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## PR Self Study Guide

This Self-Study Guide will help you to learn the most important concepts in the Payroll System. This Guide is designed to be used in conjunction with reading the Payroll Documentation. You will find that we refer to pages in the documentation and also require you to create a directory and load the demo files. If you do not have security to do this, you may need to get some help from your System's Administrator.

In order to effectively use this Self-Study Guide you should have the following:

- ✓ A Payroll user manual
- ✓ Access to a computer with Payroll properly installed
- ✓ Access to an unmodified copy of the Demo Files
- ✓ A basic knowledge of standard SouthWare functions such as using menus, help, printing, file maintenance, and security.

Please refer to the Quick Reference Guide for a guideline to the basic SouthWare functions.

NOTE: If you cannot create files at the operating system level or don't know where your files are located, get help from your System's Administrator.

Before you begin, make sure you have access to a directory where no files currently exist and make sure you have an un-modified version of the demo files loaded into the DM (DEMO) data-directory:

### ***To create a data-directory:***

WINDOWS: From Windows Explorer or My Computer  
Click on c:\swrun (or current SouthWare run directory)  
Click on FILE, NEW, FOLDER  
Rename the new folder PR

UNIX: `cd /usr/swrun (or current SouthWare run directory)`  
`mkdir PR`

To create a SouthWare Company ID to access the files in the PR directory:

At a SouthWare main menu, type XX-03-01

Create a Company ID record to access files in the PR sub-directory

WINDOWS: Company ID = PR\  
UNIX: Company ID = PR/

Use the RENAME function to create a new Company ID record for this exercise:

- Press <F1> until the DM\ record appears.
- Enter 'R' for Rename and press Enter.
- Answer No to the question about deleting the current record.
- Type "PR\" in field 1 and press Enter.
- Enter through field 15 "SouthWare ODBC DSN Name"
- Type '2' and press Enter to access field 2.
- Type "PR Self-Study Guide" and press Enter.
- Enter to write the record.

To create a SouthWare Logon Operator who has access to the Company ID in XX-03-01:

At a SouthWare main menu, type XX-03-02 to create an operator who has PR as the Company ID.

Use the RENAME function to create a new operator for this exercise:

- Press <F1> until the DEMO operator record appears.
- Enter 'R' for Rename and press Enter.
- Answer No to the question about deleting the current record.
- Type "PR" in field 1 and press Enter.
- Type '4' and press Enter to access field 4.
- Type "PR\" and press Enter.
- Answer No to the question about re-entering transaction operator records.
- Enter to write the record.

The SouthWare Excellence Series offers multiple user interfaces. As you work through the exercises your keystrokes will depend on which user interface you select. If using the "Classic" interface (DOS or UNIX), then you will use Function Keys when suggested. If using one of the graphical interfaces "BUI" or "EUI" or "GUI" you will want to use buttons and mouse clicks when appropriate. The function keys work in the graphical interface if you prefer to use them.

## LESSON 1: Overview of the Payroll System

### ***Learning Objectives:***

- ✓ Understand the purpose/function of Payroll
- ✓ Know how P/R interfaces with the Excellence Series



*Please read pages 1 through 9 of the Payroll Manual before proceeding.*

### ***The purpose/function of Payroll***

Payroll tracks employee data, creates paychecks, and reports taxes and other payroll information. SouthWare Payroll uses an exception-oriented design. You can set up all your normal situations, then the only work you have to do is to enter any changes or exceptions for a particular payroll. The accounting functions of SouthWare's Payroll are:

- ✓ to accept normal payroll information for employees
- ✓ to maintain current taxing authority information and rates
- ✓ to calculate or enter payroll check information including earnings, deductions, and taxes
- ✓ to report this data to management and federal, state and local taxing authorities

During normal processing the system calculates earnings, deductions and taxes, and produces checks, registers and updates files. SouthWare uses double entry accounting, debits and credits, to track the Payroll functions to the General Ledger. The underlying concept of double entry accounting is that at least two accounts are affected by each transaction, one being debited and the other being credited. Review the following equation. This equation should always remain in balance.

$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity} + (\text{Revenue} - \text{Expenses})$$



*Please read and familiarize yourself with the accounting related information on pages 16 through 21 of the Payroll Manual before proceeding.*

The discussion presents the accounting information flow within SouthWare's Payroll. It is not necessary that you understand this in order to operate the package, but this explanation should be helpful for anyone familiar with accounting concepts

## ***PR interface with the Excellence Series***

### **General Ledger Interface**

The accounting interface between Payroll and SouthWare's General Ledger is controlled within Payroll. Debits and credits resulting from payroll transactions are sent to a distribution file during updates. We will refer to the distribution file as the PR/GL Interface file. Each time you process PR checks all General Ledger entries will be posted to the PR/GL Interface file. The distributions in the PR/GL Interface file are categorized per payroll, which is defined by the payroll period ending date and the check date. There are 3 options for interfacing the PR/GL Interface file with the SouthWare General Ledger system:

1. **No interface** - if you do not use SouthWare's GL. The entries will still be posted to the PR/GL Interface file, where they will remain until you choose to purge them.
2. **Periodic Interface** - if you want to only update your GL system "periodically," typically once a month, but it's at your discretion. For this option there's a process in the PR Periodic Processing that prompts you to post the PR/GL Interface file.
3. **Automatic interface** - if you want to update your GL system each time you post any transactions or process any checks. This option still posts to the PR/GL Interface file but then automatically posts the file to the GL system.

**NOTE:** No accounting data sent to General Ledger is reflected in General Ledger until it is posted via the G/L Transaction Post process (GL-01-03).

The following table gives a list of different account numbers and the source of where that account number is set up:

<b>ACCOUNT</b>	<b>SOURCE</b>
Cash	Control Record
Employer Expense	Deduction Code State/Local Record
FICA Withheld	Deduction Code
FICA Liability (employer)	Deduction Code
FICA Expense (employer)	Deduction Code
FUI Liability	Deduction Code
FUI Expense (employer)	Deduction Code
Fed Inc Tax W/H	Deduction Code
State Inc Tax W/H	State Record
SUI Tax W/H	State Record
SUI Liability (employer)	State Record
SUI Expense (employer)	State Record
Local Inc Tax W/H	Local Record
Deduction W/H	Deduction Code
Earning Expense	Employee Record Salary Distribution Earning Code (for other)
Employer Expense Liability	Deduction Code

*Table 1*

## **Cash Flow Interface**

If you use SouthWare's Cash Flow application, any cash accounts set up in Cash Flow will be affected when you post the PR/GL Interface file. There is not any set up or questions in Payroll indicating that you use or do not use SouthWare's Cash Flow.

## **Job Cost Interface**

If you use SouthWare's Job Cost application, any hours entered into the PR product, that are given a Job ID, will post as costs to the Job Cost product. You may also use SouthWare PR Time Entry sub-system to enter the Job Related Hours in. You will also have the option to automatically calculate labor burden amounts (costs) for your payrolls if you set up Job Cost to do so.

## **Service Order Interface**

If you use SouthWare's Service Order application, any hours entered into the PR Time Entry sub-system, that are given a SO # and the employee has a valid Service Technician ID, will post as a line item to the service order.



*Answer Lesson 1 test questions before going to the next Lesson.*

## LESSON 2: Overview of Set Up

### ***Learning Objectives:***

- ✓ To be familiar with the set-up menus
- ✓ Understand the basic steps to set up Payroll

### ***Set Up Menus***

Payroll has a special "Installation and Set Up" menu to guide you through the steps of building your data files. The sub-menus in this section are arranged in the sequence you should set up your files. It is important that you perform the set up in the order they appear, since each step depends on the previous one. Once the initial installation is done, you may also access the files from the "File Maintenance" menus. You access the same programs as you did in the install process, but the programs are arranged differently on the menu screens based on the most frequently accessed to the least frequently accessed.



*Please read section PR-07 of the Payroll Manual before proceeding.  
These pages are concerned with general procedures for file maintenance.*

### ***The basic steps to set up PR***

**NOTE:** Section PR-08 of the Payroll Manual refer to special limitations and set-up procedures that have been developed based on past history of questions to SouthWare Support. Please refer to this section for special accounting situations (such as, Vacation, Sick, and Holiday pay, 401-K plan set up, Direct Deposit, Garnishments, Taxable Fringe Benefits, and Tips).



*Please read Section PR-08 of the Payroll Manual before proceeding.*

## Set Up Account Structure and Periods (PR-08-01)

If you don't plan to interface with SouthWare's General Ledger, there are a few G/L files that are required to be set up. You must begin with a chart of General Ledger accounts (Assets, Liabilities, Revenue, Expense, etc.). You are only required to set up account numbers that might be used in a transaction. You must also define your accounting periods. Usually accounting periods correspond with the months of the year, but with SouthWare's accounting system you are not limited to this structure.

In setting up your chart of accounts SouthWare offers an automatic set-up option by asking if you want to use a standard chart of accounts. This option will create a complete chart of accounts, including all account types. If you choose not to use SouthWare's standard chart of accounts, you must set-up (key-in) each account you will need in your payroll processing.

### \*\*\*\*\* ATTENTION \*\*\*\*\*

This will start the first lesson where we will be using the computer. When you see the  symbol the next action will be taken at a computer terminal. When you see the  symbol you will need to be prepared to follow the instructions listed after the symbol at the keyboard. When you see **<CR>**, this means to use the **<enter>** or **carriage return** key. This manual is written using menu short cuts (type in the menu reference number and then a **<CR>**). Please refer to the SwiftMate manual for alternate procedures of accessing the menus and an explanation of the different menu modes. Any questions you will be asked by the system will be in ***bold italics*** and any keystrokes you need to enter will be in **bold**. If any help screens appear (a box of information about a program or field will display in the middle of the screen) read the screen and then enter **<CR>(s)** to get into the program.



For this lesson we need to set up files from scratch using the operator we created for the PR company ID. We will be setting up a Mini-GL. For complete procedures of setting up a fully functioning GL please refer to the General Ledger Self-Study Guide or the General Ledger Manual.



Log in as the new operator and type in **PR-08** and then **<CR>** (Payroll Installation and Set Up) from the main menu. The system will create several files for the new company ID you created earlier.

-  Select option number 1 or **PR-08-01** and then **<CR>** to Set up G/L Info (if needed). We are doing this since we are setting up a Mini-GL.
-  Type in number 1 again or **PR-08-01-01** and then **<CR>** to get to Set Up Account Structure and Periods.
-  You will see a copyright screen; read this carefully and then press **<enter>** or **<CR>** to continue. You will see a screen explaining this process again. Press **<enter>** or **<CR>** to continue. Next you will be asked "**Continue with Non-G/L Users Version of Control Record?**". Answer this with a "Y" and press **<CR>**.
-  Next you will be asked "**Do you want to use a standard chart of accounts?**". Answer this with a "Y" and press **<CR>**. As you can see, our General Ledger Control File maintenance program (whether Mini-GL or full GL) will set up a standard 4-3 (4 digit Code, 3 digit Department) or a 6-4 (6 digit Code, 4 digit Department) account structure. Any other structure you choose will require you to enter all of the account numbers and their descriptions directly into the account file. Enter a "1" here for 4-3 structure. See the General Ledger Manual and Self-Study Guide for explanation of the account structure.
-  You will then be asked several questions. For our lesson we are going to have 2 departments. Enter a "2" and **<CR>**. For separate BALANCE SHEET for each department, answer "N". Answer "C" for corporation "Y" for "COST OF GOODS SOLD". At the "**Any change?**" question hit the **<CR>** for no.
-  Next you are asked to set-up your accounting periods. Use **XXXX** (where xxxx is the current year and **<CR>**). Enter **0101XX** for the Start Date and **0131XX** for the End Date where XX is the 2 digit current year id. Now you will be asked if you want to "**Default remaining months?**". Answer this question by entering a **<CR>** to accept yes as the default answer. The system will take a few seconds (depending on your machine's speed) to create the account file (with account numbers already set up) and a GL Control file.
-  The next screen to display will be a "Non-GL User Control Maint" screen. The cursor will be at the bottom of the screen at "**Enter Change Number:**", enter **<CR>** here. **<F8>** once or type **PR-08** to return to the Installation and Set Up menu.

