Case study 10: How to manage B ledger paycosts to a known number

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Overview

This case study works with the scenario in which the BFT pay projection employee by employee is not being actively used. The total permanent pay cost forecast has already been arrived at by other planning processes. None the less the BFT payroll planning application will have computed a base projection based on the actual ytd payroll information extrapolated across the projected months

The BFT process is:-

- Confirm the target number for the total full year forecast from other sources (in this worked example work total research income of £16.623m and permanent payroll costs of £7.643m)
- Adjust the income and the non pay costs first to reflect the desired forecast
- Pull through the unadjusted payroll projection into the Income and Expenditure planning application
- Use the result of this to calculate the adjustment needed each month to arrive at the known number
- Go into the payroll planning application at a cost centre level and put this adjustment onto a NR provision created for the purpose
- Update the payroll ledger report
- Go into the I&E application and pull through the adjusted payroll projection, which should now agree with the known number.

This worked example uses cost centres for AVB

1. The screen shot below sees the initial position in the oIncome and Expenditure screen

	Year TOTAL	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
⊟ 498 Net Expenditure No Bfwd Budget	0.2	-0.5	-6.7	7.1	-40.0	-15.6	55.6	-1.1	-1.1	-1.1	-1.1	-1.1	5.9
⊟ 4 Income	16,856.6	1,084.3	1,164.7	1,333.2	1,145.9	1,034.2	1,330.0	1,627.4	1,627.4	1,627.4	1,627.4	1,627.4	1,627.4
⊞ 45 Research Income	16,856.6	1,084.3	1,164.7	1,333.2	1,145.9	1,034.2	1,330.0	1,627.4	1,627.4	1,627.4	1,627.4	1,627.4	1,627.4
⊟ 5 Pay	-7,045.3	-594.9	-599.0	-642.8	-578.3	-634.8	-603.3	-566.3	-566.3	-566.3	-566.3	-566.3	-560.8
⊞ 50 Payroll Costs	-6,968.3	-594.9	-599.0	-565.7	-579.6	-632.0	-603.3	-565.6	-565.6	-565.6	-565.6	-565.6	-565.6
⊞ 51 Casual & Agency Staff	-77.0	0.0	0.0	-77.0	1.3	-2.8	0.0	-0.7	-0.7	-0.7	-0.7	-0.7	4.8
⊟ 600 Non Pay	-9,811.1	-489.8	-572.4	-683.2	-607.6	-415.0	-671.1	-1,062.2	-1,062.2	-1,062.2	-1,062.2	-1,062.2	-1,060.8
⊞ 6 Supplies	-3,868.0	-388.7	-357.9	-535.4	-467.4	-310.0	-484.5	-220.5	-220.5	-220.5	-220.5	-220.5	-221.5
⊞ 7 Premises and Equipment	-2,173.7	-11.5	-37.1	-10.8	33.2	-15.1	-89.9	-340.6	-340.6	-340.6	-340.6	-340.6	-339.7
⊞ 8 Staff Related Costs	-537.6	-25.3	-21.7	-47.0	-20.5	-18.9	-26.6	-63.1	-63.1	-63.1	-63.1	-63.1	-62.1
⊞ 9 Other Expenses	-3,231.7	-64.3	-155.8	-90.1	-152.9	-70.9	-70.1	-438.0	-438.0	-438.0	-438.0	-438.0	-437.5
⊟ S0	0.0	143.5	142.5	137.9	135.6	138.9	139.4	0.0	0.0	0.0	0.0	0.0	0.0
CA004 FTE Academic - Externally Funded	0.0	137.7	136.7	132.1	129.8	133.2	133.7	0.0	0.0	0.0	0.0	0.0	0.0
CA005 FTE Non Academic - Externally Funded	0.0	5.7	5.7	5.7	5.7	5.7	5.7	0.0	0.0	0.0	0.0	0.0	0.0

Actuals (Aug-Jan)

Projection (Feb-Jul)

(Note that first half year nets out to zero net expenditure, more typically each month would net out)

Full year has been pre-populated to that the total of all 12 months = the previous forecast (Q1)

2. Adjust income and non pay costs to the "known numbers" in the main income and expenditure planning screen (input at cost centre level)

The oIncome and Expenditure summary now looks like this

Tabs: Welcome Page.xlsx | iIncome and Expend Planning | iFurther Detail Required | oIncome and Expenditure Summary | I and E Updates | iLedger Analysis

Rows: I&E summary [Natural Account]
Columns: Months and Year Total [Month]
Context: AVB Research Projects [Cost Centre] | 2016-17 [Financial Years] | Q2 Forecast [Version] | 10 University of Oxford [Organisation] | 00 Default [Activity] | UO L [Fina...

