

## **NETWORK BUSINESS SYSTEMS**

### **SOFTWARE SYSTEM DOCUMENTATION**

#### **PAYROLL MODULE**

##### **FEATURES**

- Complete audit trails printed during all processing runs.
- Batch Processing for separation of duties and data verification.
- Standard 941, FUTA and SUTA, W-2 reports.
- Unlimited number of miscellaneous hours and General Ledger distributions allowed for each employee.
- Automatic tracking of vacation, sick, and other hours.
- Employee file maintenance provides accurate and current information. Allows for termination of employees but, maintains their activity until after W2 reporting and then deletes them during End-of-Year processing.
- Separate check registers are printed for Regular checks and Vacation checks, allowing verification of data prior to posting.
- Manual payroll check entry provided for with full miscellaneous earnings and deductions support.
- IBS Payroll is Multi-Company and Multi-Division, allowing up to 99 divisions within 99 companies.
- Multi-city, Multi-state operations. IBS Payroll will maintain totals for all earning and taxes each employee has worked in every city and state on a monthly, a quarterly, and annual basis.
- Federal, State, and Local tax support.
- Allows for a one-line message printed on checks.

##### **REPORTS**

- Calculated payroll, prior to pre check register printing for both Salary and Hourly, separated by Weekly, Bi-weekly or other user defined pay periods.
- Pre Check Register with all earnings, deductions, and tax.
- Post Check Register with all check information.
- Automated time input reports.
- Scheduled Deductions.
- Vacation, Sick, and Other hours balance reports.
- Quarterly 941 and FUTA, SUTA, W2's.
- Report of Local Codes information.
- Report of State Codes information.
- Worker Compensation reports per state, employee, or tax code.
- Payroll Module general ledger report by G.L. account.
- Overtime reports.
- Check reconciliation reports.
- Employee MTD, QTD, YTD reports.

##### **INTEGRATED WITH:**

- Manufacturing Work Orders/MRP
- General Ledger
- Automated Time Keeping System

## **SYSTEM OVERVIEW**

The IBS Professional Payroll System is designed to provide automated processing, with full integration into the full line of IBS Professional Software Systems. It can handle Multi-Company/Multi- Division/Multi-State payroll/Multi-Location payroll.

## **EMPLOYEE MASTER FILE**

The Employee Master File contains all the employee's personal information with accumulated pay and tax totals on a monthly, quarterly, and annual basis. Information includes U.S. Labor classifications. **SPECIAL NOTE:** If you are starting up in the middle of the calendar year then you must enter in the proper month, quarter, and year to date totals in order to set up for the year-end W-2. Also, your employees will appreciate their totals being correct!

Each employee is attached directly to a valid general ledger account number, which will be the assumed account you want the payroll data to post to. You can of course change this account during payroll hours entry. You can also post to as many accounts as necessary to properly allocate payroll.

**NOTE:** It is recommended that if you are using the IBS Manufacturing System, that you store the account number of the indirect labor account in the employee file for all employees that will accrue time against manufacturing processes, or work orders. This will be explained in greater detail in the employee master file setup document.

## **MISCELLANEOUS EARNINGS AND DEDUCTIONS**

Miscellaneous Deductions and Earnings codes can be set with direct attachment to a general ledger account for specific cost allocation. In the case of an earnings code, you can flag as to whether the amount should be included in the 401K gross earnings or not.

Now, you can set up either automatic earnings and deductions or you can enter them in as you make payroll on a one-time or as needed basis. For example, in the case of a wage garnishment or child support deduction or insurance deduction, or automatic bonus, you may want to have these types of paycheck items process automatically. This automatic processing can be set up to only occur during certain weeks, or all paychecks. You can control this each time you make payroll. In the case of a one-time bonus or wage deduction, you can enter in this type of transaction at the time you are processing payroll, on a one-time basis. Make sure you use the proper earnings or deduction code that addresses the exact general ledger account and tax basis that you need.