PR-08-01-01 SouthWare Excellence Series (PR) PR Self-Study Guide

File Edit Approx Search Next Previous Enter Options Breakout Link Help

Non-GL User Control Maint (PR)

1.+Account Structure	XXXX-XX	
2. Next Transaction #	1	
3. Add Budgets w/Accts?	N	Enter Inc Stmt Accts as P
4. Add Compares w/Accts?	N	Enter Inc Stmt Accts as P
5. User Entity Type 1		
6. User Entity Type 2		
7.+Detail Posting to G/L?		
8.+Account Type Ranges		
9.+Periods - Current Year	2012	(12 periods)
10.+Periods - Next Year	2013	(12 periods)
11.+Periods - Last Year	2011	(12 periods)
12.+Periods - 2 Years Ago	2010	(12 periods)
13.+Periods - 3 Years Ago	2009	(12 periods)
14.+Periods - 4 Years Ago	2008	(12 periods)
15.+Periods - 5 Years Ago	2007	(12 periods)

OK Cancel # to change

You've now set up a Mini-GL, Congratulations !!!

### ***The Payroll Control Record (PR-08-02)***

In the Control Record you define some of the system-wide features; therefore, it is very important that you set it up carefully and properly.

The Control Record requires you to answer questions about the optional features of the SouthWare Payroll system. The answers you give here will be used by the system to determine what information you want to keep and they will help the system ask you only questions that are appropriate.

Under normal circumstances you will only set up the Control Record once but there are several optional user features that are controlled from the Control Record that can be maintained at your discretion.

*More on Payroll Control Record in **LESSON 4.***

## ***Set Up of Tax Tables (PR-08-03 & PR-08-04)***

NOTE: SouthWare does not provide Tax Tables for Federal, State or Local reporting. We will assist in the set up of these files, but ask that an attempt is made at setting up the file and testing of that set up be done before calling SouthWare. Tax table assistance is done on a "As time permits" basis. Since these changes are usually at year-end, the response time may be slow due to this being the busiest time of the year. If SouthWare or SouthWare Re-sellers set up tax tables for a customer, a stipulation should always be made that the customer should run a sample test on the files before processing payroll checks with the tables and should be checked by that company's accountant. SouthWare does not provide Tax Accounting help, you should refer these type questions to a Tax Accountant. You may also use the Demo files for examples of Federal, State and Local tax table set up.

### **Federal Tax Tables**

This option is used to set up the current federal, state (if applicable) and local (if applicable) withholding tax rates for each marital status. The information to be entered for the federal records should be taken from the current Circular E (Employers' Tax Guide) using the percentage method, annual table. SouthWare does not provide the Circular E or Tax Tables.

*More on Federal Tax Tables in **LESSON 5.***

### **State/Local Tax Tables**

This option is used to set up the current state and local withholding tax rates that apply to your employees. You must set up a tax record for each state even if no state income tax applies. If applicable, you must set up a local tax record for each local taxing authority to which your employees are subject. There are two methods of calculating state/local taxes:

1. based on exemptions or
2. based on a percentage of federal tax withholding.

You would also set up in this file if your state has a reciprocal SUI agreement with bordering states. SouthWare conforms to federal guidelines for the set up of State/Local tax tables. If your state has special non-standard ways for handling state income tax or SUI tax, a special write-up may be available from SouthWare.

*More on State/Local Tax Tables in **LESSON 5.***

## Deduction/Earning Codes

This option is used to set up information about each earning, deduction and employee expense you use in your payroll. There are several reserved codes set up by SouthWare upon entry to this maintenance program the first time.

*More on Deduction/Earning Codes in **LESSON 6**.*



*Answer the questions for Lesson 2 before going to the next Lesson.*

## LESSON 3: Payroll Accounting

### Learning Objectives:

- ✓ Understand the basic account numbers associated and needed with Payroll
- ✓ Understand the accounts used and the places to set up account numbers for specific types of Payroll related accounting issues (Payroll Accounting)

### Basic Account Numbers for Payroll

The following is a summary of the basic account numbers needed by SouthWare's Payroll:

ACCOUNT TITLE	HOW MANY NEEDED	DEBIT/ CREDIT
<b>Per Company-ID:</b>		
Cash	One	Credit
Employer expenses	One per cost center*	Debit
FICA Withheld	One	Credit
FICA Liability (employer)	One (may be same as withheld)	Credit
FICA Expense (employer)	One per cost center*	Debit
FUI Liability	One	Credit
FUI Expense (employer)	One per cost center*	Debit
Fed. Inc. Tax Withheld	One	Credit
<b>Per State:</b>		
State Inc. Tax Withheld	One	Credit
SUI Tax Withheld	One, if applicable	Credit
SUI Liability (employer)	One, if applicable	Credit
SUI Expense (employer)	One per cost center*, if applicable	Debit
<b>Per Local Taxing Authority:</b>		
Local Inc. Tax Withheld	One	Credit
<b>Per deduction (except non-cash deductions):</b>		
Withholding account	One	Credit
<b>Per type of earning (except non-cash earnings):</b>		
Expense account	One per cost center*	Debit
<b>Per employer expense (or non-taxable fringe benefit):</b>		
Liability acct (employer)	One	Credit

- \* Cost center refers to one, two or three account parts that should receive the exact direct labor or labor burden expenses incurred at that cost center. This is an optional feature. Refer to Section PR-08-01-02 of the Payroll manual for a clearer explanation of this feature.

## **Payroll Accounting**

### **Liabilities and Net Cash**

Table 2 shows the list of accounts needed in payroll, all the deductions, employee tax liabilities and the reduction of cash are charged to one general ledger account each. These account numbers are referenced in the Payroll Control Record, the State/Local Tax Records, and the Deduction Codes File.

### **System-defined Earnings**

A default earnings expense account number is defined in the Employee Record, and this account number will be the default for any exception for a system-defined pay type (codes 00 through 06). If Salary Distribution is used, these account numbers override the one default for salary or regular pay (codes 00 and 01). This is accomplished through the automatic generation of exceptions which is part of the Define a New Payroll process.

### **User-defined Earnings**

Any other earnings are assigned an account number each in the Deduction Codes File. When a Recurring Record is generated for an earning, the program will optionally replace the cost center(s) portion(s) of this account number. The replacement part(s) will be taken from the employee's one default account number in the Employee Record. The option to do this replacement is defined in the Payroll Control Record; the fields are named DIST EXP PART 1, 2 and 3. If one or two account parts are named here as cost centers, then these account parts are extracted from this default account number and replace the part(s) actually keyed into the Deduction Codes record.

### **Exceptions Entry**

An exception entry can override any account number, and multiple exceptions can be done for a single pay type, so that the proper accounting can be done.

## Employer Expenses

The expense account numbers for the employer's portion of payroll taxes are defined in the Deduction Codes and State/Local Tax records. The appropriate expense and liability accounts for any other employer expenses are defined in the Deduction Codes File. When these expenses are generated, the program will optionally prorate all these expenses for an employee among the cost center(s) used for the employee's earnings for this payroll. The option to do this replacement is defined in the Payroll Control Record; the fields are named DIST EXP PART 1, 2 and 3. If one, two or three account parts are named as cost centers, the program will prorate the employer expense among each cost center combination, according to the earnings for that cost center combination. For example, if an employee works in Department 100 for a total pay of \$100 and Department 200 for a total pay of \$400, then one-fifth of the employer expense on behalf of that employee will be charged to department 100, while the remaining four-fifths will be charged to department 200. If no account parts are named as DIST EXP PART, then no proration will occur, the entire expense will be charged to the expense account number defined in the Deduction Code Record.

## Multiple Cash Accounts

Manual general ledger journal entries will be needed in order to reconcile the out-of-balance condition that will result when multiple cost centers apply, since only one distribution to cash will be done per payroll calculation. You may use the recap totals provided on the general ledger distribution reports for the proper amount of payable/receivables between cost centers.

## Invalid Account Numbers

If one, two or three account parts are specified in the Payroll Control Record as DIST EXP PART(s), the system will be "making up" account numbers for expenses, according to the explanation previously in **Employer Expenses**. If you fail to set up an account number for a particular code/cost center combination, the payroll calculation will not give a warning. There are two general ledger distribution reports (one from calculation and PR-05-01) that will indicate an invalid account, but once the payroll has been posted (checks are printed), the only correction for this is to 1) add the account number to your chart of account, or 2) go ahead and post to the G/L Journal Transaction File, then use the G/L Journal Entry and Edit program (GL-01-01) to correct the account number.



*Answer Lesson 3 questions before going to the next Lesson.*

## LESSON 4: The Control File

### ***Learning Objectives:***

- ✓ Understand the basic purpose of the Control Record
- ✓ Understand the system-wide options contained in the Control Record

### ***Basic purpose of the Control Record***

The Control Record allows you to configure some system-wide options available in Payroll. By setting these options, you are determining your preference (such as check printing options), defining features that need to apply consistently to all operators (such as Cash Account number, OASDI and Medicare rates and limits, FUI rates and limits), and helping the system know which features to ignore (such as Check Reconciliation, Tips reporting, Accrual Accounting, Expense Distribution Parts and NPC Direct Deposits).

### ***Control Record Options***

As stated in Lesson 2, the questions in the PR Control Record maintain many SouthWare PR features. This lesson will emphasize the basic types of options you may set up.



*Please read Section PR-08-02 of the Payroll Manual for a detailed description of each field.*

### ***Options to Note:***

- Reset Dates - These fields (1 - 3) are checked against the check date each time you "Define a New Payroll" to warn you if you should do a clearing process before continuing. These dates are used to determine when the amounts they are accumulating should be reset to zero (fiscal year, quarter, or calendar year).
- G/L Update Options - Here (field 4) you indicate how you will interface your PR checks to the General Ledger. An "N" indicates you don't use SouthWare's General Ledger, "P" indicates that you use SouthWare's General Ledger and that you want to update or send entries on your own periodic basis, an "A" indicates that you use SouthWare's General Ledger and that you want to update or send entries immediately to GL as a part of the Payroll update process. You also have the option

to choose to post checks to GL based on the date the check is written or based on the ending date of the payroll period.

- Check Print Options - You may indicate multiple options (field 11) concerned with printing checks. You are allowed to enter the sequence to print checks in, several options about how to print the check form itself (plain check stub, company name, if printing to a laser printer, if you are using a SYNOPSIS laser cartridge (special adapter to SouthWare), and if you have a repeat stub if you are printing to a laser printer), and several options about printing employee information (employee regular pay rate, other earning hours, other deductions ytd, and different leave hour information).
- Tax related rates and limits - Fields 18 - 23 relate to tax related information. You set up the FICA and MEDICARE rates and limits, FUI rates and limits, and Federal Withholding Tax exemption. These amounts are set up in the Control File because they pertain to every employee.
- NPC Direct Deposits - If you indicate (with a "Y") in field 26 that you do use NPC Deposits, you will be asked to enter information that NPC requires to know before a transmittal can be made for Direct Deposits. This feature allows SouthWare to output a transmittal file and then send that file to NPC Corporation where they move the money from the employer's bank account to the employee's bank account.
- Other feature related fields - the remaining fields are feature driven. You must answer questions such as Check Reconciliation (field 5), Keep Check History (field 6), Keep Labor Distr. (field 7), Mult Exception Files (field 12) and Accrual Accounting with a "Y" or "N" to indicate if you want to invoke these features. You also may answer other questions that will not only turn on the features but contain the default value for those features (such as Retirement Ded Code (field 9), Multipliers (OT, SP) (field 10), Wkly Net after Garn (field 16), and Expense Distribution Parts (field 25)).



