

## Salary Audit Update:

**The fiscal year is officially CLOSED, and we now transition to the Prior Year Salary Audit correction period.** A few key items to note:

1. We can no longer accept Payroll Summary Files for FY 24-25. Please do not generate or send us new files. We do not have the ability to process those changes as they could impact cash or your expenditures.
  - a. The Next PRS File transmission will be with your July Data Files the 1<sup>st</sup> week of August for FY 25-26 – Period 1.
2. The Salary Audit process system (where SBS Staff can make changes) will be offline for the next 2 weeks as IT does the close-out for the prior year and opens for the new year (Licensure/Yrs Exp bump).
  - a. You can still see your report balances.
    - i. *We have about 9 LEAs where we had to make manual corrections that have not yet been completed. We will get those entered for you as soon as the system is opened up for us. Please contact [Gina.Brown@dpi.nc.gov](mailto:Gina.Brown@dpi.nc.gov) if you do not see a correction, or you were expecting us to do manually.*
  - b. LICsAL Salary Calculators will not be accurate until the system is set up for the new year with the new salary schedules (Certified staff only) and new years' experience/licensure bump.
3. The Prior Year Correction Process becomes a manual process due to system limitations.
4. **OUR System is closed for us to do any research or corrections for a couple of weeks.** We will reopen processing after the July conference and when we are assured the system is ready.

## Prior Year Correction Process:

There will be several types of corrections taking place over the next several months as you and your staff work to correct any prior year salary exceptions.

Couple Key Questions to ask First:

1. Does my MFR/General Ledger accurately reflect all of my expenditures for these Salary Audits and Position Allotments?
  - a. If YES, then you can proceed to correct most of your exceptions with our SBS Salary Audit team once the system reopens in a couple of weeks.
  - b. If NO, then we have potential CASH and Expenditure implications.

- i. DPI cannot increase/decrease state or federal expenditures after the close.
- ii. DPI no longer has the authority to provide cash to resolve any audit exceptions.
- iii. These will need to be isolated and worked on a case-by-case basis.
- iv. You will need to accumulate information from your system to prove these were a VENDOR data issue.
- v. If not a VENDOR data issue, then likely the only resolution will be a Local funds refund to State/Fed funds and for Local funds correction for any underpayments to employees.

### **First: Months Used Report corrections**

**This is where most LEAs have the most exposure related to funds “potentially” overspent or not used (reverted).**

- Is your Months Used Report by PRC accurate based on your data in your system?
  - If YES, then you will wait for us to issue our final report with the funding impact and if any refunds are due to the state. Then follow the Prior Year Refund process we will establish in August within the Cash App.
  - If NO, then you need to prove that your source payroll history/detail files do not match the PRS file submitted by your vendor.
    - Then you need to provide the team with details on how to reflect the appropriate months for your staff by those PRCs.
    - We may need the transactions that you completed with your system files that are not reflected in your final PRS file.
    - You may need to collaborate with your vendor to get the appropriate reports to validate that data and for your vendor to support that the final PRS file does not accurately reflect the details from your source system.

### **Second: Salary Audit Over/Under Paid corrections**

Reminder as long as your expenditures in the MFR/General Ledger was accurately provided to DPI, we hope we can fix a number of these errors if only requiring IPC or other changes to the data that will confirm the person was paid correctly.

- For most of this you will work as normal with the salary audit team.

**If you feel these are a Vendor Data accuracy issue**, then you need to prove that your source payroll history/detail files do not match the PRS file submitted by your vendor and that you have accurately paid these employees. (DPI cannot determine this error).

- You will need to provide the team with details to show our team that the full annual salary for the employee in question was paid correctly.
  - *Unfortunately, in the case of an Over/Under paid that splits FUNDS (state/fed) you will have to refund the over expended funding source. We do not have the ability to NET the transaction after we close.*
- We may need the transactions that you completed with your system files that are not reflected in your final PRS file.
- You may need to collaborate with your vendor to get the appropriate reports to validate that data and for your vendor to support that the final PRS file does not accurately reflect the details from your source system.
- We hope we can manually fix these in our system as long as it does not require a cash payment or an increase/decrease in state/federal expenditures that has already been completed.

We will provide some further instructions at the July 22<sup>nd</sup> Conference and additional documentation and some webinars after we get through the conference period.

We are going to try and set-up a system within our [Salary@dpi.nc.gov](mailto:Salary@dpi.nc.gov) email tracker to create a queuing mechanism and tracking for everyone. Please give us a bit of time to get that set-up so we can work on this appropriately.

We hope to have that set-up by the Conference, and we can provide you more information at that time.

### **FINAL KEY THOUGHTS:**

FOR ALL EMAILS to Salary related to these you need to clearly OUTLINE the concern or situation and if you think this is a VENDOR data issue or you just need to make an IPC Correction, the specific person or group of people you are trying to correct and why.

- We will be training unfamiliar staff to assist with the salary audit process, and this will help us direct the questions to the staff who are being trained in specific aspects of this system.

- The Team member will reach out to you to discuss the situation, and you can work together to make sure you can provide the pertinent information to the team to help resolve the audit concern.
- Use those first questions:
  - Is your June MFR/General Expenditure file, correct?
  - Do you think this is a vendor data quality issue?
    - If yes, then prepare your packet of information to ensure that your source data does not match your PRS file. We need information from your source systems and how that has impacted the salary audit process.

**DO NOT Send any data right now. Our systems will not be open for a couple of weeks. Please allow us some time to set up our tracking system and better method for collecting your data, etc. We will update everyone again after the conference and when the systems are reopened for us to begin processing.**

### **Prior Year Refunds:**

Please do NOT send us any manual checks for prior year refunds at this time unless you are instructed to do so and we are aware. This is for overspent Programs, Salaries or MOE.

We are working with our IT Development team to get this process fully integrated into the Cash App and interface with the Refund Form. This should make that an easier process for everyone and we can also keep track of the payments. Think of it as a mini accounts receivable process within the cash app to automate this for everyone.

At that time (Mid-August), we will provide final reports on funds owed to the State and how to use the Cash-App and forms to transact those payments.