Automatic earnings and deductions are set up per employee. Earnings can be set up as hours that will extend towards the employee's current hourly rate, or set up as a gross amount. Deductions are set up with a total amount and an amount to be deducted in the automatic process for either pre-tax or post-tax deductibility. This supports the popular cafeteria planning for tax-deductible employee benefit planning. You also flag earnings as to whether be included or ignored by the 401K plan. You will also flag as to deduct from Vacation checks or not.

## **PAYROLL PROCESSING**

Processing payroll is a step-by-step procedure that provides for complete control up to the point where checks have been issued and data has been posted to the IBS General Ledger. The 4th Payroll sub menu "AUTOMATIC PR PROCESSING" is the main payroll procedure which you will run except for the posting to the IBS General Ledger or the monthly, quarterly, or annual processing that must be ran.

## **PAYROLL SETUP**

You will start by setting up the parameters of the payroll you are about to run in the program "Set Up Current Payroll/PRDATE". This file controls the date and type of payroll you are running, along with the automatic check numbering. **NOTE: The Pay Period Date** is the most important date when posting IBS Payroll to the IBS General Ledger. It is from this date that all payroll liabilities including federal and state taxes accrue from. Therefore, it really does not matter what the payroll period is but the date the checks are cut. If you have check dates of September 2, for payroll ending the previous week in August, then this payroll will be posted in the month of September. You may want to be aware of this when creating financial statements.

You will also need to fill in the current week that you are processing the payroll for. The current week is directly tied into the automatic miscellaneous earnings and deductions and controls exactly which week's payroll checks the deductions and earnings will be applied. Finally you will need to enter in the current pay frequency, which is directly tied into the pay frequency entered into each employee master file. This determines the tax calculation basis.

Once this is done you will choose whether or not you are going to process hourly or salary employees. **NOTE:** You must process hourly and salary payrolls separately throughout the entire process under the payroll processing options. This means you will perform the entire menu of choices and substitute option #3 or #4, but not both at the same time. You will run all the way through option #9 to complete the process. However, when you are running either hourly or salary, you can process multiple states at the same time. **TIP...**if you have the bulk of employees as hourly and only a few employees, then set up all employees as hourly and then you will only need to run payroll one time for all employees.

## **MANUAL CHECK AND VOID CHECK ENTRY**

This routine is used to enter in manually written checks, or void checks. Anything entered will be automatically included the next time you run the payroll processing. You can actually enter in manual checks or void checks anytime during the month and know that they are in the system as they occur. You will enter in the gross check data in the program "Manual Check Entry/PRMANCHK". If there are deductions or earnings, you will use "Manual Check Misc. Earnings/PRMEARNS" and "Manual Check Misc. Deductions/PRMANDED" to enter in deductions and earnings against the manually written payroll checks.

**SALARIED PAYROLL CHECK PROCESSING** consists of simply calculating and printing checks for all employees that are set as "SALARY" and active in their employee master file. You are not required to enter in any hours in order to process salary payroll. However, if you want to enter in any one time miscellaneous earnings or deductions you will need to do this prior to running the calculation program.

**HOURLY PAYROLL CHECK PROCESSING** consists of simply entering in hours against each employee along with any one-time earnings or deductions and running the pre-check calculation report. You are forced to balance the hours entered for each hourly employee against

valid general ledger account numbers. Hours are tracked in each employee master file according to "VACATION", "SICK", and "OTHER". You are required to enter these available hours in each employee file manually! There is no automatic calculation function at this time for these hours. The reports generated should be compared against any time cards and possibly the scheduled deductions to verify that they have been properly taken. Next, you will then run the pre check register, which will include all computer-generated checks, including vacation checks.

Once the pre-check register has been approved, you will print the actual payroll checks. These checks should be verified against the pre check register. Then, you will run the post check register and also verify against the actual payroll checks.

After the post check register has been approved, you should now update payroll to the master files by running "Post Payroll processing:PRPSTPAY". Up until this program is run, you can re- run payroll until it is correct. This can be done without losing any data entered into the time input program. The post payroll processing updates the employee files "Month to Date" totals, the miscellaneous earnings, and miscellaneous deductions keyed in. It also clears the most recent payroll time input. This can only be done one time.