It's time to go back to the computer. We are going to set up the Payroll Control Record. We'll be using the 2012 Tax information. The information entered into the PR Control Record has been taken from the 2012 Circular E.



From the **PR-08** menu, type in option #2 (**PR-08-02**). You will see the familiar copyright screen for the Payroll Control Record. You may press **<CR>** when you have completed reading the screen. From the Select Setup Template box, choose 'Skip' – Don't use template – enter ALL fields and click **OK**.



Enter **123112** for the Fiscal Reset Date (field #1).

Enter **093012** for the Quarter Reset Date (field #2).  
Enter **123112** for the Year Reset Date (field #3).



Next we enter our GL update options. Since we are not interfacing with SouthWare's General Ledger we will answer "**G/L Update Option**" with "**N**" for <N>o update. The next question is "**Posting Date to Use**". This question deals with selecting a date to be used for posting to the Payroll transactions to General Ledger (if using GL) or for attaching a G/L date to the transaction to be used in other software if not using SouthWare's General Ledger. Let's enter "**C**" for check date. This is an accounting issue that the accountant for the company that this Control Record is being set up for should decide.



Enter "**N**" for Check Reconciliation (field 5).  
Enter "**Y**" for Keep Check History (field 6).  
Enter "**N**" for Keep Labor Dist. (field 7).  
Enter "**N**" for Use Tips Earnings (field 8).  
<CR> at Retirement Ded Code (field 9).  
Enter <CR><CR> to accept the defaults for the OT and SP multipliers (field 10).



We will next choose our check printing options.  
<CR> at the Sequence of Checks to take the default of Employee Number sequence.  
Enter a "**Y**" at the Plain Check Stub question.  
Enter a "**Y**" at the Print Emp Address question.  
Enter a "**Y**" at the Print Emp Soc Sec # question.  
Enter a "**N**" at the Name Reversal question.  
Enter a "**Y**" at the Print company name question.  
Enter a "**Y**" at the Print regular rate question.  
Enter a "**Y**" at the Print other earning hours question.  
Enter a "**N**" at the Print other deductions ytd question.  
Enter a "**Y**" for both of the Vacation Taken/Avail questions.  
Enter a "**Y**" for both of the Sick Taken/Avail questions.  
Enter a "**Y**" for both of the Holiday Taken/Avail questions.

You must enter the Laser printer question according to the kind of printer you are using for this exercise. The repeat stub question pertains to whether your checks have a copy of the stub after the check when you are using laser checks (8 ½ by 11 inch forms). If you choose to do this you will get a check stub, check face, check stub (duplicate copy of the stub printed previously).



For the **Multi Exception Files** question answer with an "N". This means we will not keep multiple exception files on the system to be used over and over again. However, the last exception file can be called up and used again. (More on this later). The next two fields (13 & 14) will be skipped since we are not interfacing to SouthWare's General Ledger.



Field 15 allows you to enter in the value of your employee numbers. For this lesson, enter an "N" for numeric and then a <CR>. Enter a <Y>, then <CR> at the Assign? question to allow the system to assign employee numbers. Enter a <CR> at the Last question for a value of "0".



Enter a <CR> at the **Weekly Net after Garnishments** question. We will not be entering any employees that have garnishments against their pay in our exercises.



Field 17 Cash Acct—Enter 1020-010. Answer "NO" to Multi-cash Accounts.

All of the fields we've entered so far should not change each year (except for the automatic reset of Dates (fields 1 - 3)). These fields should only be changed as you change the features of the software that you choose to turn on and off. Fields 18 through 23 have the possibility of changing on a yearly basis.



To enter the OASDI and Medicare taxable percentages and limits we will enter the following.

Enter **6.2** and then <CR> for Employee OASDI (field 18, first field).

Enter **1.45** and then <CR> for Employee Medicare (field 18, second field).

Enter **6.2** and then <CR> for Employer OASDI (field 19, first field).

Enter **1.45** and then <CR> for Employer Medicare (field 19, second field).

Enter **68400** for the Max FICA wages for OASDI (field 20, first field).

Enter **999999.99** for the Max FICA wages for Medicare (field 20, second field).



The next two fields (21 & 22) deal with the FUI (Federal Unemployment Taxes) that employers have to pay. The tax calculated from this percent will be a liability to the company paying the employees and will not affect the employees check amount. Because these amounts are subject to change each year, These

amounts are for sample exercises only. Enter the Fed Unemp % as **.8** in field 21. If there is a limit that only the first \$7,000 of an employee's wages are subject to taxation for the employer, ENTER **7000** in field 22.



Enter **2650** for the amount of Fed Exemption (field 23).

**<CR>** at field 24 for EIC code, we will not be setting up EIC codes and tables for this exercise.

**<CR>** at field 25, Exp Dist Parts, we will not be distributing general ledger entries to multiple departments.

**<CR>** at field 26 for No for NPC Direct Deposits.

**<CR>** at field 27 and through all the fields for Non-resident Aliens? We will not be setting this up for this exercise. When needed the percentages are located in the current Circular E.

**<CR>** at field 28, Create A/P Invoices? We will not be using this feature in this exercise. If set to yes, AP Invoice/Credit Memo Transactions will be generated from Payroll deductions. This can be generated for PR taxes (10a-15), employer expenses (40-5z), or Deductions (60-zz).



At **Enter Change Number:** enter a **<CR>** to end. This will bring up a box to enter in Tax Code Account numbers. **This box will only pop up the first time you enter the control record.** The information is used to create Deduction/Earning codes for the tax deductions.



Use the **<F3>** lookup to enter the following account numbers.

Enter **2220-010** for FED Withholding Acct #.

Enter **2260-010** for FICA Withholding Acct #.

Enter **2260-010** for FICA Liability Acct #.

Enter **6060-010** for FICA Expense Acct #.

Enter **2250-010** for FUI Liability Acct #.

Enter **6070-010** for FUI Expense Acct #.

At the **Any change to these account numbers?** question, enter **"N"**.

Great, you've set up the Payroll Control Record. Are we having fun yet?

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File Edit Approx Search Next Previous Enter Options Breakout Link Help

Payroll Control File Maintenance

1. Fiscal Reset Date	12/31/12		
2. Quarter Reset Date	09/30/12		
3. Year Reset Date	12/31/12		
4.+G/L Options	No Update		
5. Check Reconciliation?	<input type="checkbox"/>		
6. Keep Check History?	<input checked="" type="checkbox"/>		
7. Keep Labor Dist.?	<input type="checkbox"/>		
8. Use Tips Earnings?	<input type="checkbox"/>		
9.+Retirement Ded Codes			
10. Multipliers(OT,SP)	1.50	2.00	
11.+Check Print Options			
12. Multi Exception Files?	<input checked="" type="checkbox"/>		
13. Accrual Accounting?	N	None	
14. Accrual Acct#	Not appl		
15. Emp#	N	Assign?	Y Last 0
16. Wkly Net after Garn		.00	
17. Cash Acct#	1020-010	Cash in Bank	
Multi? <input type="checkbox"/> N			

  

** FICA Info**	SOC SEC	MEDICARE
18. Employee FICA %	6.20 %	1.45 %
19. Employer FICA %	6.20 %	1.45 %
20. Max FICA Wages	68400.00	9999999.00
***FUTA Info***		
21. Fed Unemp %	.80 %	
22. Fed Unemp Max	7000.00	
***FWT Info***		
23. Fed Exemption	2650.00	
24. E.I.C. Code		
Federal Tax #	00 0000000	
25.+Exp Dist Parts		
26.+NPC Direct Deposits?		<input type="checkbox"/>
27.+Non-resident Aliens?		<input type="checkbox"/>
28.+Create A/P Invoices?		<input type="checkbox"/>

OK Cancel # to change



Answer the questions for lesson 4 before going to the next Lesson.

## LESSON 5: The Tax Files

### ***Learning Objectives:***

- ✓ Understand the basic purpose of the Tax Files
- ✓ Understand the options contained in the Tax Files

### ***Basic purpose of the Tax Files***

SouthWare allows you to set up tax tables for Federal, State and Local tax withholding.

Federal Tax Tables - PR-07-06 and PR-08-03 let you set up and update your Federal Tax Table to be used in calculating your federal tax withholding. The values to enter in the tax table come from the Circular E (Employers' Tax Guide) in the percentage method of withholding section in the annual table. You will find the wages, tax amounts, and tax percentages for the married and single tax classifications. You may also enter and Earned Income Credit Table needed to calculate the credit, if your control record indicates a code for Earned Income Credit. You access this set up by pressing <F4> from the federal tax record.

State/Local Tax Tables - PR-07-07 and PR-08-04 let you set up and update your State and Local Tax Tables to be used in calculating your state and local tax withholding. You must have a current tax record for each valid state, locality and marital status combination needed by your company. Even if an employee's tax withholding is zero because of exemptions, you must set up a tax record for that employee's combination. A tax table must be set up for each taxing authority in which you withhold amounts from your employee's checks or report earnings to.

### ***Options in Tax Files***

#### **Federal Tax Tables**



*Please read Section PR-07-06 of the Payroll Manual for a detailed description of each field in the Federal Tax File.*

## Options to Note:

- Marital Status - (**S**)ingle, (**M**)arried or (**H**)ead of household must be entered to identify the particular set of rates you are processing. This will correspond to Marital statuses listed in each employee record.
- Tax Levels and Percents - You may enter up to 15 levels of tax. The tax levels each have a maximum wages taxable and a percent for this level. The last tax level for a marital status must have maximum taxable wages of 999,999.99. The entry of this will cause the remaining tax levels to be automatically skipped during set up.

**NOTE:** The MINIMUM TAX is assumed to be calculated from the previous levels' wages and tax percentages. To confirm your entries, you may print a Control Record Listing, which will calculate and print the minimum tax at each level.

- Earned Income Credit Tables - If you defined an Earned Income Credit deduction code in the control record you may press <F4> when you have a federal tax record displayed. This will access the Earned Income Credit Tables that you may fill in with the information needed to calculate the credit. You will enter in the following information for each marital status that you will process EIC credits for: 1) Marital status, 2) Maximum Gross Pay, 3) Maximum EIC Amount, 4) Schedule to be keyed in (this is taken directly from the EIC information provided by the federal government and the layout is the same for ease of entry).



Now it's time to set up a Federal Tax Table.



You should still be at the **PR-08** menu (Installations and Set Up). Go to option #3 **PR-08-03** to set up the Federal Tax Tables. For each payroll system you will need to have a record in this file for each Marital Status (**M**arried, **S**ingle or **H**ead of Household). We will set up the Married Table and then you'll be on your own to set up the Single Table (see sample tax table on next pages)



We will enter in Annual Percentage Method Withholding Tables.

Enter a "**M**" for Marital Status.

Enter **6450**, then <**CR**> for the first level Annualized Wages (Ann Wage) (field 2, first field).

Enter a <**CR**> to accept the default of 0% for level 1 (field 2, second field).

Enter **46750**, then <**CR**> for the second level Ann Wage (field 3, first field).

Enter **15**, then <**CR**> for the % for level 2 (field 3, second field).

Enter **96450**, then <**CR**> for the third level Ann Wage (field 4, first field).

