default FAU, because the VAC earn code is not explicitly itemized in the Funding Entry
  - **Resulting Complication**:
    - *Gross Earnings VAC **debits*** are directed to the Default FAU, whereas the credits post back to the regular pay earn codes (REG, HSR, HSP, HSN)/Dept FAUs
    - Fund Manager review/adjustment is required via Direct Retro to align the VAC transactions from the Default FAU to the correct Dept FAUs, after ensuring above defects are resolved as well

How to reconcile: Key Facts

- When vacation is recorded, the transactions should post to the Payroll Ledger *for every FAU contributing to the monthly distribution* as follows:
  - *Gross Earnings* with VAC earn code (salary subs 00,01,02) *debit* commensurate to the hours reported. Earned date must align with the date vacation was *taken*
  - Regular pay *Gross Earnings* (salary subs 00,01,02; and earn codes REG,HSR,HSP,HSN) are reduced via *credit*. Earned date must align with the date vacation was *taken*
  - Regular Benefits assessed (CBR, VLA, RPNI) against Gross Earnings must be less than months where no vacation was recorded, because benefits do not assess on VAC
  - Vacation *Benefits* (Vacation Usage Fringe Expense, obj code 8931) is a *credit*, equal and opposite the VAC Gross Earnings
  - Resulting Changes:
    - **No change** to the $$ distributed for **Gross Earnings**
    - **Reduced Benefits** charges

Automatic Red Flags

- Earn code VAC appears on your FAU for an earned date, but no other payroll has posted to that FAU for that earned date
  - VAC debits **must always** be charged to the same FAU as the credits back to the regular earn codes (REG,HSR,HSP,HSN)
- The overall $$ Gross Earnings amount is not the correct amount, and the only difference to payroll for that month is VAC transactions posted
  - Typically this is the result of incorrectly prorated regular earn codes (credits back from vacation pool)
  - Resulting complication: effort on C&G FAUs is over/under-funded

What is an MLC?

- MLC = Mass Leave Correction: A batched salary cost transfer (***Direct Retros***) processed to address known defects
- Processed by a CRU Associate (typically Sadak Wahab) on behalf of Department Fund Managers

10030709	Wahab,Sadak	WAHAB	BKCMP

  - Verifiable via "Process Direct Retro", "Last Updated By"

Payroll Data — Personalize | Find | First 1-33 of 33 Last

	Selected	Pay Group	Pay Run ID	Pay End Date	Off Cycle ?	Sep Chk#	Paycheck Number	Earnings	Department	Title	Processing Status	Request Status	AWE Status	Created	Last Updated By
11	☐	4ME	190731M0X	07/31/2019	☐	0	51576925	5327.16	Medicine-Cardiology	SRA 3	Complete	Approved		10/10/2020	Wahab,Sadak
12	☐	4ME	190831M0X	08/31/2019	☐	0	51702211	5327.16	Medicine-Cardiology	SRA 3	Complete	Approved		10/11/2020	Wahab,Sadak

Known MLC Complications

- Adjustments were processed without Department confirmation that redirections were accurate.
  - Campus analysis relied on Funding Entry effective dates to be reliable, but DOM in practice does not retroactively update funding distributions in Funding Entry
  - **Resulting Complications**: Vacation transactions were adjusted to FAUs that were…
    - Expired before vacation earned date
    - No longer had payroll expenses because these had previously been adjusted to other funds via Direct Retro by the Department Fund Manager
    - Typically would be able to correct via an additional Direct Retro, but in some cases…
- Batched data uploaded to Path to execute the adjustments had errors *(these cannot be corrected via Direct Retro, or any action the Dept Fund Manger can initiate)*
  - Earned Dates were changed
  - Base rate and/or % effort were changed
- Benefits assessments on regular earn codes (REG,HSR,HSP,HSN) assessed at the current rate, not the rate applicable to the VAC Earned Date
  - **Resulting Complications**:
    - Benefits credit balances (sub 06) for affected Earned Dates on affected funds
    - Require Dept Fund Manager to process Benefit Cost Transfers to correct (BCTs)

Additional Obstacles affecting Direct Retros in General

- In some cases the credit back to the regular earn code(s) were not posted. Instead, the regular pay for the month was reduced instead.

Example: Vacation was taken in January, reported in February. The January VAC debits post against the same paycheck as February regular earnings. There *should* be January regular *credits*, but instead the February earned transactions are prorated (reduced).

  - **Resulting complications**:
    - The Gross Earnings "Earned" are artificially inflated/deflated in affected months (inflated for earned dates with VAC debits, and deflated for earned dates that were reduced). Looks like overpayment/underpayment on the Payroll Ledger.
    - It is impossible to adjust the regular earn code credits via Direct Retro because they never posted. Therefore VAC debits will consistently be un-reconcilable, because they artificially inflate the Gross Earnings for that earned date.

- In some cases the Direct Retro workbook in UC Path "rolls up" charges by Earn Code, irrespective of Earned Dates, and does not allow Dept Fund Manager to adjust credits (prior, vacation earned date) separate from current earnings (new debits, earned date for the "current" month selected from DR list)
  - **Resulting complications**:
    - Dept Fund Manager must de-code the Direct Retro and scale adjustments proportionately. This is a time consuming process, and does not guarantee when the DR ultimately posts that the proportion of credits adjusted will be 1:1 with the VAC debits
    - If the funding distributions were different for the VAC earned month vs the month the transactions posted, it is impossible to adjust these separately

Live Demo!