## **GENERAL LEDGER TRANSFER**

If you are operating the IBS General Ledger System, then it is recommended that in addition to the above you complete the entire posting process to the general ledger after each payroll.

In order to complete the posting process on through to the IBS General Ledger System, you will need to run the program "G.L. Payroll Transfer:PRGLTRAN" to transfer the summarized payroll data to the general ledger journal for further processing. You will stay within the company and division that you have been working with payroll processing.

Then, you log into the general ledger under the same company and division you have been working with. You will first run the process "Transfer From A/P or Payroll:GLTRANS" to bring the totals over from the IBS Payroll System. NOTE: Only totals are posted to the General ledger, the detail remains in the Payroll module.

Next, you will want to "Print Batch Balance:GLBATCH" to verify against the Payroll Distribution report that the data transferred successfully and accurately. If it did not, then you will have to edit this batch and correct either the account numbers or the numbers or both.

Once you have verified that the transfer was correct, then you can "Select Batches For Posting:GLUPDTE1" and "Post Batches To Journals:GLUPDTE2". You will then want to run "Trial Balance Worksheet:GLJOURN" to verify that the Payroll journal transferred to the general ledger accounts correctly. The last step is to "Post Journals to G.L. Accts.:GLUPDTE3" which posts the journal entries and marks the batch as posted. Now, it is important to know that the system does not post the employer's portion of the social security liability or any employer's 401K contribution. These figures must be calculated separately and posted to the IBS General Ledger manually using the journal entry processing. It is recommended that these figures be calculated and posted at the end of each payroll processing if you are using the IBS General Ledger System. This will complete the payroll process in its entirety each time!

## **MONTH END, QUARTER, ANNUAL PROCESSING**

Each month the monthly processing must be ran. Each quarter, month end and quarter end processing must be run. Prior to running any quarterly updating, you are required to run the 941 report first. This will happen each quarter. At the end of the year, you will be required to run the month end processing, the quarterly processing with the 941 report, and finally the Year End processing, which will require printing W2 forms prior. NOTE: The process of updating monthly, quarterly, and annually has nothing to do with the general ledger transfer discussed previously. This is an entire separate process!

## **SYSTEM BASIC OPERATIONAL FLOW**

1. **Set Up Current Payroll: PRDATE....**Use this program each time you run a payroll. Since you are required to separate pay period types such as weekly and biweekly and further separate by hourly vs. salary, you will have to do this for every payroll run for each separate run.

2. **Payroll Time Entry: PREPMTM....**You will enter in all hourly employees time here for automatic check generating. NOTE: if you only have a few salary employees you may want to set them up as hourly and just enter in 80 hours each time for them so that you can run only one payroll. You will need to set up all deductions to be taken out of each employee's payroll check.

3. **Deductions by Deduction Code: PRDEDLST....**You may want to have this report handy when you inspect after processing payroll for any group of employees.

4. **Payroll Processing Hourly: PREARND1/Payroll Processing Salary: PREARND2....**You will run one of these two programs, but not both simultaneously! You will also run either of these two programs for one pay type only at a time, thru the remainder of the payroll processing.

5. **Pre Check Register: PRPREREG....**You will want to run this to look at all the tax calculations, gross earnings, and deductions per each payroll check.

6. **Print Payroll Checks: PRPYCHKA....**After you approve the pre check register, you will then print the actual checks. You should also verify these checks against the pre check register.

7. **Post Check Register: PRPAYREG....**This is the same as the pre check register only with the check numbers. You will want to keep this for your permanent files. You should also compare against the actual checks.

8. **Restart Payroll Checks: PRESTART....**You can reprocess payroll as many times as you want until the next step. Just run this program before you modify any time and reprocess and there you go! You will not need to run this program if the Post Check Register is correct!

9. **Post Payroll Processing: PRPSTPAY....**When you are absolutely sure that the checks are correct, you will run this program to post the check information to the permanent files. **CAUTION: YOU CANNOT REDO PAYROLL AFTER THIS POINT.**

**NOTE: YOU WILL RUN THE ABOVE SET OF PROGRAMS EVERY TIME YOU DO PAYROLL EXCEPT THE RESTART. THATS HOW SIMPLE PAYROLL IS!**

10. **Manual Check Entry: PRMANCHK....**If you need to manually write a payroll check, such as when you pay an employee in advance of regular wages or a bonus, then here is where you will enter it in. This assumes you are handwriting a check and does not print a check during the automatic payroll processing check printing. Further, it will not be included in the check register either. You will need to run the entire hourly payroll processing function in order to have this check updated properly.