	Year TOTAL	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
498 Net Expenditure No Bfwd Budget	674.6	-0.5	-6.7	7.1	-40.0	-15.6	55.6	99.7	99.8	99.8	122.8	122.8	129.7
4 Income	16,623.3	1,084.3	1,164.7	1,333.2	1,145.9	1,034.2	1,330.0	1,577.0	1,577.0	1,577.0	1,600.0	1,600.0	1,600.0
45 Research Income	16,623.3	1,084.3	1,164.7	1,333.2	1,145.9	1,034.2	1,330.0	1,577.0	1,577.0	1,577.0	1,600.0	1,600.0	1,600.0
5 Pay	-7,045.3	-594.9	-599.0	-642.8	-578.3	-634.8	-603.3	-566.3	-566.3	-566.3	-566.3	-566.3	-560.8
50 Payroll Costs	-6,968.3	-594.9	-599.0	-565.7	-579.6	-632.0	-603.3	-565.6	-565.6	-565.6	-565.6	-565.6	-565.6
51 Casual & Agency Staff	-77.0	0.0	0.0	-77.0	1.3	-2.8	0.0	-0.7	-0.7	-0.7	-0.7	-0.7	4.8
600 Non Pay	-8,903.4	-489.8	-572.4	-683.2	-607.6	-415.0	-671.1	-911.0	-910.9	-910.9	-910.9	-910.9	-909.5
6 Supplies	-4,344.9	-388.7	-357.9	-535.4	-467.4	-310.0	-484.5	-300.0	-300.0	-300.0	-300.0	-300.0	-301.0
7 Premises and Equipment	-2,173.8	-11.5	-37.1	-10.8	33.2	-15.1	-89.9	-340.6	-340.6	-340.6	-340.6	-340.6	-339.7
8 Staff Related Costs	-537.6	-25.3	-21.7	-47.0	-20.5	-18.9	-26.6	-63.1	-63.1	-63.1	-63.1	-63.1	-62.1
9 Other Expenses	-1,847.0	-64.3	-155.8	-90.1	-152.9	-70.9	-70.1	-207.2	-207.2	-207.2	-207.2	-207.2	-206.8
S0	0.0	143.5	142.5	137.9	135.6	138.9	139.4	0.0	0.0	0.0	0.0	0.0	0.0
CA004 FTE Academic - Externally Funded	0.0	137.7	136.7	132.1	129.8	133.2	133.7	0.0	0.0	0.0	0.0	0.0	0.0
CA005 FTE Non Academic - Externally Funded	0.0	5.7	5.7	5.7	5.7	5.7	5.7	0.0	0.0	0.0	0.0	0.0	0.0

Permanent payroll costs have not changed and cannot be changed within the I and E planning application. At this point payroll costs displayed are still the original prepopulation, (where Q2 = Q1 full year), not the updated projection based on the actuals year to date.

3. Therefore the next step, still within the Income and Expenditure application, is to refresh this to pull through what is sitting in the payroll planning application

The result of this process is shown below.