Enter **28**, then **<CR>** for the % for level 3 (field 4, second field).  
 Enter **160350**, then **<CR>** for the fourth level Ann Wage (field 5, first field).  
 Enter **31**, then **<CR>** for the % for level 4 (field 5, second field).  
 Enter **282850**, then **<CR>** for the fifth level Ann Wage (field 6, first field).  
 Enter **36**, then **<CR>** for the % for level 5 (field 6, second field).  
 Enter **999999.99**, then **<CR>** for the sixth and last level Ann Wage (field 7, first field).  
 Enter **39.6**, then **<CR>** for the % for level 6 (field 7, second field).  
 Once the **<CR>** has been done for Level 6, because the wages are all 9's, the remaining fields will fill in with **Not Applicable**.

**<CR>** at the **Enter Change Number:** field.

\*1. Marital Status

	Annualized Wages	Tax Pct
2. Level 1	6450.00	.0000%
3. Level 2	46750.00	15.0000%
4. Level 3	96450.00	28.0000%
5. Level 4	160350.00	31.0000%
6. Level 5	282850.00	36.0000%
7. Level 6	999999.99	39.6000%
8. Level 7	Not appl	
9. Level 8	Not appl	
10. Level 9	Not appl	
11. Level 10	Not appl	
12. Level 11	Not appl	
13. Level 12	Not appl	
14. Level 13	Not appl	
15. Level 14	Not appl	
16. Level 15	Not appl	

# to change

 Now it's your turn. Enter in a Single Federal Tax Table using the Table below . Good Luck!!!! (Use the Married table we set up and compare to the Table below to help set up the Single table).

## TABLE 7-ANNUAL Payroll Period

### FEDERAL TAX RECORDS

MARITAL STATUS	M		MIN TAX	PCT
ANNUAL WAGES				
LEVEL	1	6450.00	.00	.0000%
LEVEL	2	46750.00	6045.00	15.0000%
LEVEL	3	96450.00	19961.00	28.0000%
LEVEL	4	160350.00	39770.00	31.0000%
LEVEL	5	282850.00	83870.00	36.0000%
LEVEL	6	9999999.99		39.6000%

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MARITAL STATUS	S		MIN TAX	PCT
ANNUAL WAGES				
LEVEL	1	2650.00	.00	.0000%
LEVEL	2	26900.00	3637.50	15.0000%
LEVEL	3	57450.00	12191.50	28.0000%
LEVEL	4	129650.00	34573.50	31.0000%
LEVEL	5	280000.00	88699.50	36.0000%
LEVEL	6	9999999.99		39.6000%

### State/Local Tax Tables



*Please read Section PR-07-07 of the Payroll Manual for a detailed description of each field in the State/Local Tax Files.*

You must have a current tax record for each valid state, locality, and marital status combination needed by your company. There is a header screen and a Tax Table screen for each combination.

Options to Note:

- **State and Locality ID** - each combination must have a unique state/locality ID. These are the first two fields in the file. You may have a single record for your state or multiple records if you have multiple taxing authorities within your state for your employees.

- State and Locality Names - enter in fields 3 and 4 the name of the state or locality that you want printed on the W-2's and reports.
- State/Locality and SUI ID Numbers - field 5 contains the number assigned by your state for your company (employer) for tax purposes, you may also enter an employer state SUI ID number (to be printed on Quarterly State Tax report).
- Tax Withholding Account Number - GL account number for state or local withholdings.
- Is Tax a Percent of Fed Withholding Tax? - if tax for this locality is a percent of the federal tax withheld enter yes and the percent is defined in the Employee record.
- Employee and Employer SUI - fields 8 - 24 pertain to the state record. You can indicate if employee, employer or neither pay SUI. You may enter up to 5 tax levels and percentages for SUI withholding. If SUI is either withheld from the employee or paid by the employer, you will enter GL account number(s) to record the entries related to SUI. You may indicate up to 15 states that have a reciprocal SUI agreement with the state this record is being set up for.
- Tax Table - you may access a tax table screen (<enter> during initial set up or <F4> during change of a record). This screen allows you to enter a low income exemption, percentage exemptions for FICA and FWT (Federal income tax), personal and dependent exemptions, up to 15 tax levels and rates and if there are any tax credits you may enter in the applicable fields 31 through 33.



Now it's time to set up a State/Local Tax Table. I'm sure everyone wants to set up a table for their state, but we are going to set up a generic state table. Guess which state we're going to set up the table for.... Alabama. **DO NOT USE THIS TABLE FOR ALABAMA**, we are not verifying that it will be correct for Alabama. We will set this table up for example purposes only.



After setting up the federal tax table, you should have exited to the **PR-08** screen. Go to **PR-08-04** or select #4. Enter **AL** then **<CR>** for the State ID. **<CR>** at the locality field. We won't be setting up a locality tax table for our example.



Enter **Alabama** then **<CR>** for the State Name (field 3).  
 Enter **123456789** then **<CR>** for the State/Loc ID Number (field 5, first field).  
 Enter **987654321** then **<CR>** for the SUI ID Number (field 5, second field).  
 These fields are numbers that are assigned to the employer by the state. Ours are made up.



Use the **<F3>** lookup to enter the Tax W/H account number. Use account number **2230-010**.

**<CR>** at the ***Is Tax a Pct of FWT?*** question to accept the default answer of no.  
**<CR>** at the **Special Method** box to accept the default answer of no.



We will next indicate who will pay State Unemployment Insurance (SUI) Taxes, if any. In Alabama, only the employer is required to pay the SUI Tax. These rates vary from one company to another based on how many unemployment claims the employer has had filed against them in the past. We are going to assume that our company has the lowest possible in Alabama (because we are great employers). We will use .14% for this exercise.

Enter "N" then **<CR>** for no for the Employee-Paid SUI? question (field 8). Fields 9 through 15 will be filled in with ***Not Applicable***.

At field 16, ***Employer-Paid SUI?*** enter a "Y" then **<CR>** for yes. After answering Yes for Employer-Paid SUI, a supplemental pop-up box will display where you can enter up to 15 different Reciprocal SUI States. We will **<F8>** to skip the fields since for our example we will not have any Reciprocal SUI States. Reciprocal SUI states are usually states that are in close proximity of each other where the two states have agreed not to tax for SUI where you have employees working or living in a state other than where you do business. The companies accountant should be able to tell you whether your state has a Reciprocal SUI State Tax Agreement with other states.



At field 17, first field enter **8000** then **<CR>** for the Annualized Wages amount.

At field 17, second field enter **.14** then **<CR>** for the Tax %.

At field 18, first field enter **9999999.99** then **<CR>** for the Annualized Wages amount.

At field 18, second field enter a **<CR>** for the Tax % for 0. Entry of the 9999999.99 will put ***Not Applicable*** in fields 19 through 21 to indicate you have entered the last level.



Use the **<F3>** lookup to enter the Employer LIAB ACCT account number (field 22).

Use account number **2240-010**.

Use the **<F3>** lookup to enter the Employer EXP ACCT account number (field 23).

Use account number **6080-010**.



Enter a **<CR>** at the **Additional FUI %** question to accept the default of 0%.

Enter **<CR>** to accept default of "N" to Round State W/H tax.

Enter **<CR>** to accept default of "N" to Minimum State W/H?

This will autopopulate the Minimum Monthly W/H question .00.

Enter a **<CR>** at the Enter Change Number: field. This will take you to a second screen of State/Local Tax Maintenance. On this screen you enter in a record for each marital status you assign your customers. We will enter a married table.



Enter a **"M"** and then a **<CR>** for field \*3. Marital Status.

Enter **State Married** then **<CR>** for the Record Description 1 (field 4).

Enter a **<CR>** to skip field 5, Record Description 2.

Enter a **<CR>** to skip field 6, Low Income Exemption.

Enter a **<CR>** to skip field 7, FICA Exempt %, a zero for the Exempt % and Limit will display.

Enter a **<CR>** to skip field 8, FWT Exempt %, a zero for the Exempt % and Limit will display.



Next we will enter exemptions for self and dependents.

Enter **9999999** then **<CR>** for ALL under the Wages column (field 9, first field).

Enter **20** then **<CR>** for the wages exempts % column (field 9, second field).

Enter a **<CR>** for a 0 minimum exemption at this level (field 9, third field).

Enter **4000** then **<CR>** for a 4000 maximum exemption at this level (field 9, fourth field).

Fields 10 through 13 will display .0000% since the maximum wage level of 9999999 was entered.

Enter **1500** then **<CR>** for the value of each personal exemption. You will enter 2 in the personal exemption field in the employee record, making the entire personal exemption for married equal to 3000.

Enter **300** then **<CR>** for the value of each dependent exemption. You will enter in the number of dependent exemptions (children, parents, etc. who are qualified dependents) into the employee file.



Now we enter in the tax wages and percents for each level for the state. Enter **1000** then **<CR>** for the level 1 Wages amount (field 16, first field).

Enter **2** then **<CR>** for the level 1 % (field 16, second field).

Enter **6000** then **<CR>** for the level 2 Wages amount (field 17, first field).

Enter **4** then **<CR>** for the level 1 % (field 17, second field).

Enter **9999999.99** then **<CR>** for the level 3 and final Wages amount (field 18, first field).

Enter **5** then **<CR>** for the level 3 % (field 18, second field).

The remaining levels will display **Not Applicable** (fields 19 through 30).



Enter a **<CR>** for field 31 answers.

Enter a **<CR>** at the Enter Change Number: question. This will take you to a blank screen (you won't have the answers, the layout is still there) and the cursor will be at the Marital Status field.

Enter **<F8>** to exit the second screen of State/Local Tax Maintenance. This will take you to a blank screen (you know what we mean) and the cursor will be at the State ID field.

Enter **<F8>** to exit the first screen of State/Local Tax Maintenance. This will take you back to the **PR-08** menu (Installation and Set Up).

Great job!!!! That was a hard one!!! If you want, try to find the information for someone to set up your state's tax tables. Good Luck!!!



*Answer the questions for lesson 5 before going to the next Lesson.*

## LESSON 6: The Deduction/Earnings Code File

### *Learning Objectives:*

- ✓ Understand the basic purpose of the Deductions/Earnings Code File
- ✓ Understand the options contained in the Deductions/Earnings Code File

### **Basic purpose of the Deductions/Earnings Code File**

This file is used to set up information about each earning, deduction, and employee expense you use in your payroll system. Each record must be assigned a unique two- or three-character code. When initially selecting this option the system will automatically create several reserved codes.

Identify all of the Deduction/Earning Codes needed for your payroll. SouthWare Payroll processes Deduction/Earning Codes in numerical sequence, so assign the codes within each range in the order of importance. When assigning codes the system will require that the codes fall within the following ranges:

	<u>Range of Codes</u>
Reserved	Below "20"
Earnings	"20" thru "3zz"
Fringe Benefits	"40" thru "5zz"
Deductions	"60" thru "zzz"

### **System-Defined Codes**

Codes below 20 are reserved for system-defined Deduction/Earning Codes. You may not set up any records with a number below 20; you may not set up a record in the recurring file for one of these codes; you may enter exceptions for these records. When exceptions are entered for these earning codes (00 through 06), the default general ledger expense account number will be obtained from the default account number in the Employee Record.

More on Recurring Deductions in **LESSON 8** and Exceptions in **LESSON 10**.