11. **Manual Check Misc. Earnings: PRMEARNS/Manual Check Misc. Deductions: PRMANDED....**You will need to key in any miscellaneous earnings or deductions immediately after you enter in the manual payroll check. The Post processing program will include these totals in the employee year to date totals.

12. **Separate Vacation Check Entry: PRVACHKS....**You will use this program to enter in a manually generate payroll check for vacation, sick, or other hours. This check will also update when Post Payroll processing is ran and will update year to date totals.

13. **G.L. Payroll Transfer: PRGLTRAN....**This program will be ran at the end of each payroll. This transfers the payroll data per general ledger account to the general ledger.

#### IF YOU ARE USING THE IBS GENERAL LEDGER SYSTEM

14. **Transfer From A/P or Payroll:GLTRANS....**You will use this program to transfer data from the IBS Payroll System to the IBS General Ledger System. You will then need to run the posting process in the IBS General Ledger System to post these figure to the general ledger accounts.

15. **Print Batch Balance:GLBATCH:....**Verify that the transferred balances from the Payroll System match up with this report. If they do not, you will need to edit the batch and correct either the accounts or the amounts.

16. **Select Batches For Posting:GLUPDTE1....**Select this batch for updating.

17. **Post Batches to Journals:GLUPDTE2....**Post the selected batches.

18. **Trial Balance Worksheet:GLJOURN....**Make sure the posted batch transferred correctly.

19. **Post Journals to G.L. Accts.:GLUPDTE3....**This is the final step in posting the Payroll data to the general ledger accounts. You will need to be in the same company as the original month end update and as you have been all throughout this process, but you will be in division "00". The program will force you to do this.

20. **Payroll Month End Processing: PRMONTH....**You will run this at the end of each month, for every calendar month end. This will be run 12 times in a calendar year. This updates the QTR and YTD employee totals and clears the MTD data.

21. **Payroll Quarter End Processing: PRQUARTR....**You will run this program at the end of each calendar year quarter, after you run the month end processing and print the 941 reports and confirm that the reports are correct. You will run this program 4 times in a calendar year. This updates the YTD employee totals and clears the QTR data.

22. **Payroll Year End Processing: PRYEAR...** You will run this program at the end of the calendar year. You must print the W-2's prior to running this process.

### **SYSTEM SETUP REQUIREMENTS**

In order to operate the IBS Payroll system, you must follow the set-up procedure exactly. This is because as you build the data files necessary, certain files are integrated into other files requiring valid data for their own set-up. Also, if you are starting up in the middle of the calendar year, then you will need to enter in the proper month-to-date, quarter-to-date, and year-to-date totals per employee.

Sales System MultiCo. Setup: SACOMPAN  
Printer Setup: PRINTER  
Enter/Edit Company or Date: PRCOMPAN  
Company G.L. Account Numbers: PRENTGL  
Federal/State Tax Tables: PRTXTEST  
State Tax Information: PRSTTAX  
State Standard Deductions: PRSTATED  
Local Tax Information: PRLOCTAX  
Payroll Check Std. Messages: PRMESSAGE  
U.S. Job Classification Codes: PRACECOD  
Workers Comp. Information: PRWKCOMP  
State/Local B.L. Information: PRGLXREF  
Misc. Earning/Deductions: PRCODES  
Employee Information: PRPYINFO  
Employee Misc. Earnings: PREARN  
Employee Misc. Deductions: PRDEDUCT

**SPECIAL NOTE REGARDING PRINTING** The IBS Payroll System prints the top half of the check stub in a condensed 16.5 cpi format, and the actual check itself in 10 cpi. You must have a printer defined in the program "Printer Setup/PRINTER" with a page length of 42 lines, no form feed, and with print codes set up according to the type of printer you will be using to print checks.

