

**2002**

**NCOAUG**

**TRAINING**

**Payroll Balancing  
and  
Year End**

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# Initial Balance Loads

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- Group Term Life (GTL) insurance greater than \$50,000.
- Qualified Plan 401K
- Pre-Tax deductions
- Imputed Income
- Deferred Compensation
  - Tax year earned
  - Tax year paid
- Stock Options
- Relocation Cost
- Nonqualified supplemental pension plans
- Fringe Benefits

# Dimensions Concerns

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- Period to Date
- Month to Date
- Quarter to Date
- Year to Date
- Fiscal Year to Date
- Inception to Date

# Analyze Tax Views

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- FIT Federal Income Tax
- SIT State Income Tax
- LIT Local Income Tax
  - City
  - County
  - School District
- \* Medicare FICA Tax
- \* SS FICA Tax
- \* FUTA Federal Unemployment
- \* SUI State Unemployment / State Disability Insurance
- \* Head Tax
- \* Reporting for both employee and / or employer tax liabilities.

# Tax Balance View Concepts

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- Date Tracking
- GRE - Government Reporting Entity
- Employee vs. Employer
- Assignment View
- Person View
- Multiple GRE's – Transfers

# Tax Balance Values

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- No Negative Values
- No Excess Wages for Medicare – FICA
- Gross Federal Wage = Medicare Taxable Wage + Pre-Tax Section 125 + Dependent Care.
- Federal Income Taxable Wages = State Income Taxable Wages (When applicable)
- Federal Income Taxable Wages = State Income Taxable Wages = Local Income Taxable Wages. (If applicable)
- State Unemployment Insurance Employer Taxable Wages Multiplied by the Employers Rate = Calculated Liability.

# Tax Eligibility Rules

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- Primary Classification
  - Supplemental Earnings
  - Imputed Income
  - Pre-Tax deductions
- Tax Level Agency
  - Federal
  - State
  - County
  - City
- Tax Categories

# Tax Eligibility Rules

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- “ SUBJECT TO ” Taxable Wages
  - FIT
    - Withholdable
    - Not Withholdable
  - EIC
  - FUTA
  - Medicare
  - SS
- Enabling (Check Mark) Categories to Determine if the Element is Taxable for “Subject To” Federal Income Tax, Earned Income Credit, FUTA, Medicare, and SS.



# Instances

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- Test Instance
- Development Instance
- Production Instance
- Patches
  - Log of Application Install Dates of Each Patch.
  - Reference Numbers and Sufficient Description of Subject Matter
- Consider the Timing of Any Changes Made to Production- That Could Existence Due to the Date of the “Snapshot” of Test, From Production.
  - Formula Changes
  - Balance Feed Changes
  - Additional Elements
  - Costing Conditions
  - Patch Applications

# Instances

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- Assignment Set for Testing
  - Various Employee Status Conditions.
    - Terminated Current Period and Prior Pay Period.
    - Salary Basis
    - Hourly Basis
    - Which Ever Other Basis is Relevant to the Organization.
- All Earnings and Deduction Elements Used.
- Test Batches for Input Hours.
  - Consistent Input Values
  - Perhaps Ten Hours of Each Paying Element
  - Consistent Employees and Status

# Instances

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- Payroll Processing
  - Regular
  - Supplemental
  - Quick pay
- Operational Reporting-Anticipated Results
  - Gross to Net
  - Tax Summary and Details
  - G/L Costing

# Verifying Run Result Values

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- Run results are the source values calculated in the data base.
- Tools to increase internal controls regarding the accuracy of payroll output.
  - Input values of data entry for each element
    - Hours
    - Dollars
  - US Gross to Net Report
  - Tax Remittances
  - GRE Totals
  - NACHA Report Count and Dollar Totals
  - Unacceptable Tax balance report
- Compare prior similar type payroll totals for:
  - Gross Wages
  - Imputed Income
  - Tax Liabilities
  - NACHA Deposit

# Balance Adjustments

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- Adjust Tax
- Adjust Tax Balance
- Build Adjusting Elements- Use ALL 15 inputs feilds.
  - Refunding
  - Taxable Wages
  - Taxes Withheld
  - Tax Withholding Deductions
- Self Adjusting System Entries- Don't Forgot FICA is Self Adjusting in the Application
  - Timing of Adjustments, with Payroll Processing

# Terminations

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- Termination Date is Required! Changing the Status to Ex-employee
  - Prevents Elements from Being Paid After Termination Date.
- However, Final Process Date is NOT Required !!!
  - Exception is Rehiring a Previously Terminated Employee
- “At sites including Oracle payroll it is best to leave the Final Process date blank, so that you can make corrections to the final payments or make other future adjustments.”
- No Balance Processing is Allowed if Final Process is Activated
  - Adjust Tax Balances
  - Adjust Balances
  - Payroll Processing Activity