*Please read Section PR-08-05 of the Payroll Manual for a detailed description of each of the system-defined pay types.*

The system-defined codes that are created fall into several areas. Earnings (pay) codes, FICA tax related codes, Federal Unemployment (FUI) tax code, State Unemployment (SUI) tax code, Federal withholding tax code, State withholding tax code, SUI withholding code, Local withholding code, and Uncollected OASDI and Medicare tax codes. The following lists the different types of system-defined codes:

	<u>Range of Codes</u>
Earnings/Pay	"00" thru "06"
Employer Taxes (OASDI, Medicare, FUI, SUI)	"10a" thru "10d"
Fed Inc Tax Withholding	"11"
FICA Tax Withholding	"12a" and "12b"
State Withholding	"13"
State Unemployment W/H	"14"
Local Withholding	"15"
Uncollected OASDI & Medicare Taxes	"UFa" and "UFb"

## **Earnings Codes**

Any other earnings codes that you will need for your payroll system must be set up in PR-07-08. These codes must fall within "20" to "3zz". Any type of taxable fringe benefit must also be defined as an earning, but since the earning will not be in cash, a corresponding deduction must also be defined. Non-cash earnings, such as tips, must be defined for proper calculation of taxes to withhold, although the amount paid will not be included in the net pay.

## **Fringe Benefits**

An employer expense code may be defined when you wish to calculate a non-taxable fringe benefit or other tax expense so that the proper general ledger accounting may be done. These types of records will not affect an employee's pay or taxes withheld.

## **Deductions Codes**

A deductions code is needed for any type of deduction, voluntary or involuntary, whether

or not it affects the amount of net pay. Non-cash deductions can be defined when tax liability should be reduced for an employee.

## ***Options in the Deduction/Earnings Code File***



*Please read Section PR-07-08 of the Payroll Manual for a detailed description of each of the fields and options in this file.*

Options to Note:

- Method -you will have to choose a method to determine the amount of the deduction/earning. Hourly method is for codes where the amount is based on a rate times the number of hours. Amount method will allow entry of a specified amount for this code. Employee method will allow the amount to be determined based on the employee type, if employee is hourly, amount equals hours times a rate, if employee is salaried, amount must be entered. Percent method is based on a percent of gross, this type is for deductions or employer expenses only.
- Hours - if the code possibly needs hours to calculate the amount, you will be prompted to indicate which system- defined hours to include for the calculation - REG, OVT, VAC, HOL, SCK, or SPC.
- Exempt - fields 6 through 12 allow you to enter whether this code is exempt from taxes for Federal, OASDI, Medicare, FUI, State, SUI or Local. You will enter a "Y" if the code is a deduction and it should be subtracted from gross before the tax is calculated and a "Y" is if the code is an earning and this earning should not be included in gross before the tax is calculated. If you should not subtract the amount from gross before calculating the tax, enter an "N".
- Special Handling - you may enter in special handling of the codes. This allows you to enter in **Non-cash**, **Z** - take pay to zero if full amount of deduction is not available, **Direct Deposit to bank**, **Garnishment** or **blank** if no special handling.
- Account Numbers - the last two fields in this file deal with assigning account numbers to the codes for the Debit and the Credit that result from this code.



Guess who's back . It's time to enter in a Deduction/Earning Code. For our example we will enter in a deduction code to be used for the reimbursement of employee loans. Let's go.



Type in option #5 or **PR-08-05** to get to Set Up Deduction/Earnings Codes. You

should have been at the **PR-08** menu (Installation and Set Up).



At the first field (Code) enter **60** then a **<CR>** for a Deduction Code. Deduction codes fall between the ranges of "60" the "zzz".



Enter a short description of what this code is, we'll enter **Emp Loan** then a **<CR>** for our description (field 2).



Enter **Employee Loan** then **<CR>** for the long description (field 3).  
Enter a **<CR>** to accept Method of "A" for amount at field 4. This will cause the cursor to skip to field 6.



Enter in 10 **<CR>**(s) to accept the answer of "No" for fields 6 through 12 for the Exempt questions. For this example, a loan should not be subtracted from the taxable amounts before calculating tax, it is a payment to be made after the taxes are calculated.



Enter in a **<CR>** for the Include in % Deducts? question (field 13).



Enter in a **<CR>** for the Special Handling? question (field 14) to accept the default of No Special Handling.



Use the **<F3>** lookup option to find an acceptable GL account for employee loans. For this example we will use account **1210-010**. (Notes Payable). You will get a message "**Warning: Account type is NOT <CL> - Are you sure?**", respond by entering in a **Y** and then a **<CR>**. This happens because the system assumes a deduction from an employee's pay will be for a liability that has to be paid to another source (insurance, etc).



Enter a **<CR>** at the Enter Change Number: question. Then **<F8>** from the Earning/Deduction Codes maintenance program. Doing so will return you to the **PR-08** Installation and Set Up menu.

We've successfully (we hope) completed another exercise. Keep up the good work!!!



*Answer the questions for lesson 6 before going to the next Lesson.*

## LESSON 7: The Employee File

### ***Learning Objectives:***

- ✓ Understand the basic purpose of the Employee File
- ✓ Understand the options contained in the Employee File

### **Basic purpose of the Employee File**

This file is used to set up a record for each of your employees containing tax status information and other reference information. Each of your employees must be assigned a unique number (maximum of six characters or six digits) that will be used to identify them when processing payroll. Summary payroll information is maintained in each employee's record, and is available for inquiry and reporting purposes.

If you are starting to use SouthWare Payroll at some time other than the beginning of a calendar year, you must decide whether you will enter quarter-to-date and year-to-date totals for each employee. You do not need to enter these totals to process, but if you do not enter them you will not be able to use the SouthWare Payroll reports for your government reporting requirements.

If you have processed only a few payrolls since the beginning of the year, you should consider reprocessing these payrolls on the SouthWare Payroll system. This accomplishes two purposes. One purpose of these "reruns" is to use them as parallel runs so that you may compare the SouthWare Payroll results with the results from your old system. The second purpose is to create the cumulative totals you need for reporting purposes. If you prefer, enter manual checks for the payrolls you have already processed year-to-date. In either case, do not forget to clear the Quarter-To-Date Information at the proper time, if you are past the end of the quarter.

### **Understand the Options in the Employee File**



*Please read Section PR-07-01, PR-07-02, PR-07-03 of the Payroll Manual for a detailed description of each of the fields and options in this file.*

You may enter or access existing employee records in PR-07-01. Once the Employee Record has been located, you may press <F4> to access any Recurring Deductions or Other Earnings Records. Press <F5> to access the Salary Distribution Record for this employee.

More on Recurring Deductions and Salary Distributions in **LESSON 8**.

**NOTE:** The system will not allow you to delete an employee record if the employee has been paid during the current year. You must wait until W-2 information has been processed at the end of the year and year-to-date totals have been cleared before you may delete inactive employees.

There are basically 3 screens of information to be maintained for each employee. The first screen includes the basic employee information - employee number, name and address, personnel information, pay information (type of employee, hourly, salary, pay rates), tax information (federal, state and local) regarding marital status, exemptions, etc. This information is used to determine when and how much to pay someone and for calculating taxes to be withheld. The second screen of information contains the accumulated Quarter-To-Date (QTD), Year-To-Date (YTD) and Fiscal-Year-To-Date (FYTD) amounts for earnings, federal taxes, OASDI taxes, Medicare taxes FUI and other deductions. The third screen(s) contains the state and local accumulations (QTD, YTD and FYTD) for gross pay, SUI tax and local tax. There will be one screen for each combination of state/localities this employee has been paid in.

### ***Options to Note:***

#### **Employee Header**

- Fields 1 - 18 are basic employee identification fields. Fields 7 - 18 are optional.
- Fields 17 includes the number of hours the employee has accumulated for their different types of leave.
- Field 18 includes the number of hours an employee will accumulate each pay period for their different types of leave.
- Class Code (field 19) is a 4 character field that allows you to classify your different types of employees. One use of classification codes is for reporting Workman's Compensation earnings.
- Work Location (field 20) is stored in the employee file and may be used to process the payrolls in work location sequence.
- In Field 21 you indicate if the employee is Hourly or Salaried. Hourly employees' pay will be based on the number of hours the employee works times their rate per hour. Salaried employees' pay will be based on their salaried amount for the period you are paying them for. The number of hours is not a factor in how much they are paid.

- There are 6 valid pay frequencies (field 22). Pay frequencies determine how often an employee should be paid. It is very important you indicate the proper frequency, because taxes are calculated by taking an employees' pay for the current pay period and multiplying it by a number (derived from the frequency) to annualize the employee's pay. The valid frequencies are: **Weekly**, **Bi-weekly**, **Semi-monthly**, **Monthly**, **Quarterly** and **Daily**.
- Hours and Weeks per period are stored in fields 23 and 24. You need to enter the default number of hours to be paid if no exception is entered. If the employee is not guaranteed a wage for a minimum number of hours enter zero here (field 23). The default number of hours per pay period should be entered into field 24.
- Salary and Pay rates are stored in fields 25 - 29. If an employee is hourly, the salary field is skipped. If you entered OT and SP multipliers in the PR Control Record the rates for Overtime and Special Pay are automatically calculated, you may change them however.
- In field 29 you will enter the General Ledger account that the earnings expense should go to. If more than one account number is needed on a regular basis you may use Salary Distributions.

*More on Salary Distributions in **LESSON 8**.*

- Fields 31, 32 and 33 include information needed for calculating Federal, State and Local taxes. You will need to indicate for each employee the marital status, # of exemptions, exempt from paying OASDI, MEDICARE, FUI, SUI and if the cumulative method of calculating taxes should be used. Also for state and local taxing, if you indicated that the tax for that state/locality is a % of federal withholding you may indicate the %.
- Field 35 applies only if you have licensed the National Payment Corporation's Direct Deposit Transmission module.
- Field 36 allows you to enter whether the employee is subject to garnishments to be taken from their net pay and if yes, allows you to enter the minimum amount of net pay that should be available after the garnishment deduction. You may also enter in this field the SV Technician ID if this employee is a Service Management Service Technician. This information is used in the Time entry (PR-01-01-02) program to automatically update a service order when hours are entered for this employee.
- From the first screen of employee information you have several functions you can perform that are worthy of noting: 1) **<F3>** allows access to the Accumulated Earnings/Taxes (screen 2 of employee information), 2) **<F4>** allows access to the Recurring Deductions/Earnings, 3) **<F5>** allows access to the Salary Distributions and **<F6>** allows you to do a test check calculation. The **<F6>** Sample Calculation

will use the basic employee information and will let you define hours, rate, recurring frequencies to use and any tax overrides. The program then calculates the totals for the check. This is a very nice feature to check to see if an employee has been set up properly.

## Federal Accumulated Earnings/Taxes

- This screen will contain the accumulated hours and amounts of earnings (each type), and accumulated amounts for taxable gross and withheld amounts for Federal taxes, OASDI, Medicare, FUI and total other deductions. This information is used for reports and Federal reports (941 and W-2's). You should be very careful not to access and change the fields unless during initial set up or in the case you have a system problem that requires maintenance of the fields.

## State/Local Accumulated Earnings/Taxes

- The State/Local Accumulated Earnings/Taxes can be accessed from the Accumulated Earnings/Taxes screen by using the **<F6>** key. The accumulated amounts for taxable gross and withheld amounts for State, SUI, SUI-employer and Local taxes are stored on this screen.



The next thing we need to do is set up a few remaining files before we can set up the employee files. We will be setting up the Employee Classification Code File and the Employee Work Location File.



Let's set up the Employee Classification Code file first. Choose option #6 or **PR-08-06** Set Up Employee Classification Codes from the Installation and Set Up Menu.

Enter **ALL** then **<CR>** at the Class Code field (field 1).

Enter **All Emps** then **<CR>** for the Description (field 2).

Enter **<F4>** to skip the remaining fields.

**<CR>** at the Enter Change Number prompt to end the set up of Class Codes.

Enter an **<F8>** to exit the program and return to the Installation and Set Up menu **PR-08**.

That's it for the Class Code File, let's continue and set up the Work Location File.



