



County of Santa Clara

Policy Name: Payroll Accruals

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Policy Type: Administrative

Category: Fiscal and Budget **Sub-Category:** Budget Practices

Policy Name: Payroll Accruals

Policy Owner: Controller-Treasurer Department

Policy Purpose

The purpose of this policy is to provide departments with the pay periods used to calculate payroll accruals and to ensure that departments have the ability to review and analyze their financial reports regarding payroll and benefit expenses.

Policy Summary

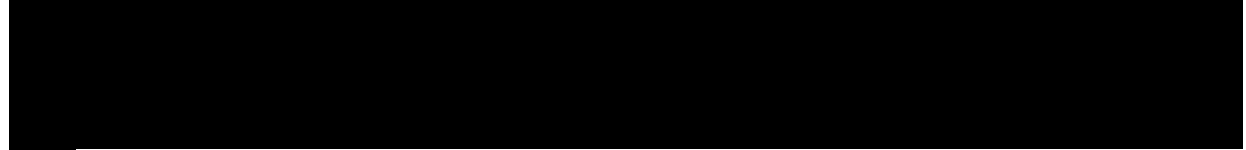
At the end of each month, a payroll accrual journal entry will be posted in the County accounting system (SAP) for days in the month for which payroll expenditures have not been paid or posted in the current accounting period. Monthly and year-end accruals will be based on the last regular pay period posted for each period. Prior pay period adjustments are not included. The Payroll Accrual Table displays the pay periods that will be used to calculate the month-end and year-end payroll accruals and is available at [\[url\]/sites/controller/ASAP/SAP-Modules/Financial%20Accounting/General%20Ledger/Pages/Payroll-Accrual-Table.aspx](#).

The percentage of a department's accrual will be based on whether the department is set up as a 10-day or 14-day department. Departments 230, 235, 414, 608, 610, 710, 721, 904, and 921 are set up as 14-day departments. All other departments are 10-day.



Monthly Accruals

Monthly accruals are posted in SAP by the 7th calendar day after the end of the month (before the month-end close).



. Additionally, monthly accruals are reversed on the first day of the following period.

Year-End Accruals

Year-end accruals post to all salary and benefit accounts and the payroll reports. Year-end accruals reverse each fiscal year. The year-end accrual has a pay period end date of 6/30, and the year-end reversal has a pay period end date of 7/1.

Exclusions

Certain General Ledger expense accounts any pay categories are excluded from the accrual calculation.

Excluded accounts:





Excluded pay categories:



Department Responsibilities

Departments are responsible for reviewing and analyzing their financial reports regarding payroll and benefit expenses. Since the payroll accruals are based on the last pay period, some expenses may be over or under accrual. Departments may need to accrue or reverse additional expenditures manually if an expenditure that is deemed significant is anticipated or not anticipated in the current pay period. For example, a retirement payoff that may be expected to be paid in the current pay period might not be included in the last pay period on which the payroll accrual was based.

Procedures

None.

Definitions

For the purposes of this policy, the following definitions apply:



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- 1) **"County accounting system"** means the SAP System or other similar system currently used by the County as its primary accounting and finance system.
- 2) **"General Ledger"** means the ledger in which every financial transaction for every financial account is recorded.
- 3) **"Journal Entry"** means an entry in the County accounting system noting a transaction.
- 4) **"Payroll Accrual"** means wages, salaries, and other benefits that have been earned by employees but have not yet been paid or recorded in the County accounting system.

Frequently Asked Questions

None.

Related Policies

None.

Related Forms and Information

None.

History

Date	Changes Made
5/7/2018	Policy Redacted.
9/19/2014	Policy Uploaded. (Kyle Larson)