	Year TOTAL	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
⊟ 498 Net Expenditure No Bfwd Budget	743.0	-0.5	-6.7	7.1	-40.0	-15.6	55.6	103.5	103.9	109.3	132.3	139.4	154.6
⊟ 4 Income	16,623.3	1,084.3	1,164.7	1,333.2	1,145.9	1,034.2	1,330.0	1,577.0	1,577.0	1,577.0	1,600.0	1,600.0	1,600.0
⊞ 45 Research Income	16,623.3	1,084.3	1,164.7	1,333.2	1,145.9	1,034.2	1,330.0	1,577.0	1,577.0	1,577.0	1,600.0	1,600.0	1,600.0
⊟ 5 Pay	-6,976.9	-594.9	-599.0	-642.8	-578.3	-634.8	-603.3	-562.6	-562.1	-556.8	-556.8	-549.7	-535.9
⊞ 50 Payroll Costs	-6,899.9	-594.9	-599.0	-565.7	-579.6	-632.0	-603.3	-561.9	-561.5	-556.1	-556.1	-549.0	-540.8
⊞ 51 Casual & Agency Staff	-77.0	0.0	0.0	-77.0	1.3	-2.8	0.0	-0.7	-0.7	-0.7	-0.7	-0.7	4.8
⊟ 600 Non Pay	-8,903.4	-489.8	-572.4	-683.2	-607.6	-415.0	-671.1	-911.0	-910.9	-910.9	-910.9	-910.9	-909.5
⊞ 6 Supplies	-4,344.9	-388.7	-357.9	-535.4	-467.4	-310.0	-484.5	-300.0	-300.0	-300.0	-300.0	-300.0	-301.0
⊞ 7 Premises and Equipment	-2,173.8	-11.5	-37.1	-10.8	33.2	-15.1	-89.9	-340.6	-340.6	-340.6	-340.6	-340.6	-339.7
⊞ 8 Staff Related Costs	-537.6	-25.3	-21.7	-47.0	-20.5	-18.9	-26.6	-63.1	-63.1	-63.1	-63.1	-63.1	-62.1
⊞ 9 Other Expenses	-1,847.0	-64.3	-155.8	-90.1	-152.9	-70.9	-70.1	-207.2	-207.2	-207.2	-207.2	-207.2	-206.8
⊟ S0	138.5	143.5	142.5	137.9	135.6	138.9	139.4	145.3	145.2	143.0	143.0	141.0	138.5
CA004 FTE Academic - Externally Funded	132.8	137.7	136.7	132.1	129.8	133.2	133.7	139.6	139.5	137.3	137.3	135.3	132.8
CA005 FTE Non Academic - Externally Funded	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7

The new payroll numbers do not show up as blue, but total 50 payroll costs have moved from -6,968.3 to -6,899.9 (and FTE have refreshed as well).

Now save this [✔] and take a screen shot or an excel export

Since income and non pay costs are already adjusted to the desired forecast figures, the net expenditure row shows the amount of adjustment needed in the payroll application. In this case it is an adjustment of £100-150k per month in paycosts, which would then bring the b ledger in balance. The aim is zero along the top row for the projected months of the year.

Go into the payroll planning application ![Payroll Planning - IBM C >]

Navigate to AVB

If this is the first iteration for this department concerned, it is necessary to create a provision line on which to add the adjustment.

4. Go into the add employee screen and navigate down slightly further to the leaf (lowest) level, i.e. AV9999 before taking ownership and creating an appropriately named provision. The name and job description for the entry are free form text, but a systematic approach across departments within the Division may help review

Note that the amount column is for the first month (Feb) only and is the amount of the imbalance we saw in the Income and Expenditure screen, but remembering that we have moved from £'000 to £.

This provision will now be visible in the main payroll screen.

5. The planner now needs to fill in the rest of the months.
   - Navigate down to the input level.
   - Click out on the provision to get to the cost code combination (i.e. the lighter grey code combination string) and also on the pay elements to get to the pale grey description "NR provision".
   - Finally change to "Gross salary" not "payroll cost" in the context box at the top for payroll types
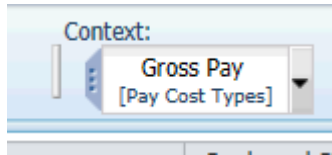
Yellow input will now open up for the projected months of the year.