Choose option 7 or **PR-08-07** Set Up Work Locations from the Installation and Set Up menu.

Enter **001** & **<CR>** for the Code (field 1).

Enter **Work Location 001** & **<CR>** for Description (field 2).

Enter **Loc 001** & **<CR>** for Short Description (field 3).

Enter "**Your Name**" & **<CR>** (not literally the words "your name", but the name you call yourself) at the Supervisor Name (field 4).

Enter **<CR>** for the Default Acct No, we won't be setting up an override earnings account. That account number will come from the employee file.

Enter **<CR>** at the Enter Change Number prompt. We will want to **<F8>** back to the PR-08 menu next.



Now you're ready to set up the Employee Files.  
Let's set up the Employee Records. We'll set up any necessary fields for processing.



Choose **8** or **PR-08-08** Employee File Maintenance from the Installation and Set Up menu. Enter **PR** as the operator code.



Enter an **<F4>** to assign next emp # for the Employee # (field 1).

Enter **123456789** for the Soc Sec # (field 2).

Enter **Your Name** & **<CR>** (you know the drill) for Name (field 3).

Enter **<CR>** for Location (Optional) in field 4.

Enter **100 S. Main Street** & **<CR>** for the Street Address (field 4).

Enter **Auburn** & **<CR>**; **AL** & **<CR>**; and **36830** & **<CR>** for City, ST, ZP (field 5).

Enter **334-887-1000** & **<CR>** for the phone # (field 6).



Enter an **<F4>** to skip optional information (field 7). This will skip field 7 through 18.



Use the **<F3>** lookup to choose the Class Code set up earlier (field 19).

Use the **<F3>** lookup to choose the Work Location set up earlier (field 20).



We will be setting up an hourly employee. Enter an **H** & **<CR>** to accomplish this (field 21). We will pay this employee weekly, enter a **W** & **<CR>** to do this (field 22).

At the Hrs/Period field (field 23) enter a **0** & **<CR>** so that we can enter hours by exception only.

Enter a **<CR>** for Wks/period to accept the system default (field 24).

Field 25, Salary, will be skipped since we are setting up an hourly employee.

Enter **10** & **<CR>** for the regular rate (field 26). Once the **<CR>** is entered fields 27 & 28 will be filled in with 15.000 and 20.00000. A pop-up box (field 29) will appear and we will **<CR>** once to exit this box.

Use the **<F3>** lookup to assign an earnings account # (field 30). We will use account number **6010-010**.



Let's enter the following in the fields for Federal tax info (field 31):

Enter **M** for Marital Status.

Enter **2** for exemptions.

Enter 5 **<CR>**'s to accept the defaults for the remaining fields in this box.



Let's enter the following in the fields for State tax info (field 32):

Enter **<CR>** to accept AL for the State Tax ID.

Enter **<CR>** for M at the Marital Status field.

Enter **2** for number of Personal exemptions.

Enter 5 **<CR>**'s for the remaining fields in this box.



Enter an **<F8>** in the Local Tax box (field 33).



Enter 6 **<CR>** 's in the User field box (field 34).

Enter **<CR>**'s to skip the field in the Other Info box (field 36). We won't be using garnishments for this example.

Enter a **<CR>** at the Enter Change Number prompt. Once this is done a question will ask if you want to **Enter QTD/YTD/FISCAL accumulations?** Enter a **<CR>** for no.

Let's <F8> from the Employee File Maintenance program. This takes us back to the popular and familiar PR-08 Installation and Set Up menu.

You're almost done setting up files and ready to process!!!



*Answer the questions for lesson 7 before going to the next Lesson.*

## LESSON 8: Other Employee Related Files

### *Learning Objectives:*

- ✓ Understand the basic purpose and options in the Other Employee Related Files

### *Basic purpose of the Other Employee Related Files and options in each file*

#### **Recurring Deductions/Earnings (PR-07-04 & PR-08-09)**

This file contains records for Earnings or Deductions for employees that happen on a recurring basis. You would set up a record in this file for things like insurance deductions, 401-K deductions and car allowances. You will indicate for each recurring D/E the frequency, amount, rate or percent of gross, and limit amount. The next 6 fields (10 - 15) are used to store accumulations for QTD, YTD and Fiscal YTD hours and amounts. The last field indicates the status of this D/E code. This code will be either **A**ctive, **I**nactive or **O**ne-time only. "**A**" is the automatic default when setting up a new recurring code for an employee. A code becomes inactive when you insert and "**I**" in the field or automatically by the system when a limit is reached. If a code becomes inactive by the system due to a limit, the flag will be reset if you indicated in field 9 to reset YTD. "**O**" is used when an exception is made. The system automatically creates "**O**" records if an exception is made and no record currently exists for the employee/deduction code.



*Please read Section PR-07-04 of the Payroll Manual for a detailed description of each of the fields and options in this file.*



We will set up the remaining files needed to run the Payroll system in this lesson. We'll start with the Employee Recurring Deductions/Earnings File.



Choose option **9** or **PR-08-09** from PR-08 Installation and Set Up menu. This will allow us to set up Emp Recurring Deducts/Earnings.



Use **<F3>** lookup to choose the employee we entered earlier (field 1).  
Use **<F3>** lookup to enter the Deduction Code **60** we entered earlier (field 2).  
Enter a **<CR>** at the Sequence field (field 3).



Enter **Employee Loan** for the Description (field 4).  
Enter **<CR>** for the default frequency (field 5) for this deduction code. The default is the same as the employee Pay frequency.  
Enter **25** for the recurring amount (field 6).  
Field 7 & 8 will display Not Applicable.  
Enter **500** for the limit amount (field 9) and **N** for Reset YTD?  
At field 10 you may enter **<F4>** to skip remaining fields. We will choose this option.  
Enter **<CR>** at the Enter Change Number prompt.  
**<F8>** to exit back to PR-08.

(This is the last file we will set up in order to process a Payroll.)

## Employee Salary Distributions (PR-07-05 & PR-08-10)

This program lets you maintain employee salary distribution records. A salary distribution record may be specified for either salaried or hourly employees. When you "Define a New Payroll," exception records will be generated from this record with the actual amount paid divided among the specified expense accounts. If a record is specified for an hourly employee, you will be asked to enter the number of hours earned during this pay period. Salary distributions are used when you want to charge the salary expense to multiple earnings expense codes, such as the case when you want to charge the salary expense for a Division Manager to multiple departments. You may create up to 15 different accounts to distribute the employees earnings to. The total percent distributed must be 100% before you may successfully complete the record.



*Please read Section PR-07-05 of the Payroll Manual for a detailed description of each of the fields and options in this file.*

## Payroll Operator (PR-07-02 & PR-08-12)

In this program you define one or more operator records for the operators who will be entering payroll exceptions and processing payroll. These operator records let you customize the security and defaults for each operator. You also define Time Entry options in this file. You must define at least one payroll operator.



*Please read Section PR-07-10 of the Payroll Manual for a detailed description of each of the fields and options in this file.*



*Answer the questions for lesson 8 before going to the next Lesson.*

## LESSON 9: Define a New Payroll

### ***Learning Objectives:***

- ✓ Understand the options for Defining a New Payroll

### ***Options for Defining a New Payroll***



*Please read Section PR-01-02 of the Payroll Manual for a detailed description of each of the fields and options in this file.*

### **Payroll Number**

If you answered "N" to the Multiple Exception Files question in the Control Record the payroll number will be assigned a "1" for Normal Payrolls and a "2" for Void/Manual Payrolls. If you answered "Y" to the Multiple Exception Files question you may enter a number to uniquely identify this payroll from other payrolls that you might be entering information in for. You may also press <Enter> to have the system assign the next sequence number, enter a number from a previous payroll where you saved the file to be used later or <F3>look up the number. If you choose a number that has already been posted, you will get a warning that this number has been posted and then you will have the option to enter new dates for this payroll.

### **Dates - Period End and Check**

You will need to enter a date for the last day of the current payroll period. This date is used as the cut-off for the transactions being processed. Next you will enter a Check Date. This is the date to print on the checks.

### **Pay Frequencies to match**

You will be asked to enter the Pay Frequency code(s) of the employee group(s) you wish to pay with this payroll run. The Pay Frequency is indicated in the employee's record, and designates the normal pay cycle of the employee. If you are doing a special payroll run, do not enter any pay frequencies to pay and simply enter an exception for the employees you want to pay a special amount to.

## Recurring D/E Freqs to match

Next you will need to enter the Deduction/Earning Frequency code(s) of the recurring deductions to be withheld or the recurring other earnings to be paid. The Deduction/Earning Frequency code is indicated in each recurring deduction/earning record that has been set up for employees. This code may indicate the pay cycle or may indicate a particular deduction or earning. For example, union dues might be deducted only once a year. Each employee's union dues deduction can be given unique Deduction Frequency code, such as "Q1", and thus be deducted only when that code is entered in.

## Deleting Existing Exception File

If you do not use multiple exception files you will be asked if you want to delete the current Exception file when you begin to define a payroll. If you are beginning to process a new payroll and no exceptions have yet been entered, you should answer this question with a "Y" for yes. If the payroll exceptions from the previous payroll are the same as the ones for the current payroll you may answer the question "N" for no. This allows you to save exceptions each time a payroll is run for future use when you will be running a payroll run where the exceptions will be the same or similar to the one that is the current run now.

## Generating Exceptions from Salary Distributions

After you answer the payroll frequency questions you will be asked if you want to generate exceptions from Employee Salary Distributions. This is the file that contains multiple General Ledger accounts to expense this employee's earnings to as discussed in the Employee File discussion (Lesson 7). If you specify "Y" as a prompt will remind you that any previously generated exceptions will be deleted, once you confirm with a "Y" to continue, the system will display the employee number of any employee selected for Salary Distribution. If the employee is hourly with zero default hours per period, the program will stop to allow entry of the regular hours paid this period. Default will be to the hours per period specified in the employee record.

*The exercise for this lesson are combined with the exercises for **LESSON 10**.*



*Answer the questions for lesson 9 before going to the next Lesson.*

## LESSON 10: Enter Payroll Hours and Exceptions

### *Learning Objectives:*

- ✓ Understand the purpose of exceptions
- ✓ Understand how to enter hours for a payroll

### *Purpose of exceptions*



*Please read Section PR-01-03 of the Payroll Manual for a detailed description of each of the fields and options in this file.*

Exceptions are temporary pay and deductions changes which affect only the current payroll. Exceptions are also used to record hours worked for hourly employees, and the Payroll Time Input Sheet may aid you when entering time. Normal payroll information for each employee is set up in the permanent **Employee File**. When you need to enter hours for hourly employees or make other temporary changes you enter these in the **Exception File**. Exceptions would typically be entered for such things like commission, bonuses, hours worked, or one-time charges to normal earnings or deductions.

**NOTE:** Exceptions do not have to be entered. You could print payroll checks using the information from the employee file if there were no changes for a pay period.

### **How to enter hours for a payroll**

Hours for an employee can be entered in several ways. First, you may enter a default number of hours in the employee file if that employee is paid a set number of hours each pay period. Second, if the employee is a true "hourly" employee whose hours vary from pay period to pay period, you may enter the number of hours in during exception entry. Third, you can use the new 6.1 Payroll Time Entry program. This will not be covered in this manual (due to Rev 6.1 being a newer product that everyone might not have). Please refer to the Rev 6.1 Release Notice for an explanation of how to use this new program.



Let's enter the procedures to process a payroll check run. Go to the main Payroll menu by typing **PR & <CR>**.



Enter **1** or **PR-01** for Normal Payroll Processing. We won't be using the Time Entry (PR-01-01) program, so choose option **2** or **PR-01-02** for Define a New Payroll.

