UNIVERSITY OF MISSOURI
Extension

County Accounting Manual

Salary Adjustment

The Council or County Program Director may decide to adjust an employee's salary rate retroactive to a prior pay period or calendar month or adjust salary rate in the middle of the pay period. Before adding the adjustment to a paycheck, create a new Payroll item named "**Salary Adjustment**" or "**Retroactive Salary**" or another appropriate name.

Issues:

➢ A separate **Salary Payroll Item** must be identified and selected to pay multiple salary rates on one paycheck. (see "Employer Payroll Item" procedure)
➢ The Payroll Item must identify an appropriate **salary expense account**, e.g. 2700 or 2730.
➢ A **class code** must be identified for each salary transaction.
➢ One Paycheck can be created for multiple salary rates within same pay period.

Create a new Payroll Item for Salary Adjustment

- Select **Lists** from the menu bar.
- Select **Payroll Item List**
- Click the Payroll Item button at lower left corner of screen.
- Select **New**
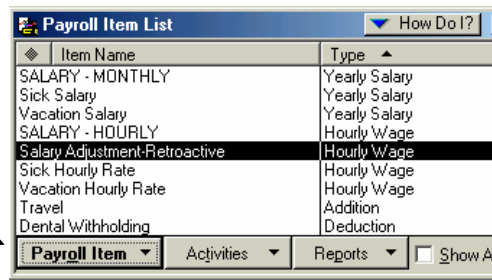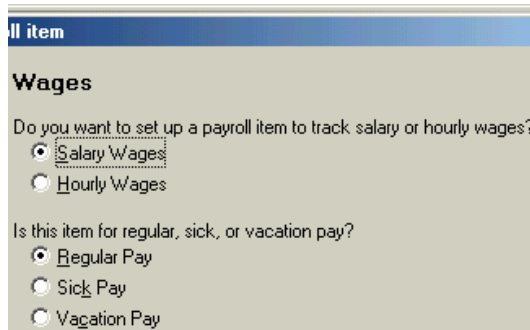
- Select **Wages (hourly, salary)**, Next.
- Select **Salary Wages** and **Regular Pay**, Next.
- Enter a name for the Payroll Item, Next, e.g. **Salary Adjustment or Retroactive Salary.**
- Select appropriate Salary Expense **account number**, e.g. 2700 or 2730.
- Click **Finish**

Add Salary Adjustment to Paycheck – *Retroactive Pay*

This example is for a *retroactive pay* adjustment. For example, employee's adjustment is for 210 hours at 12 cent increase for prior, **paid** pay periods.

- Select **Employees** from menu bar**, Payroll Center, Pay Employees**.
- Insert a checkmark preceding employee's name.
- Click the **Open Paycheck Detail** button.
- After entering regular salary data, select the **Salary Adjustment Payroll** Item on second line under Item Name.
- Enter the pay increase in Rate column.
- Enter hours,
- Enter Class code.
- Review remaining tax and benefit data.

Note: Federal and State taxes should be calculated on the combined Regular Salary and Salary Adjustment totals.

Reminder*: Enter the new Salary Rate in the employee's Payroll Data file so future paychecks will reflect the new rate.*

Add Salary Adjustment to Paycheck – *Pay Increase in Middle of Pay Period*

This example is for a *pay increase* adjustment. For example, an employee receives a salary increase in the middle of the 80-hour pay period, resulting in two different salary rates for one paycheck.

- Select **Employees** from menu bar**, Payroll Center, Pay Employees**.
- Insert a checkmark preceding employee's name.
- Click the **Open Paycheck Detail** button.
- After entering regular salary data, select the **Salary Adjustment** Payroll Item on second line under Item Name.
- Enter the new salary rate in Rate column.
- Enter hours,
- Enter Class code.
- Complete remaining tax and benefit data.

Note: *Federal and State taxes should be calculated on the combined Regular Salary and Salary Adjustment totals.*

Reminder: Enter the new Salary Rate in the employee's Payroll Data file so future paychecks will reflect the new rate.