### **MENU STRUCTURE/PROGRAM DOCUMENTS**

#### **6. PAYROLL**

MENU #1

##### **1. COMPANY FILE MAINT.**

MENU #1

1. Enter/Edit Company Or Date: PRCOMPAN
2. Company G.L. Account Numbers: PRENTGL
3. Federal/State Tax Tables: PRTXTEST
4. State Tax Information: PRSTTAX
5. State Standard Deductions: PRSTATED
6. Local Tax Information: PRLOCTAX
7. Payroll Check Std. Messages: PRMESSAGE
8. U.S. Job Classification Codes: PRACECOD
9. Workers Comp. Information: PRWKCOMP

##### **2. COMPANY FILE MAINT.**

MENU #2

1. State/Local G.L. Information: PRGLXREF
2. Misc. Earning/Deductions: PRCODES
3. Reset Payroll Posting Flag

- 3. EMPLOYEE FILE MAINT. MENU #1
  - 1. Employee Viewing: PRPYVIEW
  - 2. Employee Information: PRPYINFO
  - 3. Employee Misc. Earnings: PREARN
  - 4. Employee Misc. Deductions: PRDEDUCT
  - 5. Employee Check History: PRCHKREC
  - 6. Employee Editing, G.L. Screen: PRF123
  - 7. EMPLOYEE TOTALS SETUP MENU #1
    - 1. Employee Earn/Fed Tax Totals: PRSUEMP
    - 2. Employee State Tax Totals: PRSUST
    - 3. Employee Local Tax Totals: PRSULOC
    - 4. Recalculate State Earnings: FIXPR
  - 8. WORKMAN COMPENSATION MENU #1
    - 1. Master Types & Percentage: PRWKCOMP
    - 2. Employee Worker Comp. Viewing: PRWCEMP
    - 3. Master Types: PRCOMP
    - 4. Worker Compensation STATE: PREMPWC1
    - 5. Worker Compensation EMPLOYEE: PREMPWC2
    - 6. Worker Compensation CODE: PREMPWC3
- 4. AUTOMATIC PR PROCESSING MENU #1
  - 1. Set Up Current Payroll: PRDATE
  - 2. Payroll Time Entry: PREPPTM
  - 3. Payroll Processing Hourly: PREARND1
  - 4. Payroll Processing Salary: PREARND2
  - 5. Pre Check Register: PRPREREG
  - 6. Print Payroll Checks: PRPYCHKA
  - 7. Post Check Register: PRPAYREG
  - 8. Restart Payroll Checks: PRESTART
  - 9. Post Payroll Processing: PRPSTPAY
- 5. MANUAL PAYROLL PROCESS MENU #1
  - 1. Manual Check Entry: PRMANCHK
  - 2. Manual Check Misc. Earnings: PRMEARNS
  - 3. Manual Check Misc. Deductions: PRMANDED
  - 4. Separate Vacation Check Entry: PRVACHKS
  - 5. W.O. Labor with G.L. Dists.
- 6. PAYROLL REPORTS MENU #1
  - 1. Deductions by Deduction Code: PRDEDLST
  - 2. Check Reconciliation: PRCKRECL
  - 3. Vacation Taken: PRVACTAK
  - 4. Quarterly 941: PRQTR941
  - 5. Employee List: PREMPLST
  - 6. Local Codes: PRLOCLST
  - 7. State Codes: PRSTLST
  - 8. Print W2 Forms: PRFORMW3
  - 9. PAYROLL REPORTS MENU #2
    - 1. G.L. Current Week Dist. RPT: PRGLD1
    - 2. G.L. Monthly Distribution RPT: PRGLD2
    - 3. MTD, QTD, YTD RPT: PRYTD
    - 4. Overtime RPT: PROVTM



5. Payroll Check Register:PRPYRPNT

6. Employee Check History:PRPYHIS

7. PERIOD END PROCESSING

MENU #1

1. Create G.L. Transfer: PRGLTRAN

2. Payroll Month End Processing: PRMONTH

3. Payroll Quarter End Processing: PRQUARTR

4. Payroll Year End Processing: PRYEAR