You will have a box displayed in the middle of the screen. This program requires a transaction operator (Payroll Login operator). Enter **PR** for the default payroll operator. This record was created upon exiting the PR Control Record during original set up.

Enter **1** in the Payroll Number field. (field 1).



Enter **0815xx** for the Period End Date and Check Date (fields 2 & 3).

Enter **Test Payroll** in the Description.

(Here's where the fun begins):



Enter the pay frequencies for this payroll that you will be printing checks for. We will enter a **W** for the first blank of field 5. **<CR>** at the second blank. This will take the cursor to field 6.



Enter a **W** for the first blank of field 6. This is to indicate which recurring Deductions/Earnings that are included in this payroll for the employees chosen in field 5.

**<CR>** to continue. Next you will get a question **Proceed to enter exceptions?**

**<CR>** to accept the Y for yes.

If we had entered salary distributions for this employee, we would have been prompted to enter the # of hours this employee worked for this PR. We will proceed to entering exceptions for the hours.



Choose our employee we set up previously by using the **<F3>** lookup (field 1). Fields 2, 3 & 4 (if applicable) will be filled in when an employee # is entered.

Enter a **<CR>** at the Enter Change Number prompt.



**<CR>** at the Line # (field 5) to assign the next #.

Use the **<F3>** lookup to enter our D/E Code, because this employee is an hourly employee choose code **01** for Wages.

The Acct # (field 7) will be filled in with the number entered in the employee file.

Enter **40** for the number of hours (field 8). The remaining fields 9 through 13 will fill in.

**<CR>** at Enter Change Number.



Let's enter Overtime hours.

**<CR>** at line #.

**<F3>** lookup for the Overtime Earnings Code **02**.

Enter **8** for number of hours.

**<CR>** at Enter Change Number.

**<F8>** at line # to exit the entry of exceptions for this employee.



Let's **<F4>** to check the Precalc Earning Report. Please choose a printer for you output option.



Save this printout, it must be submitted with your answers to the test questions.



Enter **<CR>** for ALL Locations. Once this report has run, enter **<F8>** to exit Exceptions entry.



You will be asked ***Do you want to print the Edit Listing?*** Enter a **Y** and choose a print option. This report does not have to be submitted with your test, but you should verify the accuracy of information entered before continuing.



You may make changes by accessing the Exceptions entry program by entering **PR-01-03**.



*Answer the questions for lesson 10 before going to the next Lesson.*

## LESSON 11: Calculate Payroll and Print Reports

### *Learning Objectives:*

- ✓ Understand the set up involved with calculating payroll
- ✓ Know how to calculate a payroll and verify correctness against the payroll reports
- ✓ Know the reports involved in processing a payroll

### *Set up involved with calculating payroll*

The calculation process pulls information from the **Employee Files**, the **Deductions/Earnings Files**, and the **Tax Tables**, taking into account any exceptions entered for the current payroll.

- Recurring deductions (or earnings) may be set up as a permanent file.
- You can define any type of deduction or earning in the **Deduction Codes File**, specifying its taxable status on all levels.
- Each employee's recurring deductions and/or earnings are set up one time in the **Recurring Deduction/Earnings File** and are easily changed when necessary. Any **Limits** are automatically considered.
- You may specify up to 15 account distributions for an employee's normal earnings.
- Tax rates and exemptions are kept in tables that are easily changed when the tax rates change. This includes Federal, State, State Unemployment, FICA, FUI and local taxes.
- Because no files are updated during this routine, the results can be checked using automatically printed **Payroll Registers**.
- Corrections can be made and payroll re-calculated until the checks will be correct when printed.

### **Calculate a payroll and verify correctness (PR-01-05)**



*Please read Section PR-01-05 of the Payroll Manual before proceeding.*

This program performs the actual calculation of payroll earnings, deductions, taxes, and other resulting information.

## Before You Calculate

Any temporary exceptions affecting the current payroll must be entered into the system. You should also perform any file maintenance for permanent payroll changes prior to calculating payroll. Pay raises, changes in tax filing status, changes in tax rates, new recurring deductions, and address changes are examples of maintenance that must be done to the permanent data files.

When you select this option you must specify the exception file to use if you use multiple exception files. Then the program displays a screen explaining the process about to be performed. After reading the explanation, answer (with "Y" or "N") the question at the bottom of the screen asking if you are ready to calculate. When you answer "Y", the following calculations are processed:

1. Gross earnings are calculated based on exceptions, employees matching the employee frequencies specified in "Define a New Payroll" and recurring earnings matching the recurring frequencies specified.
2. Taxes are calculated based on earnings, employee information, and tax tables/rates.

**NOTE:** If the state or local code(s) used on an exception are different from the default codes for the employee, the system will stop and ask you to define the proper marital status, number of personal/dependent exemptions, and add-on amount/percent for the calculation.

3. Deductions are calculated based on exceptions and recurring deductions with the deductions frequencies specified in "Define a New Payroll."
4. Corresponding General Ledger distributions are created for the payroll.

**NOTE:** If you are recalculating a payroll a warning message will indicate that the previous G/L distributions for the payroll will be deleted and you must confirm that you want to continue.

After the calculation has processed you must print the G/L interface report and the Payroll Register. Choose an output option for each report. The Payroll Register gives you the option to exclude employees who did not get paid this time. After the reports are printed the menu will be redisplayed.

**NOTE:** If you press <F8> at the output option for either of these reports a warning message will indicate that the calculation process is not complete and ask if you want to continue. Enter "Y" to continue with the reports or enter "N" to return to the menu. **If you exit from these reports you must recalculate the payroll** in order to obtain the G/L interface report and Payroll register. **You cannot print checks until you finish these reports.**

## ***Reports involved in processing a payroll***

### **Calculated General Ledger Interface Report**

Use this report to check the resulting G/L distributions from a payroll calculation. This report is printed automatically each time payroll is calculated. This report can be printed in summary or with detail for each employee.

### **Payroll Register**

Use this report to check employee earnings, taxes, deductions, and net pay. This report is printed automatically each time payroll is calculated. You can choose to print all employees or only those with pay this time. If you choose to exclude zero pay employees, YTD totals will not be printed.

### **Supporting Reports**

- Tax and deductions override report show exceptions which overrode normal tax or deduction calculation
- Deductions register shows all non-tax deductions per employee
- Other earnings register show all non-standard earnings per employee
- Earnings by taxing amount hourly report shows pay and taxes for each state and locality. (This report will not print if only one State and Locality was used in the current calculation).

You should check these registers carefully before printing the payroll checks. The information detailed on these reports will be updated to the permanent data files when checks are printed and posted. Please note that at this point you still have the

opportunity to change information in either the permanent data files or exceptions file that affects the current payroll before the permanent data files are updated.

If changes are necessary, make your changes to the permanent data files or exception file, reprint the Exceptions Edit List, and select "Calculate Payroll" again. Any changes you made will be reflected on the latest version of the registers.



*Please read Example Calculations at the end of PR-01-05 of the Payroll Manual to see an explanation and example of the tax calculations before proceeding.*



Let's Calculate the Payroll. Enter **PR-01-05**.



Enter **PR** for the Payroll Operator Login.  
Enter the Payroll number we set up previously (PR #1).

You will be asked ***Is this the correct payroll to process?*** Enter a **Y** to continue.

You will be asked ***Are you ready to begin payroll calculation?*** Enter **Y** to continue.

You will be asked ***Is this the start of a new payroll month?*** Enter **N** to Continue.



Next you will be asked ***Print detail by employee within account?*** **Y** for yes.



Next you need to choose a printer option for the Calculated General Ledger Interface.



Save this printout, it must be submitted with your test.



Answer **Y** to the question ***Include employees with zero net pay?***



You will then need to enter a printer option for the Payroll Register.



Save this printout, it must be submitted with your answers to the test.

**NOW LET'S MAKE A CHANGE AND RE-CALCULATE.**



From the SELECT prompt enter **PR-07-04** Maintain Recurring Deductions/Earnings.

Enter the PR operator when prompted.

You will be asked ***Want to change a Deduction/Earning for all emps?*** <CR> for no.

<F1> to call up the record we entered earlier. Let's change the amount to **\$50.00**. Use the procedures explained in Appendix A to change a record.



Go to **PR-01-05** to re-calculate the payroll.

Enter **PR** for the payroll operator login.

Answer **Y** for ***Calculation has already been done - continue?***

Enter the Payroll Number **"1"**.



Answer **Y** for ***Another payroll is currently in progress, Abandon this payroll processing?***

A message will display ***Payroll in progress has been abandoned.*** <enter> - ***Continue.*** Enter a <CR> to continue.



Answer **Y** for ***Is this the correct payroll to process?***

Answer **Y** for ***Are you ready to begin payroll calculation?***

Answer **N** for ***Is this the start of a new month?***



Choose a printer option (you may spool, you won't need to submit the Calculated General Ledger Interface Report this time).

Answer the options the same as the first time you ran this report.

Answer the questions for printing a Payroll Register the same also (you can spool this one also).

*Printing the payroll checks is next.*



*Answer the questions for lesson 11 before going to the next Lesson.*

## LESSON 12: Print Checks and Update Files

### *Learning Objectives:*

- ✓ Know how to print Payroll Checks



*Please read Section PR-01-06 of the Payroll Manual for a detailed description of each of the fields and options in this file.*

### **Print Payroll Checks**

Checks are printed exactly as listed on the payroll register. After the payroll checks are printed and verified as correct, a hard copy (print options 1 - 3) check register is automatically printed as a part of the **Update** process. The check register is a list of each payroll check that was printed.

Checks are considered a form, therefore you should print them directly to the printer device. If you normally print through the system spooler you will probably want to not do so here, printing through the operating system spooler requires you to answer the question, "Are checks okay?" before the job is released to the spooler, which would require the question to be answered before the checks have been printed. This could be a big problem if you answered yes and then during printing the checks jammed.

When you specify "Y"es checks are okay, a Check Register must be printed. Once the register is printed you will be asked to enter "C" to continue posting. This prompt tells you the updating of files is about to start. If there is a problem after this prompt you will need to restore your files from backup and print checks again to ensure that everything is updated properly.

Please refer to Lesson 4 and the PR Control File (PR-08-02) for options that are available for the printing of the Payroll Checks.



All our work is about to pay off. It's time to print checks.



Choose **PR-01-06** from any SELECT prompt.



Enter **PR** for the payroll operator login ID.



Choose the printer as your output option.



A screen will display that the **checks will be sequenced by Employee number.**  
Enter **5001** for **Enter beginning check number ready to print.**  
Enter **<CR>** for **Any Change?**

Enter **<CR>** for **Print an alignment form?** Enter a **N** the second time it asks about an alignment.

Answer **Y** for **Are all checks OK?**

**<CR>** at the message **Check Printing is now completed. Proceeding to register <enter> - Continue.**

Choose a Printer for the Check Register.



Save this printout, it must be submitted with your test answers.



Next we will choose a printer option for the PR Register. Print to a printer.



Save this printout, it must be submitted with your test.



Next you will be asked to **Type "C" to continue with posting.** Enter a **C.**

Hey....you just printed checks and updated the files.



*Answer the questions for lesson 12 before going to the next Lesson.*

## LESSON 13: Manual/Void Check Processing

### ***Learning Objectives:***

- ✓ Know the purpose of Manual and Void Checks
- ✓ Understand the procedures for processing a manual or void check

### ***Purpose of Manual and Void Check Processing***

Manual and Void processing allows you to enter in checks (or voids) that are not part of the normal payroll processing. This assures that the payroll system is up to date for purposes of reporting. A manual check would be for a hand-written check that is given to an employee outside of the normal payroll processing. A manual check could be written for such occurrences like an employee going on vacation and wanting payment before he/she leaves or a final settlement check for an employee who has terminated employment.