- Type in the required value in each month (using your screen shot or excel export as a reference),

This is shown below

iPayroll Main Planning View | ADD New Employee.xlsx | New Cost Coding Combination.xlsx | VIRE Payroll.xlsx | iPayroll FTE | iPayroll Other Employee Details | Payroll Updates.xlsx | oPayroll Ledger Summary

Rows:
Employee ID Split [Employee ID Split] | Pay Element [Pay Element]

Columns:
Month Payroll [Month Payroll]

Context:
Gross Pay [Pay Cost Types] | Q2 Forecast [Version] | 2016-17 [Financial Years] | AV9999 Research Project costs [Cost Centre]

		Total FY Budget	Year TOTAL	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
⊟ NewProvision AVB RESEARCH PAY FORECAST ADJ	⊟ Non Recurrent	0	743,000	0	0	0	0	0	0	103,500	103,900	109,300	132,300	139,400	154,600
	Provision NR	0	743,000	0	0	0	0	0	0	103,500	103,900	109,300	132,300	139,400	154,600
	⊟ Total of Pay Element	0	743,000	0	0	0	0	0	0	103,500	103,900	109,300	132,300	139,400	154,600
AV9999 50110 00000 NewProvision AVB RESEARCH PAY FORECAST ADJ	⊟ Non Recurrent	0	743,000	0	0	0	0	0	0	103,500	103,900	109,300	132,300	139,400	154,600
	Provision NR	0	743,000	0	0	0	0	0	0	103,500	103,900	109,300	132,300	139,400	154,600

Now save this ✔

Returning to the Income and Expenditure planning application, rerun the payroll update process.

And the B ledger now balances for the projected months of the year

| Welcome Page.xlsx | iIncome and Expend Planning | iFurther Detail Required | oIncome and Expenditure Summary | I and E Updates | iLedger Analysis |

ows: I&E summary [Natural Account]

Columns: Months and Year Total [Month]

Context: AVB Research Projects [Cost Centre] | 2016-17 [Financial Years] | Q2 Forecast [Version] | 10 University of Oxford [Organisation] | 00 Default [Activity] | UO L [Finan

	Year TOTAL	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
498 Net Expenditure No Bfwd Budget	0.0	-0.5	-6.7	7.1	-40.0	-15.6	55.6	0.0	0.0	0.0	0.0	0.0	0.0
4 Income	16,623.3	1,084.3	1,164.7	1,333.2	1,145.9	1,034.2	1,330.0	1,577.0	1,577.0	1,577.0	1,600.0	1,600.0	1,600.0
45 Research Income	16,623.3	1,084.3	1,164.7	1,333.2	1,145.9	1,034.2	1,330.0	1,577.0	1,577.0	1,577.0	1,600.0	1,600.0	1,600.0
5 Pay	-7,719.9	-594.9	-599.0	-642.8	-578.3	-634.8	-603.3	-666.1	-666.0	-666.1	-689.1	-689.1	-690.5
50 Payroll Costs	-7,642.9	-594.9	-599.0	-565.7	-579.6	-632.0	-603.3	-665.4	-665.4	-665.4	-688.4	-688.4	-695.4
51 Casual & Agency Staff	-77.0	0.0	0.0	-77.0	1.3	-2.8	0.0	-0.7	-0.7	-0.7	-0.7	-0.7	4.8
600 Non Pay	-8,903.4	-489.8	-572.4	-683.2	-607.6	-415.0	-671.1	-911.0	-910.9	-910.9	-910.9	-910.9	-909.5
6 Supplies	-4,344.9	-388.7	-357.9	-535.4	-467.4	-310.0	-484.5	-300.0	-300.0	-300.0	-300.0	-300.0	-301.0
7 Premises and Equipment	-2,173.8	-11.5	-37.1	-10.8	33.2	-15.1	-89.9	-340.6	-340.6	-340.6	-340.6	-340.6	-339.7
8 Staff Related Costs	-537.6	-25.3	-21.7	-47.0	-20.5	-18.9	-26.6	-63.1	-63.1	-63.1	-63.1	-63.1	-62.1
9 Other Expenses	-1,847.0	-64.3	-155.8	-90.1	-152.9	-70.9	-70.1	-207.2	-207.2	-207.2	-207.2	-207.2	-206.8
S0	138.5	143.5	142.5	137.9	135.6	138.9	139.4	145.3	145.2	143.0	143.0	141.0	138.5
CA004 FTE Academic - Externally Funded	132.8	137.7	136.7	132.1	129.8	133.2	133.7	139.6	139.5	137.3	137.3	135.3	132.8
CA005 FTE Non Academic - Externally Funded	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7