### ***Procedures for processing a manual or void check***



*Please read Section PR-02 thru PR-02-05 of the Payroll Manual for a detailed description of each of the options in these programs.*

The procedures for processing manual/void checks are very similar to normal processing, with the exception that no check will be produced by the payroll system when using this process. Also, there is no "payroll calculation" step because you should already have all the earnings and tax information when voiding a check or manually issuing a payroll check. You will follow the steps on the menu to process a manual/void check. Below is a list of the procedures needed to process manual/void checks with special features pointed out:

### ***Define a New Payroll (PR-02-01)***

This program requires you to identify the dates and description of the manual/void payroll to be processed. The screen and features work the same as defining a normal payroll. See **LESSON 9** for an explanation of the features of this program.

## ***Enter Manual/Void Checks (PR-02-02)***

This program lets you enter all the detail information associated with the manually-written or voided payroll check. If you are beginning the procedure to enter a manual/void check to adjust the payroll system, your first step is to enter or add each manual or void check.

**NOTE:** All check information must be available and entered; there is no calculation step involved in this process. Make sure you have gathered all information regarding earnings (type, hours, rate, amount, etc.), taxes withheld, and voluntary deductions withheld before proceeding with the entry of the manual/void check.

During entry of checks in this program, you will enter whether the check is a **Manual** or **Void** check (field 3). Manual checks require the entry of all amounts for the check. Void checks will allow you to enter a check number in and if the system can find the check in history, will use the check information when voiding the check. You may also <F3> lookup to select a check to void from history. If a check you are voiding is not found in history, you will be given a warning message, but will be allowed to proceed with the void. However, you will be required to enter all information regarding the void check into the program.

## ***Print Manual/Void Check Edit List (PR-02-03)***

The Manual/Void Check Edit List is used to verify the accuracy of the manual and void check information entered. Once this edit list is verified as correct you may proceed to the next step.

## ***Post Manual/Void Checks (PR-02-04)***

This program posts the payroll adjustment information from the manual and/or void check(s) to the permanent data files. **DO NOT** choose this option from the menu until you have thoroughly checked the Manual/Void Check Edit List and are sure that the information is correct. This procedure works like the Update files program of normal payroll processing. You will get a **Calculated General Ledger Interface Report** and a **Payroll Register**.

## ***Optional Payroll Reports (PR-02-05)***

These reports are the same as the reports found in Normal Payroll processing (PR-01-07). The reports can be very helpful in research situations and should be

printed. Remember that once a calculation for another payroll has been done this payroll is no longer considered the current payroll and these reports will be unavailable.



Hopefully, you printed a check successfully in the last lesson. Now it's time to process a Manual Check. We will enter a very simple example of a \$500.00 special bonus check. Manual check processing does not do a calculation, so you must enter any related taxes. For our example we will not be entering taxes, even though they would probably be applicable.



From the main **PR** menu, enter option **2** or **PR-02** for Manual or Voided Check Processing.



Enter a **1** or **PR-02-01** for Define a New Payroll.  
Enter **PR** for the Payroll Operator login.

Enter "2" for Manual/Void Payroll Number.  
Enter through the Social Security Percents box.  
Enter **0820xx** for Period End Date and Check Date (fields 2 & 3)..  
Enter **Bonus Check** for Description (field 4).  
Enter **<CR>** at Enter Change Number.



Enter **<CR>** at **Proceed to enter manual/void checks?**. This is the same information that can be accessed from **PR-02-02**.



Enter **1** or use **<F3>** lookup for the employee # (field 1).

A box will pop up to enter the Pay Period Info (field3). Enter the following:  
**<CR>** for Manual Check.  
Enter **5005** for check #.  
Enter **500** for Check Amount.  
Enter **<CR>**'s for remaining fields in the Pay Period Info box.  
Enter **<CR>** at Enter Change Number.



Enter **<CR>** to assign next line number (field 5).  
Enter **<F3>** lookup to choose the Special Pay **06** (field 6).  
Enter **25** for hours, this will make this check 500 (field 8).  
Enter **<CR>** at Enter Change Number.



**<F8>** at line # (field 5).



<F8> at Emp # (field 1) to exit the program.



Enter **Y** to **Print Edit Listing?**



Save this printout, it must be submitted with your test answers.



Choose option **4** or **PR-02-04** Post Manual/Void Checks.

Enter **PR** for Payroll Operator login.

Choose Payroll #2.

Enter <CR> for Is this the correct payroll to process?

Enter **Y** and <CR> for Is this the start of a new payroll month?

Enter **Y** at next question.



Choose a printer option for **Manual/Void Check Posting Register**, you may spool. This report will not need to be submitted later.



Choose a printer option for **Man/Void Post - Create Work Files**, you may spool. This report will not need to be submitted later.

Enter a **C** to continue posting.



Choose a printer option for **Calculate Manual/Void G/L Interface**, you may spool. This report will not need to be submitted later.

Enter <CR> for **Print detail by employee within account?**



Choose a printer option for **Man/Void Payroll Register**, you may spool. This report will not need to be submitted later.

That's it for Manual/Void processing.



*Answer the questions for Lesson 13 before going to the next Lesson.*

## LESSON 14: Inquiry and Reports

### *Learning Objectives:*

- ✓ Know the options available within the Inquiry programs
- ✓ Know the options available from Reports, including Tax reporting

### *Payroll Inquiries*

#### **Employee Information Inquiry (PR-03-01)**

This program allows you to review the summary information contained in the various employee related files. This information is the same information in the same format as when you access the employee file (PR-07-01), but you may not make any changes to the displayed information.

#### **Payroll Check Inquiry (PR-03-02)**

This program lets you inquiry into the check history files. You have three search options in this program, **E** - display checks in employee number sequence, **C** - display the items in check number sequence, **D** - display the items in check date sequence. After you select a sequence and starting value the program will display a list of checks. You may "Zoom" into a check and see any pertinent information regarding the check by highlighting the check and pressing the <Enter> key. A screen will show the header information regarding the check you highlighted. You may press <F3> from here to see the related G/L distributions for the check.

#### **Payroll Summary Inquiry (PR-03-03)**

This program lets you see summary totals for each past payroll and then optionally zoom into the detailed checks within a payroll. When you select this program a list of the most recent payrolls displays. You may "Zoom" into any payroll on the list by highlighting the payroll and pressing <Enter>. A screen displays showing the totals for the payroll including employer expenses. While in "Zoom" you press <Enter> to display a list of checks that comprise this payroll. You may highlight a check from this list and <Enter> to "Zoom" on the check information.



We will look up some information about the checks we've entered into the Payroll system. You will be asked to <Print Screen> some information. Keep these printouts, you will be required to submit them with the answers to the test questions.



We will go to **PR-03-02** Payroll Check Inquiry.

You must enter a payroll operator login ID, enter **PR**.  
Enter **C** for sequencing the information in Check Number sequence.  
<CR> for ALL check #'s  
<CR> for ALL check dates.



<Print Screen> what is displayed.

Please submit this print screen with the test answers.



<F8> twice to exit the Payroll Check Inquiry. Proceed to the discussion and exercises regarding reports in Payroll.

## ***Payroll Reports***

### **Print Federal Tax Report - 941 Report (PR-05-04-03)**

This report is designed to provide the information you will need to fill out the 941 forms required by the Federal government. You must print this report before resetting QTD totals to zero.



*Please read Section PR-05-04-03 of the Payroll Manual for a detailed description of each of the options in this program.*

### **Print State Tax Report (PR-05-04-04)**

This report should be used to print the information for reporting quarterly earnings and taxes to state governments. You have three output options, **R** - Report, **D** - diskette and **T** - tape. Types "**D**" and "**T**" follow the federal guidelines for magnetic media as set forth in **SSA Pub. No. 42-007 (TIB-4)**. If your state doesn't follow the federal guidelines for magnetic media reporting, you will need to check to see if special coding has been done for your state or have the special coding done to the programs to work for your state.



*Please read Section PR-05-04-04 of the Payroll Manual for a detailed description of each of the fields and options in this file.*

## Current Payroll Reports

The current payroll reports are very important. They are used as a detail record of a payroll run and can be very useful when trying to reconcile a possible problem concerning a payroll run. These reports can be run as a part of the payroll (PR-01-07 or PR-02-05) or from the reports menu (PR-04-10).

**These reports must be run before the next payroll is processed. Once a new payroll is calculated the information regarding the last payroll is written over.**



Let's print a couple of the current payroll reports. Since the last processing we did was Manual/Void processing let's access the Current Reports from Manual/Void processing **PR-02-05**.



Print the following reports for you review and to submit with the test questions.

**PR-02-05-04 & PR-02-05-05**

Enter **<CR>** for all questions and options when running these 2 reports.



Save these printouts, they must be submitted with your answers to the test questions.

## Other Payroll Reports

There are many other payroll related reports and file listings. The use of these reports will depend on what information you choose to track for your employees and company.



This will be the last exercise that needs to be completed...YEAH!!!! For this exercise we are going to print several file listings to be submitted with the test questions.



Print the following reports for you review and to submit with the test questions  
**PR-04-09-01 & PR-04-09-06**



**PR-04-09-01** use the following answers for the report selections and ranges:

Enter <CR> for Order of report  
<CR> for ALL Employee Numbers  
Enter Y for **QTD accumulations?**  
Enter Y for **YTD accumulations?**  
Enter Y for **FISCAL accumulations?**  
Enter Y for **STATE/LOCAL accumulations?**  
Enter <CR> for Salary Distribution?  
Enter Y for **Recurring deducts/earns/emplr exp?**  
Enter <CR> for ALL for Check Dates.  
Enter <CR> for **Print employees with zero QTD/YTD amounts?**



**PR-04-09-06** enter a <CR> for each question asked for this listing.



Save these printouts, they must be submitted with your test answers.



*Please read Section PR-04 and PR-04-11 of the Payroll Manual for a detailed description of each of the reports and their options.*



*Answer the questions for Lesson 14.*

# LESSON 15: Payroll Portal

## Live Portals

With SouthWare Live portals you have a simple, powerful interface to your business data. You can do more with less time and effort. Under the Roles Tab, you can access the Payroll Portal. This portal gives you access to the Payroll programs.

You can view Payroll Information 'at a glance' and zoom into details and/or access standard payroll menus using the links on the page.

The screenshot displays the SouthWare Payroll Portal interface. At the top, there are navigation tabs: Roles, People, Tasks, Analysis, Alerts/News, and Overview. The main content area is titled 'PR Operator' and is divided into two sections: 'Current Payroll Processing' and 'Manual/Void Payroll Processing'. The 'Current Payroll Processing' section shows 1 regular payroll defined, with the last payroll calculated on 03/31/12. The 'Manual/Void Payroll Processing' section shows 0 manual/void payrolls defined. On the right side, there are summary statistics for Fiscal Reset Date (08/31/12), Quarter Reset Date (05/30/12), Year Reset Date (08/31/12), and Employee Status (# Employees: 10). A left sidebar contains a 'Refresh Page' button and a list of menu items: Employees, Check Inquiry, ExecuMateII, Reports, FYI For PR, Maintain Files, PR Processes, Operator Info, and Help.

Current Payroll Processing	
# Regular Payrolls Defined	1
Last Payroll Calculated:	(#1) - End of month payroll
- Period End Date	03/31/12
- Check Date	03/31/12

Manual/Void Payroll Processing	
# Manual/Void Payrolls Defined	0

Fiscal Reset Date:	08/31/12 (Year End)
Quarter Reset Date:	05/30/12 (Quarter End)
Year Reset Date:	08/31/12

Employee Status	
# Employees	10